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BLACKROCK CORE BOND TRUST

Form N-CSR

November 08, 2010

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 811-10543

Name of Fund: BlackRock Core Bond Trust (BHK)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock Core Bond Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2010

Date of reporting period: 08/31/2010

Item 1 – Report to Stockholders

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August 31, 2010

## Annual Report

BlackRock Core Bond Trust (BHK)

BlackRock Corporate High Yield Fund V, Inc. (HYV)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)

BlackRock High Income Shares (HIS)

BlackRock High Yield Trust (BHY)

BlackRock Income Opportunity Trust, Inc. (BNA)

BlackRock Income Trust, Inc. (BKT)

BlackRock Strategic Bond Trust (BHD)

**Not FDIC Insured No Bank Guarantee May Lose Value**

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**Dear Shareholder**

The global economic recovery continues, although global and US economic statistics show that the pace of economic growth has slowed. The sovereign debt crisis in Europe, slowing growth in China and concerns over the possibility that the United States and other developed markets are heading for a double-dip recession have all acted to depress investor sentiment. Despite broadening evidence of a slowdown in global economic activity, market volatility has normalized from the extreme levels seen in recent months. In the United States, economic data continues to be mixed, but it is our view that the preponderance of data suggests that the recovery is continuing. The critical issue for investors remains the question of whether the economy will experience a double-dip recession. We are on the optimistic side of this debate and would point out that while the recovery has been slow, we have made significant progress.

Global equity markets have moved unevenly higher since bottoming out in early 2009 as investors were enticed by depressed valuations, improved corporate earnings, and their desire for higher yields. Several significant downturns, however, have occurred primarily as a result of mixed economic data and concerns about the possibility of prolonged deflation (especially in Europe). As the period drew to a close, equity markets lost ground on weaker-than-expected economic data, most notably from the United States. International equities posted negative returns on both a six- and 12-month basis while US equities posted negative returns over the six months, but were still showing positive returns on a 12-month basis as the domestic economic recovery had been more pronounced and credit-related issues held European markets down. Within the United States, smaller cap stocks continue to outperform large caps year-to-date.

In fixed income markets, yields have fluctuated significantly over the past year as economic data has been mixed. Risk aversion and credit issues have kept interest rates low and US Treasury yields have fallen significantly as investors favored safe haven assets. As the period drew to a close, Treasuries modestly outperformed the spread sectors of the market (those driven by changes in credit risk). Corporate credit spreads benefited from the low rate environment and high yield fixed income remains attractive due to low default rates and better-than-expected results on European bank stress tests. Meanwhile, tax-exempt municipal bonds slightly outperformed US investment grade bonds on a 12-month basis, but underperformed year-to-date as investors rotated to the relative safety of Treasuries.

Regarding cash investments, yields on money market securities remain near all-time lows (producing returns only marginally above zero percent), with the Federal Open Market Committee reiterating that economic circumstances are likely to necessitate an accommodative interest rate stance for an extended period.

Against this backdrop, the major market averages posted the following returns:

| <b>Total Returns as of August 31, 2010</b>  | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| US large cap equities (S&P 500 Index)   | (4.04)%        | 4.91%           |
| US small cap equities (Russell 2000 Index)  | (3.60)         | 6.60            |
| International equities (MSCI Europe, Australasia, Far East Index)                     | (3.04)         | (2.34)          |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month Treasury Bill Index)                | 0.07           | 0.14            |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index)                 | 11.49          | 11.58           |
| US investment grade bonds (Barclays Capital US Aggregate Bond Index)                  | 5.81           | 9.18            |
| Tax-exempt municipal bonds (Barclays Capital Municipal Bond Index)                    | 5.42           | 9.78            |
| US high yield bonds (Barclays Capital US Corporate High Yield 2% Issuer Capped Index) | 6.62           | 21.40           |

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index.

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Although conditions have improved over the past couple of years, investors across the globe continue to face uncertainty about the future direction of economic growth. Through periods of uncertainty, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For additional market perspective and investment insight, visit [www.blackrock.com/shareholdermagazine](http://www.blackrock.com/shareholdermagazine), where you'll find the most recent issue of our award-winning *Shareholder*<sup>®</sup> magazine, as well as its quarterly companion newsletter, *Shareholder Perspectives*. We thank you for entrusting BlackRock with your investments, and we look forward to your continued partnership in the months and years ahead.

Sincerely,

Rob Kapito  
President, BlackRock Advisors, LLC

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THIS PAGE NOT PART OF YOUR FUND REPORT

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Trust Summary as of August 31, 2010

BlackRock Core Bond Trust

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**Trust Overview**


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**BlackRock Core Bond Trust** s (BHK) (the Trust ) investment objective is to provide current income and capital appreciation. The Trust seeks to achieve its investment objective by investing at least 75% of its assets in bonds that are investment grade quality at the time of investment. The Trust s investments will include a broad range of bonds, including corporate bonds, US government and agency securities and mortgage-related securities. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 25.93% based on market price and 22.44% 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 22.14% based on market price and 19.62% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust benefited from its allocation to securi-tized sectors including commercial mortgage-backed securities ( MBS ), agency and non-agency MBS, and asset-backed securities. The Trust s higher duration (greater sensitivity to interest rates) relative to its peers contributed to performance as interest rates declined in the latter part of the period. The Trust s underweight in high yield corporate issues detracted from performance as risk assets rebounded sharply during the period and outperformed investment-grade credit. Rising interest rates during the first half of the period were detrimental to the Trust due to its higher duration.

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.

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**Trust Information**


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|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange ( NYSE )                                 | BHK               |
| Initial Offering Date  | November 27, 2001 |
| Yield on Closing Market Price as of August 31, 2010 (\$13.92) <sup>1</sup> | 5.78%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.067           |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.804           |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 31%               |

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<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> Represents reverse repurchase agreements, treasury roll transactions and the Term Asset-Backed Securities Loan Facility ( TALF ) loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging

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techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10  | 8/31/09  | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 13.92 | \$ 11.98 | 16.19% | \$ 14.09 | \$ 11.50 |
| Net Asset Value | \$ 14.19 | \$ 12.56 | 12.98% | \$ 14.20 | \$ 12.48 |

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

### Portfolio Composition

|   | 8/31/10 | 8/31/09 |
|---|---------|---------|
| Corporate Bonds                             | 38%     | 42%     |
| U.S. Government Sponsored Agency Securities | 23      | 20      |
| U.S. Treasury Obligations                   | 19      | 12      |
| Non-Agency Mortgage-Backed Securities       | 10      | 17      |
| Asset-Backed Securities                     | 5       | 4       |
| Taxable Municipal Bonds                     | 2       | 2       |
| Foreign Agency Obligations                  | 2       | 2       |
| Preferred Securities                        | 1       | 1       |

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

|                      | 8/31/10 | 8/31/09 |
|----------------------|---------|---------|
| AAA/Aaa <sup>5</sup> | 43%     | 43%     |
| Aa/Aa                | 11      | 9       |
| A                    | 17      | 17      |
| BBB/Baa              | 11      | 12      |
| BB/Ba                | 8       | 8       |
| B                    | 7       | 5       |
| CCC/Caa              | 2       | 5       |
| Not Rated            | 1       | 1       |

<sup>4</sup> Using the higher of Standard & Poor's Corporation (S&P's) or Moody's Investors Service, Inc. (Moody's) ratings.

<sup>5</sup> Includes US Government Sponsored Agency Securities which are deemed AAA/Aaa by the investment advisor.

Trust Summary as of August 31, 2010

BlackRock Corporate High Yield Fund V, Inc.

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**Trust Overview**


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**BlackRock Corporate High Yield Fund V, Inc. s (HYV) (the Trust )** investment objective is to provide shareholders with current income by investing primarily in a diversified portfolio of fixed income securities that are rated in the lower rating categories of the established rating services (BB or lower by S&P or Ba or lower by Moody s) or in unrated securities considered by the Trust s investment adviser to be of comparable quality. The Trust also seeks to provide shareholders with capital appreciation. The Trust seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in domestic and foreign high yield debt instruments, including high yield bonds (commonly referred to as junk bonds) and high yield corporate loans which are below investment grade quality. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 34.42% based on market price and 31.40% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 34.35% based on market price basis and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The high yield sector outperformed most other sectors of the fixed income market. We focused on sectors and companies with relatively stable cash flows and the ability to generate steady income. We also invested in a few special situations and recovery stories, most notably in the automotive sector, which contributed to the Trust s outperformance versus its peer group. The Trust s underweight in higher quality speculative grade names and overweight in lower quality credits benefited performance. Toward the end of the period, we moved to an underweight position in lower quality names, which have recently become expensive relative to higher quality names. During the period, the Trust maintained leverage at an average amount just below 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. Exposure to floating rate loan interests also detracted as the bank loan sector underperformed the high yield sector during the period.

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.

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**Trust Information**


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|  |                   |
|--|-------------------|
| Symbol on NYSE   | HYV               |
| Initial Offering Date  | November 30, 2001 |
| Yield on Closing Market Price as of August 31, 2010 (\$11.40) <sup>1</sup> | 8.68%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0825          |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.9900          |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 19%               |

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<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.



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

<sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10  | 8/31/09 | Change | High     | Low     |
|-----------------|----------|---------|--------|----------|---------|
| Market Price    | \$ 11.40 | \$ 9.32 | 22.32% | \$ 11.78 | \$ 9.02 |
| Net Asset Value | \$ 11.61 | \$ 9.71 | 19.57% | \$ 11.95 | \$ 9.69 |

The following 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

|                              | 8/31/10 | 8/31/09 |
|------------------------------|---------|---------|
| Corporate Bonds              | 80%     | 81%     |
| Floating Rate Loan Interests | 15      | 17      |
| Common Stocks                | 2       | 2       |
| Other Interests              | 2       |         |
| Preferred Stocks             | 1       |         |

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

|           | 8/31/10 | 8/31/09 |
|-----------|---------|---------|
| AA/Aa     |         | 1%      |
| BBB/Baa   | 3%      | 5       |
| BB/Ba     | 35      | 31      |
| B         | 46      | 37      |
| CCC/Caa   | 11      | 20      |
| CC/Ca     | 1       | 3       |
| D         |         | 1       |
| Not Rated | 4       | 2       |

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

Trust Summary as of August 31, 2010

BlackRock Corporate High Yield Fund VI, Inc.

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**Trust Overview**


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**BlackRock Corporate High Yield Fund VI, Inc. s (HYT) (the Trust )** primary investment objective is to provide shareholders with current income. The Trust s secondary investment objective is to provide shareholders with capital appreciation. The Trust seeks to achieve its objectives by investing, under normal market conditions, at least 80% of its assets in domestic and foreign high yield securities, including high yield bonds (commonly referred to as junk bonds), corporate loans, convertible debt securities and preferred securities which are below investment grade quality. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objectives will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 29.92% based on market price and 29.26% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 34.35% based on market price and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The high yield sector outperformed most other sectors of the fixed income market, as the number of defaults declined and investors became less risk-averse and gravitated to higher yielding investments in the low yield environment. Given our outlook for a continued slow economic environment, we began to focus more on sectors and companies with relatively stable cash flows and the ability to generate steady income, and less on companies which require growth before they can achieve a steady income. Outside of this focus, we invested in a few special situations and recovery stories, most notably in the automotive sector. These investments were key contributors to the Trust s outperformance versus its peer group for the period. The Trust s underweight position in higher quality speculative grade names and overweight in lower quality credits benefited performance during the period. Toward the end of the period, we moved to an underweight position in lower quality names, which we believe will benefit the Trust going forward as lower quality issues have recently become expensive relative to higher quality names. During the period, the Trust maintained leverage at an average amount between 15% to 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. The Trust s exposure to floating rate loan interests detracted from performance (despite favorable security selection within the sector) as the bank loan sector underperformed the high yield sector during the period.

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**Trust Information**


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|  |              |
|--|--------------|
| Symbol on NYSE   | HYT          |
| Initial Offering Date  | May 30, 2003 |
| Yield on Closing Market Price as of August 31, 2010 (\$11.19) <sup>1</sup> | 8.85%        |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0825     |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.9900     |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 18%          |

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- <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> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10  | 8/31/09 | Change | High     | Low     |
|-----------------|----------|---------|--------|----------|---------|
| Market Price    | \$ 11.19 | \$ 9.47 | 18.16% | \$ 11.76 | \$ 9.15 |
| Net Asset Value | \$ 11.38 | \$ 9.68 | 17.56% | \$ 11.67 | \$ 9.66 |

The following 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

|                              | 8/31/10 | 8/31/09 |
|------------------------------|---------|---------|
| Corporate Bonds              | 81%     | 82%     |
| Floating Rate Loan Interests | 15      | 16      |
| Common Stocks                | 2       | 2       |
| Other Interests              | 1       |         |
| Preferred Stocks             | 1       |         |

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

|           | 8/31/10 | 8/31/09 |
|-----------|---------|---------|
| A         |         | 1%      |
| BBB/Baa   | 3%      | 5       |
| BB/Ba     | 36      | 27      |
| B         | 47      | 41      |
| CCC/Caa   | 11      | 25      |
| Not Rated | 3       | 1       |

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

Trust Summary as of August 31, 2010

BlackRock High Income Shares

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**Trust Overview**


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**BlackRock High Income Shares (HIS) (the Trust)** investment objective is to provide the highest current income attainable consistent with reasonable risk as determined by the Trust's investment adviser, through investment in a professionally managed, diversified portfolio of high yield, high risk fixed income securities (commonly referred to as junk bonds). The Trust's secondary objective is to provide capital appreciation, but only when consistent with its primary objective. The Trust seeks to achieve its objectives by investing primarily in high yield, high risk debt instruments rated in the medium to lower categories by nationally recognized rating services (BBB or lower by S&P or Baa or lower by Moody's) or non-rated securities, which, in the investment adviser's opinion, are of comparable quality. Under normal market conditions, the average maturity of the Trust's portfolio is between eight and twelve years. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust's investment objectives will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 35.52% based on market price and 28.95% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 34.35% based on market price and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The high yield sector outperformed most other sectors of the fixed income market. We focused on sectors and companies with relatively stable cash flows and the ability to generate steady income. Outside of this focus, we invested in a few special situations and recovery stories, most notably in the automotive sector, which contributed to the Trust's outperformance versus its peer group. The Trust's underweight in higher quality speculative grade names and overweight in lower quality credits benefited performance. Toward the end of the period, we moved to an underweight position in lower quality names, which have recently become expensive relative to higher quality names. During the period, the Trust maintained leverage at an average amount between 15% to 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. Exposure to floating rate loan interests also detracted (despite favorable security selection within the sector) as the bank loan sector underperformed the high yield sector during the period.

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.

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**Trust Information**


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|   |                 |
|---|-----------------|
| Symbol on NYSE  | HIS             |
| Initial Offering Date   | August 10, 1988 |
| Yield on Closing Market Price as of August 31, 2010 (\$2.09) <sup>1</sup> | 8.15%           |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0142        |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.1704        |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 17%             |

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- <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> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10 | 8/31/09 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 2.09 | \$ 1.68 | 24.40% | \$ 2.15 | \$ 1.65 |
| Net Asset Value | \$ 2.19 | \$ 1.85 | 18.38% | \$ 2.24 | \$ 1.85 |

The following 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

|                              | 8/31/10 | 8/31/09 |
|------------------------------|---------|---------|
| Corporate Bonds              | 84%     | 85%     |
| Floating Rate Loan Interests | 13      | 13      |
| Preferred Securities         | 2       | 1       |
| Common Stock                 | 1       | 1       |

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

|           | 8/31/10 | 8/31/09 |
|-----------|---------|---------|
| BBB/Baa   | 3%      | 4%      |
| BB/Ba     | 35      | 33      |
| B         | 46      | 32      |
| CCC/Caa   | 11      | 24      |
| C         |         | 2       |
| D         |         | 1       |
| Not Rated | 5       | 4       |

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

Trust Summary as of August 31, 2010

BlackRock High Yield Trust

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**Trust Overview**


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**BlackRock High Yield Trust s (BHY) (the Trust )** investment objective is to provide high current income. The Trust s secondary investment objective is to provide capital appreciation. The Trust seeks to achieve its objectives by investing, under normal market conditions, at least 80% of its assets in high-risk, high yield bonds and other such securities, such as preferred stocks, which are rated below investment grade. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objectives will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 19.76% based on market price and 25.70% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of 34.35% based on market price and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The high yield sector outperformed most other sectors of the fixed income market, as the number of defaults declined and investors became less risk-averse and gravitated to higher yielding investments in the low yield environment. During the period, the Trust maintained leverage at an average amount between 15% to 20% of its total managed assets, which detracted from relative performance versus competitors that maintained higher leverage, as would be expected when markets are advancing. The Trust s exposure to floating rate loan interests also detracted from performance (despite favorable security selection within the sector) as the bank loan sector underperformed the high yield sector during the period. Given our outlook for a continued slow economic environment, we began to focus more on sectors and companies with relatively stable cash flows and the ability to generate steady income, and less on companies which require growth before they can achieve a steady income. Outside of this focus, we invested in a few special situations and recovery stories, most notably in the automotive sector. These investments benefited performance relative to the Trust s peer group for the period. The Trust s underweight position in higher quality speculative grade names and overweight in lower quality credits benefited performance during the period. Toward the end of the period, we moved to an underweight position in lower quality names, which we believe will benefit the Trust going forward as lower quality issues have recently become expensive relative to higher quality names.

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.

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**Trust Information**


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|   |                   |
|---|-------------------|
| Symbol on NYSE  | BHY               |
| Initial Offering Date   | December 23, 1998 |
| Yield on Closing Market Price as of August 31, 2010 (\$6.44) <sup>1</sup> | 8.11%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.0435          |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.5220          |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 16%               |

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- <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> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10 | 8/31/09 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 6.44 | \$ 5.84 | 10.27% | \$ 6.80 | \$ 5.58 |
| Net Asset Value | \$ 6.69 | \$ 5.78 | 15.74% | \$ 6.85 | \$ 5.77 |

The following 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

|                              | 8/31/10 | 8/31/09 |
|------------------------------|---------|---------|
| Corporate Bonds              | 84%     | 86%     |
| Floating Rate Loan Interests | 13      | 13      |
| Other Interests              | 1       |         |
| Common Stocks                | 1       | 1       |
| Preferred Securities         | 1       |         |

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

|           | 8/31/10 | 8/31/09 |
|-----------|---------|---------|
| BBB/Baa   | 3%      | 4%      |
| BB/Ba     | 38      | 38      |
| B         | 42      | 29      |
| CCC/Caa   | 12      | 24      |
| CC/Ca     |         | 1       |
| D         |         | 1       |
| Not Rated | 5       | 3       |

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

Trust Summary as of August 31, 2010

BlackRock Income Opportunity Trust, Inc.

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**Trust Overview**


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**BlackRock Income Opportunity Trust, Inc. s (BNA) (the Trust )** investment objective is to provide current income and capital appreciation. The Trust seeks to achieve its investment objective by investing at least 75% of its assets in bonds that are investment grade quality at the time of investment. The Trust s investments will include a broad range of bonds, including corporate bonds, US government and agency securities and mortgage-related securities. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 18.69% based on market price and 19.83% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds BBB-Rated category posted an average return of 22.14% based on market price and 19.62% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust benefited from its allocation to securitized sectors, including commercial MBS, agency and non-agency MBS, and asset-backed securities. The Trust s higher duration (greater sensitivity to interest rates) relative to its peers contributed to performance as interest rates declined in the latter part of the period. The Trust s underweight in high yield corporate issues detracted from performance as risk assets rebounded sharply during the period and outperformed investment-grade credit. Rising interest rates during the first half of the period were detrimental to the Trust due to its higher duration.

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.

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**Trust Information**


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|  |                   |
|--|-------------------|
| Symbol on NYSE   | BNA               |
| Initial Offering Date  | December 20, 1991 |
| Yield on Closing Market Price as of August 31, 2010 (\$10.56) <sup>1</sup> | 5.80%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.051           |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.612           |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 29%               |

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<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> Represents reverse repurchase agreements, treasury roll transactions and TALF loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

The table below summarizes the changes in the Trust s market price and NAV per share:



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|                 | 8/31/10  | 8/31/09  | Change | High     | Low     |
|-----------------|----------|----------|--------|----------|---------|
| Market Price    | \$ 10.56 | \$ 9.65  | 9.43%  | \$ 10.68 | \$ 9.10 |
| Net Asset Value | \$ 11.07 | \$ 10.02 | 10.48% | \$ 11.08 | \$ 9.79 |

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

**Portfolio Composition**

|   | 8/31/10 | 8/31/09 |
|---|---------|---------|
| Corporate Bonds                             | 38%     | 36%     |
| U.S. Government Sponsored Agency Securities | 23      | 21      |
| U.S. Treasury Obligations                   | 18      | 14      |
| Non-Agency Mortgage-Backed Securities       | 12      | 19      |
| Asset-Backed Securities                     | 4       | 4       |
| Taxable Municipal Bonds                     | 2       | 2       |
| Foreign Agency Obligations                  | 2       | 2       |
| Preferred Securities                        | 1       | 2       |

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

|                      | 8/31/10 | 8/31/09 |
|----------------------|---------|---------|
| AAA/Aaa <sup>5</sup> | 41%     | 43%     |
| Aa/Aa                | 11      | 9       |
| A                    | 20      | 17      |
| BBB/Baa              | 12      | 12      |
| BB/Ba                | 9       | 8       |
| B                    | 6       | 5       |
| CCC/Caa              | 1       | 5       |
| Not Rated            |         | 1       |

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

<sup>5</sup> Includes US Government Sponsored Agency Securities which are deemed AAA/Aaa by the investment advisor.

Trust Summary as of August 31, 2010

BlackRock Income Trust, Inc.

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**Trust Overview**


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**BlackRock Income Trust, Inc.'s (BKT) (the Trust)** investment objective is to manage a portfolio of high-quality securities to achieve both preservation of capital and high monthly income. The Trust seeks to achieve its investment objective by investing at least 65% of its assets in mortgage-backed securities. The Trust invests at least 80% of its assets in securities that are (i) issued or guaranteed by the US government or one of its agencies or instrumentalities or (ii) rated at the time of investment either AAA by S&P or Aaa by Moody's. Securities issued or guaranteed by the US government or its agencies or instrumentalities are generally considered to be of the same or higher credit or quality as privately issued securities rated AAA or Aaa. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust's investment objective will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 11.19% based on market price and 13.86% based on NAV. For the same period, the closed-end Lipper US Mortgage Funds category posted an average return of 25.95% based on market price and 18.75% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust's underweight in agency mortgage-backed securities (MBS), in favor of US Treasuries and agency debt, detracted from performance as spread sectors (those driven by movements in credit risk) continued to rally during the period. The Trust makes use of derivatives to hedge interest rate risks associated with mortgage-related assets. Derivative losses were concentrated among the use of interest rate futures and interest rate swaps. The losses associated with these derivative positions are largely offset by long positions in mortgage assets. Conversely, the Trust benefited from its allocations to non-agency MBS and commercial MBS. Both of these sectors outperformed agency MBS as risk assets continued to rally on the extended accommodative monetary policy and improving (albeit mixed) economic indicators. In addition, the Trust benefited from security selection with a focus on active management of mortgage exposure across the spectrum of coupon rates.

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.

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**Trust Information**


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|   |               |
|---|---------------|
| Symbol on NYSE  | BKT           |
| Initial Offering Date   | July 22, 1988 |
| Yield on Closing Market Price as of August 31, 2010 (\$6.95) <sup>1</sup> | 4.14%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                | \$0.024       |
| Current Annualized Distribution per Common Share <sup>2</sup>             | \$0.288       |
| Leverage as of August 31, 2010 <sup>3</sup>                               | 18%           |

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<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.

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- <sup>2</sup> The distribution is not constant and is subject to change.
- <sup>3</sup> Represents reverse repurchase agreements, treasury roll transactions and TALF loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see the Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10 | 8/31/09 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$ 6.95 | \$ 6.53 | 6.43%  | \$ 6.99 | \$ 6.18 |
| Net Asset Value | \$ 7.76 | \$ 7.12 | 8.99%  | \$ 7.78 | \$ 7.12 |

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

### Portfolio Composition

|   | 8/31/10 | 8/31/09 |
|---|---------|---------|
| U.S. Government Sponsored Agency Securities | 83%     | 83%     |
| U.S. Treasury Obligations                   | 11      | 6       |
| Non-Agency Mortgage Backed Securities       | 5       | 9       |
| Asset-Backed Securities                     | 1       | 2       |

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

|                      | 8/31/10 | 8/31/09 |
|----------------------|---------|---------|
| AAA/Aaa <sup>5</sup> | 100%    | 100%    |

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

<sup>5</sup> Includes US Government Sponsored Agency Securities which are deemed AAA/Aaa by the investment advisor.

Trust Summary as of August 31, 2010

BlackRock Strategic Bond Trust

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**Trust Overview**


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**BlackRock Strategic Bond Trust s (BHD) (the Trust )** investment objective is to provide total return through high current income and capital appreciation. The Trust seeks to achieve its investment objective by investing primarily in a diversified portfolio of fixed income securities including corporate bonds, US government and agency securities, mortgage-related and asset-backed securities and other types of fixed income securities. The Trust invests, under normal market conditions, a significant portion of its assets in corporate fixed income securities that are below investment grade quality, including high-risk, high yield bonds (commonly referred to as "junk" bonds) and other such securities, such as preferred stocks. The Trust may invest directly in such securities or synthetically through the use of derivatives.

No assurance can be given that the Trust s investment objective will be achieved.

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**Performance**


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For the 12 months ended August 31, 2010, the Trust returned 23.88% based on market price and 20.38% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) posted an average return of 34.35% based on market price and 26.92% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV. The Trust s allocation to investment-grade credit and bank loans detracted from performance relative to the Lipper category competitors that invest primarily in high yield bonds, which outperformed the broader market during the period. The Trust s relatively conservative amount of leverage (averaging below 10% of total managed assets) detracted from the Trust s performance versus its more highly levered competitors, as would be expected in an advancing market. Contributing positively to performance was the Trust s allocation to high yield bonds and our focus on sectors and companies with relatively stable cash flows and the ability to generate steady income. Investments in a few special situations and recovery stories, most notably in the automotive sector, also aided 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.

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**Trust Information**


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|  |                   |
|--|-------------------|
| Symbol on NYSE   | BHD               |
| Initial Offering Date  | February 26, 2002 |
| Yield on Closing Market Price as of August 31, 2010 (\$13.17) <sup>1</sup> | 7.02%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.077           |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.924           |
| Leverage as of August 31, 2010 <sup>3</sup>                                | 11%               |

<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> A change in the distribution rate was declared on September 1, 2010. The Monthly Distribution per Share was increased to \$0.0795. The Yield on Closing Market Price, Current Monthly Distribution per Share and Current Annualized Distribution per

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Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

- <sup>3</sup> Represents loan outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 12.

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

|                 | 8/31/10  | 8/31/09  | Change | High     | Low      |
|-----------------|----------|----------|--------|----------|----------|
| Market Price    | \$ 13.17 | \$ 11.43 | 15.22% | \$ 13.44 | \$ 10.91 |
| Net Asset Value | \$ 13.57 | \$ 12.12 | 11.96% | \$ 13.66 | \$ 12.11 |

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

### Portfolio Composition

|                              | 8/31/10 | 8/31/09 |
|------------------------------|---------|---------|
| Corporate Bonds              | 85%     | 87%     |
| Floating Rate Loan Interests | 11      | 11      |
| Preferred Securities         | 2       | 1       |
| Other Interests              | 1       |         |
| Common Stocks                | 1       | 1       |

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

|           | 8/31/10 | 8/31/09 |
|-----------|---------|---------|
| AAA/Aaa   |         | 1%      |
| AA/Aa     | 3%      | 1       |
| A         | 14      | 18      |
| BBB/Baa   | 13      | 16      |
| BB/Ba     | 28      | 26      |
| B         | 33      | 17      |
| CCC/Caa   | 8       | 15      |
| CC/Ca     |         | 3       |
| D         |         | 1       |
| Not Rated | 1       | 2       |

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



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## The Benefits and Risks of Leveraging

The Trusts may utilize leverage to seek to enhance the yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Trusts may utilize leverage by borrowing through a credit facility, participation in the TALF, or through entering into reverse repurchase agreements and treasury roll transactions. In general, the concept of leveraging is based on the premise that the financing 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 net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Trusts had not used leverage.

To illustrate these concepts, assume a Trust's capitalization is \$100 million and it borrows for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust pays borrowing costs and interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the securities purchased by the Trust with assets received from the borrowings earn income based on long-term interest rates. In this case, the borrowing costs and interest expense of the borrowings is significantly lower than the income earned on the Trust's long-term investments, and therefore the shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Trust pays interest expense on the higher short-term interest rates whereas the Trust's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Trust's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Trust's borrowings do not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trust's NAV positively or negatively in addition to the impact on Trust performance from leverage from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Trusts and shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in each Trust's NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each 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, each 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. Each Trust may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Trust to incur losses. The use of leverage may limit each Trust's ability to invest in certain types of securities or use certain types of hedging strategies. Each Trust will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, the Trusts are permitted to borrow through their credit facility, through participation in the TALF or entering into reverse repurchase agreements up to 33 $\frac{1}{3}$ % of their total managed assets. As of August 31, 2010, the Trusts had outstanding leverage from borrowings as a percentage of their total managed assets as follows:

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**Percent of  
Leverage**

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|     |     |
|-----|-----|
| BHK | 31% |
| HYV | 19% |
| HYT | 18% |
| HIS | 17% |
| BHY | 16% |
| BNA | 29% |
| BKT | 18% |
| BHD | 11% |

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### Derivative Financial Instruments

The Trusts may invest in various derivative instruments, including financial futures contracts, swaps, options and foreign currency exchange contracts, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market, equity, credit, foreign currency exchange rate, interest rate and/or other risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative instrument. The Trusts' ability to successfully use a derivative instrument depends on the investment advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require a Trust to sell or purchase portfolio securities at inopportune times or for distressed values, may limit the amount of appreciation a Trust can realize on an investment, may result in lower dividends paid to shareholders or may cause a Trust to hold a security that it might otherwise sell. The Trusts' investments in these instruments are discussed in detail in the Notes to Financial Statements.



## Schedule of Investments August 31, 2010

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

| Asset-Backed Securities   | Par<br>(000) | Value        |
|---|--------------|--------------|
| 321 Henderson Receivables I LLC, Series 2010-1A, Class B, 9.31%, 7/15/61 (a)          | USD 1,150    | \$ 1,337,369 |
| Chase Issuance Trust, Series 2009-A7, Class A7, 0.73%, 9/17/12 (b)                    | 3,305        | 3,305,475    |
| Countrywide Asset-Backed Certificates, Series 2006-13, Class 3AV2, 0.41%, 1/25/37 (b) | 1,415        | 887,237      |
| Ford Credit Auto Owner Trust, Series 2009-A: Class A3B, 2.78%, 5/15/13 (b)            | 5,405        | 5,485,668    |
| Class A4, 6.07%, 5/15/14  | 2,110        | 2,305,772    |
| Globaldrive BV, Series 2008-2, Class A, 4.00%, 10/20/16                               | EUR 620      | 797,814      |
| Home Equity Asset Trust, Series 2007-2, Class 2A1, 0.37%, 7/25/37 (b)                 | USD 294      | 284,847      |
| Maryland Insurance Backed Securities Trust, Series 2006-1A, Class A, 5.55%, 12/10/65  | 2,500        | 875,000      |
| Nelnet Student Loan Trust, Series 2008-3, Class A4, 4.61%, 11/25/24 (b)               | 650          | 674,375      |
| Nissan Auto Receivables Owner Trust, Series 2009-A, Class A2, 2.94%, 7/15/11          | 213          | 213,369      |
| SLM Student Loan Trust, Series 2008-5 (b): Class A2, 1.60%, 10/25/16                  | 3,200        | 3,246,604    |
| Class A3, 1.80%, 1/25/18  | 1,140        | 1,175,352    |
| Class A4, 2.20%, 7/25/23  | 2,330        | 2,431,780    |
| Santander Drive Auto Receivables Trust, Series 2010-2: Class B, 2.24%, 12/15/14       | 860          | 859,871      |
| Class C, 3.89%, 7/17/17   | 1,010        | 1,010,000    |
| Small Business Administration, Class 1: Series 2003-P10B, 5.14%, 8/10/13              | 427          | 454,191      |
| Series 2004-P10B, 4.75%, 8/10/14  | 257          | 273,784      |
|   |              | 25,618,508   |
| <b>Interest Only 0.3%</b>   |              |              |
| Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (a)                    | 4,748        | 250,767      |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29  | 7,549        | 771,402      |
|   |              | 1,022,169    |
| <b>Total Asset-Backed Securities 7.0%</b>   |              | 26,640,677   |

## Common Stocks

## Shares

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|                                 |        |        |
|---------------------------------|--------|--------|
| <b>Machinery 0.0%</b>           |        |        |
| Accuride Corp. (c)              | 43,487 | 47,836 |
| <b>Specialty Retail 0.0%</b>    |        |        |
| Lazydays RV Center, Inc. (c)    | 2,249  | 11,492 |
| <b>Total Common Stocks 0.0%</b> |        | 59,328 |

| Corporate Bonds                        | Par<br>(000) |           |
|--|--------------|-----------|
| <b>Aerospace &amp; Defense 0.9%</b>    |              |           |
| Northrop-Grumman Corp., 7.88%, 3/01/26 | USD 960      | 1,335,394 |
| United Technologies Corp.:             |              |           |
| 4.88%, 5/01/15                         | 1,125        | 1,281,138 |
| 6.13%, 7/15/38                         | 700          | 861,747   |
|  |              | 3,478,279 |

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Airlines 0.2%</b>  |              |            |
| American Airlines Pass-Through Trust, Series<br>2001-02, 7.86%, 4/01/13 | USD 380      | \$ 397,670 |
| United Air Lines, Inc., 12.75%, 7/15/12                                 | 337          | 375,764    |
|   |              | 773,434    |

|   |         |           |
|---|---------|-----------|
| <b>Beverages 1.1%</b>                                       |         |           |
| Anheuser-Busch InBev Worldwide, Inc., 7.75%,<br>1/15/19 (a) | 2,950   | 3,778,268 |
| Crown European Holdings SA, 7.13%, 8/15/18 (a)              | EUR 355 | 461,121   |
|   |         | 4,239,389 |

|  |         |           |
|--|---------|-----------|
| <b>Building Products 0.3%</b>  |         |           |
| Associated Materials LLC, 9.88%, 11/15/16                            | USD 650 | 689,000   |
| CPG International I, Inc., 10.50%, 7/01/13                           | 200     | 199,750   |
| Momentive Performance Materials, Inc., Series WI,<br>9.75%, 12/01/14 | 250     | 244,063   |
|  |         | 1,132,813 |

|                                |       |           |
|--------------------------------|-------|-----------|
| <b>Capital Markets 4.0%</b>    |       |           |
| CDP Financial, Inc. (a)(d):    |       |           |
| 3.00%, 11/25/14                | 1,935 | 1,997,843 |
| 5.60%, 11/25/39                | 2,935 | 3,344,562 |
| Credit Suisse, 5.50%, 5/01/14  | 575   | 636,473   |
| The Goldman Sachs Group, Inc.: |       |           |
| 3.70%, 8/01/15                 | 800   | 809,874   |

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|                        |  |       |            |
|------------------------|--|-------|------------|
| 5.38%, 3/15/20         |  | 1,200 | 1,238,501  |
| 6.00%, 6/15/20         |  | 1,770 | 1,906,686  |
| <b>Morgan Stanley:</b> |  |       |            |
| 2.88%, 5/14/13 (b)     |  | 1,890 | 1,909,248  |
| 4.20%, 11/20/14 (d)    |  | 1,420 | 1,462,316  |
| 4.00%, 7/24/15         |  | 410   | 411,901    |
| 6.25%, 8/28/17         |  | 875   | 952,527    |
| 5.63%, 9/23/19 (e)     |  | 630   | 641,126    |
|                        |  |       | 15,311,057 |

**Chemicals 1.1%**

|   |     |     |           |
|---|-----|-----|-----------|
| American Pacific Corp., 9.00%, 2/01/15          |     | 250 | 247,187   |
| Ames True Temper, Inc., 4.53%, 1/15/12 (b)      |     | 650 | 648,375   |
| <b>Hexion U.S. Finance Corp.:</b>               |     |     |           |
| 9.75%, 11/15/14                                 |     | 920 | 903,900   |
| 8.88%, 2/01/18                                  |     | 595 | 550,375   |
| Huntsman International LLC, 6.88%, 11/15/13 (a) | EUR | 435 | 542,985   |
| Innophos, Inc., 8.88%, 8/15/14                  | USD | 885 | 907,125   |
| <b>NOVA Chemicals Corp.:</b>                    |     |     |           |
| 6.50%, 1/15/12                                  |     | 115 | 117,588   |
| 3.65%, 11/15/13 (b)                             |     | 300 | 280,125   |
|   |     |     | 4,197,660 |

**Commercial Banks 3.4%**

|   |  |       |            |
|---|--|-------|------------|
| DEPFA ACS Bank, 5.13%, 3/16/37 (a)            |  | 3,775 | 2,977,648  |
| Dexia Credit Local SA, 2.00%, 3/05/13 (a)     |  | 1,060 | 1,067,137  |
| <b>Ekspartfinans ASA:</b>                     |  |       |            |
| 1.88%, 4/02/13                                |  | 2,835 | 2,889,503  |
| 3.00%, 11/17/14                               |  | 1,475 | 1,552,671  |
| 5.50%, 6/26/17                                |  | 950   | 1,126,979  |
| HSBC Bank Plc, 3.50%, 6/28/15 (a)             |  | 780   | 813,212    |
| HSBC Bank USA NA, 5.88%, 11/01/34             |  | 775   | 827,559    |
| HSBC Holdings Plc, 6.50%, 5/02/36             |  | 300   | 342,016    |
| The Toronto-Dominion Bank, 2.20%, 7/29/15 (a) |  | 1,330 | 1,354,799  |
|   |  |       | 12,951,524 |

**Portfolio Abbreviations**

To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

|              |                                |
|--------------|--------------------------------|
| <b>CAD</b>   | Canadian Dollar                |
| <b>EUR</b>   | Euro                           |
| <b>FKA</b>   | Formerly Known As              |
| <b>GBP</b>   | British Pound                  |
| <b>GO</b>    | General Obligation Bonds       |
| <b>LIBOR</b> | London Inter-Bank Offered Rate |
| <b>RB</b>    | Revenue Bonds                  |
| <b>USD</b>   | US Dollar                      |

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See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

| Corporate Bonds  |     | Par<br>(000) | Value             |
|--|-----|--------------|-------------------|
| <b>Commercial Services &amp; Supplies 0.1%</b>         |     |              |                   |
| West Corp., 9.50%, 10/15/14                            | USD | 305          | \$ 311,100        |
| <b>Consumer Finance 0.2%</b>                           |     |              |                   |
| Ford Motor Credit Co. LLC:                             |     |              |                   |
| 7.80%, 6/01/12   |     | 340          | 357,796           |
| 3.28%, 1/13/12 (b)                                     |     | 125          | 122,500           |
| SLM Corp., Series A, 0.80%, 1/27/14 (b)                |     | 550          | 448,894           |
|  |     |              | <u>929,190</u>    |
| <b>Containers &amp; Packaging 1.2%</b>                 |     |              |                   |
| Ball Corp.:  |     |              |                   |
| 7.38%, 9/01/19   |     | 270          | 289,575           |
| 6.75%, 9/15/20   |     | 675          | 710,437           |
| Berry Plastics Corp., 8.88%, 9/15/14                   |     | 690          | 657,225           |
| Crown Americas LLC, 7.75%, 11/15/15                    |     | 150          | 155,625           |
| Impress Holdings BV, 3.65%, 9/15/13 (a)(b)             |     | 300          | 283,500           |
| Pregis Corp., 12.38%, 10/15/13                         |     | 545          | 545,000           |
| Smurfit Kappa Acquisitions (a):                        |     |              |                   |
| 7.25%, 11/15/17  | EUR | 725          | 937,132           |
| 7.75%, 11/15/19  |     | 685          | 889,768           |
|  |     |              | <u>4,468,262</u>  |
| <b>Diversified Financial Services 5.1%</b>             |     |              |                   |
| Ally Financial Inc., 8.30%, 2/12/15 (a)                | USD | 3,500        | 3,640,000         |
| Bank of America Corp. (e):                             |     |              |                   |
| 7.63%, 6/01/19   |     | 450          | 526,706           |
| 5.63%, 7/01/20   |     | 1,310        | 1,349,588         |
| FCE Bank Plc:  |     |              |                   |
| 7.88%, 2/15/11   | GBP | 550          | 854,050           |
| 7.13%, 1/16/12   | EUR | 650          | 852,543           |
| General Electric Capital Corp.:                        |     |              |                   |
| 6.15%, 8/07/37 (e)                                     | USD | 4,150        | 4,411,226         |
| 5.88%, 1/14/38   |     | 177          | 181,999           |
| 6.88%, 1/10/39   |     | 135          | 158,012           |
| JPMorgan Chase & Co.:                                  |     |              |                   |
| 3.70%, 1/20/15 (d)                                     |     | 3,425        | 3,585,191         |
| 6.00%, 1/15/18   |     | 125          | 141,947           |
| 6.30%, 4/23/19 (e)                                     |     | 2,000        | 2,298,422         |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (a) |     | 1,000        | 1,007,500         |
| Reynolds Group Issuer, Inc., 7.75%, 10/15/16 (a)       | EUR | 550          | 707,436           |
|  |     |              | <u>19,714,620</u> |

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**Diversified Telecommunication Services 6.0%**

|  |     |       |           |
|--|-----|-------|-----------|
| AT&T Inc.:                                 |     |       |           |
| 6.45%, 6/15/34                             | USD | 780   | 884,895   |
| 6.30%, 1/15/38                             |     | 600   | 687,540   |
| 6.55%, 2/15/39                             |     | 3,375 | 3,999,550 |
| BellSouth Telecommunications, Inc.,        |     |       |           |
| 8.18%, 12/15/95 (f)                        |     | 1,700 | 1,256,917 |
| Comcast Cable Holdings LLC, 7.88%, 8/01/13 |     |       |           |
|  |     | 10    | 11,492    |
| GCI, Inc., 8.63%, 11/15/19                 |     |       |           |
|  |     | 1,700 | 1,785,000 |
| Nordic Telephone Co. Holdings ApS, 8.88%,  |     |       |           |
| 5/01/16 (a)                                |     | 120   | 126,000   |
| Qwest Communications International, Inc.:  |     |       |           |
| 7.50%, 2/15/14                             |     | 60    | 61,125    |
| Series B, 7.50%, 2/15/14                   |     | 30    | 30,562    |
| Qwest Corp.:                               |     |       |           |
| 8.88%, 3/15/12                             |     | 120   | 132,000   |
| 8.38%, 5/01/16                             |     | 180   | 209,700   |
| Telecom Italia Capital SA:                 |     |       |           |
| 4.95%, 9/30/14                             |     | 1,075 | 1,129,895 |
| 6.00%, 9/30/34                             |     | 1,550 | 1,477,026 |
| Telefonica Emisiones SAU, 7.05%, 6/20/36   |     |       |           |
|  |     | 1,975 | 2,375,635 |
| Telefonica Europe BV, 7.75%, 9/15/10       |     |       |           |
|  |     | 725   | 726,140   |
| Verizon Communications, Inc.:              |     |       |           |
| 6.40%, 2/15/38 (d)                         |     | 2,125 | 2,486,802 |
| 8.95%, 3/01/39                             |     | 900   | 1,336,347 |

| Corporate Bonds   | Par<br>(000) |       | Value      |
|---|--------------|-------|------------|
| <b>Diversified Telecommunication Services<br/>(concluded)</b> |              |       |            |
| Verizon Global Funding Corp., 7.75%, 12/01/30                 | USD          | 70    | \$ 91,284  |
| Verizon Maryland, Inc., Series B, 5.13%, 6/15/33              |              | 125   | 115,659    |
| Verizon New Jersey, Inc.:                                     |              |       |            |
| 5.88%, 1/17/12  |              | 335   | 354,896    |
| 7.85%, 11/15/29   |              | 230   | 270,354    |
| Verizon Virginia, Inc., Series A, 4.63%, 3/15/13 (d)          |              |       |            |
|   |              | 3,150 | 3,354,290  |
| Windstream Corp.:   |              |       |            |
| 8.13%, 8/01/13  |              | 60    | 63,975     |
| 8.63%, 8/01/16  |              | 90    | 92,925     |
| 7.88%, 11/01/17   |              | 60    | 60,900     |
|   |              |       | 23,120,909 |

**Electric Utilities 4.7%**

|   |  |       |           |
|---|--|-------|-----------|
| Alabama Power Co., 6.00%, 3/01/39                 |  |       |           |
|   |  | 1,275 | 1,525,849 |
| Commonwealth Edison Co., 4.00%, 8/01/20           |  |       |           |
|   |  | 480   | 506,574   |
| Duke Energy Carolinas LLC:                        |  |       |           |
| 6.10%, 6/01/37                                    |  | 315   | 377,098   |
| 6.00%, 1/15/38                                    |  | 825   | 998,572   |
| EDF SA, 5.60%, 1/27/40 (a)                        |  |       |           |
|   |  | 1,400 | 1,532,030 |
| E.ON International Finance BV, 6.65%, 4/30/38 (a) |  |       |           |
|   |  | 1,525 | 1,950,168 |
| Elwood Energy LLC, 8.16%, 7/05/26                 |  |       |           |
|   |  | 98    | 90,516    |
| Florida Power & Light Co., 4.95%, 6/01/35         |  |       |           |
|   |  | 950   | 1,000,928 |
| Florida Power Corp.:                              |  |       |           |
| 6.35%, 9/15/37                                    |  | 1,325 | 1,661,205 |
| 6.40%, 6/15/38                                    |  | 875   | 1,098,766 |
| PacifiCorp., 6.25%, 10/15/37                      |  |       |           |
|   |  | 575   | 712,324   |

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|   |       |            |
|---|-------|------------|
| Public Service Co. of Colorado, 6.25%, 9/01/37            | 1,200 | 1,507,590  |
| Southern California Edison Co.:                           |       |            |
| 5.63%, 2/01/36  | 625   | 721,936    |
| Series 05-E, 5.35%, 7/15/35                               | 125   | 139,093    |
| Series 08-A, 5.95%, 2/01/38                               | 1,075 | 1,302,613  |
| The Toledo Edison Co., 6.15%, 5/15/37                     | 350   | 398,501    |
| Virginia Electric and Power Co., Series A, 6.00%, 5/15/37 | 2,000 | 2,398,174  |
|   |       | 17,921,937 |
| <b>Energy Equipment &amp; Services 0.7%</b>               |       |            |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (a)         | 1,400 | 1,309,000  |
| North American Energy Alliance LLC, 10.88%, 6/01/16 (a)   | 985   | 1,063,800  |
| Thermon Industries, Inc., 9.50%, 5/01/17 (a)              | 180   | 184,500    |
|   |       | 2,557,300  |
| <b>Food &amp; Staples Retailing 0.9%</b>                  |       |            |
| Wal-Mart Stores, Inc.:                                    |       |            |
| 6.50%, 8/15/37  | 1,900 | 2,447,318  |
| 6.20%, 4/15/38  | 850   | 1,047,543  |
|   |       | 3,494,861  |
| <b>Food Products 0.5%</b>                                 |       |            |
| Kraft Foods, Inc., 7.00%, 8/11/37                         | 1,455 | 1,810,035  |
| <b>Health Care Equipment &amp; Supplies 0.3%</b>          |       |            |
| Covidien International Finance SA, 2.80%, 6/15/15         | 230   | 237,382    |
| DJO Finance LLC, 10.88%, 11/15/14                         | 860   | 921,275    |
|   |       | 1,158,657  |
| <b>Health Care Providers &amp; Services 0.3%</b>          |       |            |
| Tenet Healthcare Corp.:                                   |       |            |
| 9.00%, 5/01/15  | 410   | 436,650    |
| 10.00%, 5/01/18   | 170   | 191,250    |
| 8.88%, 7/01/19  | 330   | 356,813    |
|   |       | 984,713    |
| <b>Hotels, Restaurants &amp; Leisure 0.3%</b>             |       |            |
| McDonald's Corp., 5.70%, 2/01/39                          | 825   | 988,829    |

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 1.7%</b>                                    |              |                  |
| Beazer Homes USA, Inc.:   |              |                  |
| 6.88%, 7/15/15  | USD 210      | \$ 181,650       |
| 8.13%, 6/15/16  | 255          | 223,125          |
| 12.00%, 10/15/17  | 1,050        | 1,182,562        |
| Belvoir Land LLC, Series A-1, 5.27%, 12/15/47 (a)                 | 300          | 256,932          |
| Irwin Land LLC (a):   |              |                  |
| Series A-1, 5.03%, 12/15/25                                       | 525          | 502,288          |
| Series A-2, 5.40%, 12/15/47                                       | 1,500        | 1,259,415        |
| Ohana Military Communities LLC, Series 04I, 6.19%,<br>4/01/49 (a) | 350          | 355,702          |
| Standard Pacific Corp.:   |              |                  |
| 6.25%, 4/01/14  | 160          | 149,200          |
| 7.00%, 8/15/15  | 225          | 207,000          |
| 10.75%, 9/15/16   | 2,100        | 2,210,250        |
|   |              | <u>6,528,124</u> |
| <b>Household Products 0.3%</b>                                    |              |                  |
| Kimberly-Clark, Corp., 6.63%, 8/01/37                             | 850          | 1,133,405        |
| <b>IT Services 0.2%</b>   |              |                  |
| iPayment, Inc., 9.75%, 5/15/14                                    | 240          | 216,900          |
| iPayment Investors LP, 12.75%, 7/15/14 (a)(g)                     | 812          | 694,010          |
|   |              | <u>910,910</u>   |
| <b>Independent Power Producers &amp;<br/>Energy Traders 0.7%</b>  |              |                  |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (a)        | 1,000        | 1,050,000        |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (a)                 | 1,520        | 1,463,765        |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20   | 97           | 93,215           |
| NRG Energy, Inc.:   |              |                  |
| 7.25%, 2/01/14  | 35           | 35,700           |
| 7.38%, 2/01/16  | 5            | 5,038            |
| 7.38%, 1/15/17  | 15           | 15,112           |
|   |              | <u>2,662,830</u> |
| <b>Industrial Conglomerates 0.7%</b>                              |              |                  |
| Sequa Corp. (a):  |              |                  |
| 11.75%, 12/01/15  | 690          | 710,700          |
| 13.50%, 12/01/15 (g)  | 1,940        | 2,018,008        |



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|   |       |           |
|---|-------|-----------|
|   |       | 2,728,708 |
| <b>Insurance 1.8%</b>   |       |           |
| Chubb Corp., 6.00%, 5/11/37   | 1,100 | 1,271,766 |
| Hartford Life Global Funding Trusts, 0.72%,<br>6/16/14 (b)                  | 425   | 398,512   |
| Metropolitan Life Global Funding I (a):<br>2.50%, 1/11/13 (d)               | 2,545 | 2,601,143 |
| 5.13%, 6/10/14  | 775   | 858,530   |
| Prudential Financial, Inc.:<br>5.70%, 12/14/36                              | 675   | 689,793   |
| Series D, 5.90%, 3/17/36  | 500   | 523,729   |
| Teachers Insurance & Annuity Association of America,<br>6.85%, 12/16/39 (a) | 505   | 632,242   |
|   |       | 6,975,715 |
| <b>Machinery 0.9%</b>   |       |           |
| AGY Holding Corp., 11.00%, 11/15/14   | 310   | 263,500   |
| Accuride Corp., 7.50%, 2/26/20 (g)(h)                                       | 5     | 11,771    |
| Navistar International Corp.:<br>3.00%, 10/15/14 (h)                        | 1,130 | 1,233,113 |
| 8.25%, 11/01/21   | 1,400 | 1,466,500 |
| Titan International, Inc., 5.63%, 1/15/17 (a)(h)                            | 340   | 404,600   |
|   |       | 3,379,484 |

| Corporate Bonds  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Marine 0.8%</b>   |              |              |
| Horizon Lines, Inc., 4.25%, 8/15/12 (h)                              | USD 2,355    | \$ 1,978,200 |
| Nakilat, Inc., Series A, 6.07%, 12/31/33 (a)                         | 1,050        | 1,155,063    |
|  |              | 3,133,263    |
| <b>Media 5.9%</b>  |              |              |
| Affinion Group, Inc., 10.13%, 10/15/13                               | 695          | 712,375      |
| CCH II LLC, 13.50%, 11/30/16   | 1,850        | 2,192,695    |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (a)(b)                         | 52           | 1,040        |
| Clear Channel Worldwide Holdings, Inc., Series B,<br>9.25%, 12/15/17 | 1,132        | 1,187,185    |
| Comcast Cable Communications Holdings, Inc.,<br>9.46%, 11/15/22      | 600          | 843,281      |
| Comcast Corp.:<br>6.45%, 3/15/37                                     | 790          | 899,523      |
| 6.40%, 3/01/40   | 300          | 342,311      |
| Cox Enterprises, Inc.:<br>Loan Close 2, 4.00%, 8/15/18               | 908          | 907,900      |
| Loan Close 3, 12.00%, 8/15/18  | 1,050        | 1,050,000    |
| Shares Loan, 4.00%, 8/15/18  | 1,071        | 1,070,532    |
| DIRECTV Holdings LLC, 6.00%, 8/15/40                                 | 240          | 252,594      |
| Discovery Communications LLC, 3.70%, 6/01/15                         | 480          | 504,946      |
| Interactive Data Corp., 10.25%, 8/01/18 (a)                          | 1,480        | 1,535,500    |
| NBC Universal, Inc., 5.15%, 4/30/20 (a)                              | 680          | 731,937      |
| News America Holdings, Inc.:<br>7.70%, 10/30/25                      | 825          | 1,053,906    |

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|   |       |            |
|---|-------|------------|
| 8.45%, 8/01/34  | 625   | 841,667    |
| News America, Inc., 7.63%, 11/30/28                     | 985   | 1,178,410  |
| Nielsen Finance LLC, 10.00%, 8/01/14                    | 500   | 525,000    |
| Rainbow National Services LLC (a):                      |       |            |
| 8.75%, 9/01/12  | 200   | 200,250    |
| 10.38%, 9/01/14   | 943   | 978,362    |
| TCI Communications, Inc., 7.88%, 2/15/26                | 610   | 756,182    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a)              | 490   | 467,950    |
| Time Warner Cable, Inc., 7.30%, 7/01/38                 | 930   | 1,149,207  |
| Time Warner Cos., Inc.:                                 |       |            |
| 6.95%, 1/15/28  | 70    | 81,557     |
| 6.63%, 5/15/29  | 90    | 102,124    |
| Time Warner, Inc.:                                      |       |            |
| 7.63%, 4/15/31  | 205   | 255,516    |
| 7.70%, 5/01/32  | 85    | 107,042    |
| Unitymedia Hessen GmbH & Co. KG, 8.13%,<br>12/01/17 (a) | 2,600 | 2,671,500  |
|   |       | 22,600,492 |

|  |           |           |
|--|-----------|-----------|
| <b>Metals &amp; Mining 1.6%</b>                |           |           |
| AK Steel Corp., 7.63%, 5/15/20                 | 15        | 15,113    |
| AngloGold Ashanti Holdings Plc, 5.38%, 4/15/20 | 270       | 282,064   |
| Drummond Co., Inc.:                            |           |           |
| 9.00%, 10/15/14 (a)                            | 1,115     | 1,166,569 |
| 7.38%, 2/15/16                                 | 375       | 375,469   |
| Falconbridge Ltd., 6.20%, 6/15/35              | 1,250     | 1,268,134 |
| Goldcorp, Inc., 2.00%, 8/01/14 (h)             | 280       | 340,550   |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (a)    | 495       | 436,837   |
| Murray Energy Corp., 10.25%, 10/15/15 (a)      | 245       | 250,512   |
| New World Resources NV, 7.38%, 5/15/15         | EUR 215   | 267,010   |
| Novelis, Inc., 11.50%, 2/15/15                 | USD 1,070 | 1,177,000 |
| United States Steel Corp., 7.38%, 4/01/20      | 715       | 723,937   |
|  |           | 6,303,195 |

|   |       |           |
|---|-------|-----------|
| <b>Oil, Gas &amp; Consumable Fuels 6.9%</b>       |       |           |
| Arch Coal, Inc., 7.25%, 10/01/20                  | 1,225 | 1,243,375 |
| Atlas Energy Operating Co. LLC:                   |       |           |
| 12.13%, 8/01/17                                   | 600   | 689,250   |
| 10.75%, 2/01/18                                   | 105   | 115,763   |
| BP Capital Markets Plc, 3.13%, 3/10/12            | 1,270 | 1,272,195 |
| Bill Barrett Corp., 9.88%, 7/15/16                | 75    | 81,375    |
| Burlington Resources Finance Co., 7.40%, 12/01/31 | 875   | 1,145,051 |

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>    |              |            |
| Canadian Natural Resources, Ltd.:                     |              |            |
| 6.50%, 2/15/37  | USD 410      | \$ 490,465 |
| 6.25%, 3/15/38  | 375          | 428,373    |
| 6.75%, 2/01/39  | 1,025        | 1,270,969  |
| Cenovus Energy, Inc., 6.75%, 11/15/39                 | 895          | 1,098,195  |
| Chesapeake Energy Corp., 6.63%, 8/15/20               | 1,300        | 1,304,875  |
| ConocoPhillips Canada Funding Co.,<br>5.95%, 10/15/36 | 535          | 628,674    |
| Crosstex Energy LP, 8.88%, 2/15/18                    | 290          | 299,425    |
| Devon Energy Corp., 7.95%, 4/15/32                    | 625          | 859,685    |
| EnCana Corp.:   |              |            |
| 6.50%, 8/15/34  | 670          | 766,882    |
| 6.63%, 8/15/37  | 700          | 839,668    |
| Enterprise Products Operating LLC:                    |              |            |
| 6.13%, 2/01/13  | 695          | 755,870    |
| 6.13%, 10/15/39                                       | 700          | 748,222    |
| Kinder Morgan Energy Partners LP, 5.30%, 9/15/20      | 520          | 556,325    |
| MidAmerican Energy Co., 5.80%, 10/15/36               | 700          | 811,022    |
| MidAmerican Energy Holdings Co.:                      |              |            |
| 5.95%, 5/15/37  | 800          | 906,773    |
| 6.50%, 9/15/37  | 1,900        | 2,308,644  |
| Nexen, Inc., 6.40%, 5/15/37                           | 750          | 823,130    |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (a)          | 1,000        | 1,052,500  |
| OPTI Canada, Inc., 9.00%, 12/15/12 (a)                | 700          | 701,750    |
| Peabody Energy Corp., 6.50%, 9/15/20                  | 1,230        | 1,293,038  |
| Petrobras International Finance Co.:                  |              |            |
| 5.88%, 3/01/18  | 75           | 81,454     |
| 5.75%, 1/20/20  | 1,725        | 1,848,988  |
| Rockies Express Pipeline LLC, 3.90%, 4/15/15 (a)      | 680          | 675,995    |
| Valero Energy Corp., 6.63%, 6/15/37                   | 1,245        | 1,261,292  |
|   |              | 26,359,223 |
| <b>Paper &amp; Forest Products 1.1%</b>               |              |            |
| Boise Paper Holdings LLC:                             |              |            |
| 9.00%, 11/01/17                                       | 490          | 515,725    |
| 8.00%, 4/01/20  | 210          | 213,675    |
| Clearwater Paper Corp., 10.63%, 6/15/16               | 620          | 697,500    |
| Glatfelter, 7.13%, 5/01/16 (a)                        | 295          | 296,844    |
| International Paper Co., 7.30%, 11/15/39              | 750          | 845,108    |
| NewPage Corp., 11.38%, 12/31/14                       | 1,115        | 905,938    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14             | 745          | 785,975    |
|   |              | 4,260,765  |
| <b>Pharmaceuticals 1.7%</b>                           |              |            |

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|   |       |           |
|---|-------|-----------|
| Roche Holdings, Inc., 7.00%, 3/01/39 (a)        | 850   | 1,165,327 |
| Schering-Plough Corp., 6.55%, 9/15/37           | 1,125 | 1,480,373 |
| Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36 | 1,445 | 1,774,790 |
| Wyeth:  |       |           |
| 6.00%, 2/15/36                                  | 675   | 821,636   |
| 5.95%, 4/01/37                                  | 925   | 1,113,760 |
|   |       | 6,355,886 |

**Road & Rail 0.6%**

|  |     |           |
|--|-----|-----------|
| Avis Budget Car Rental LLC, 9.63%, 3/15/18       | 715 | 747,175   |
| Burlington Northern Santa Fe LLC, 5.75%, 5/01/40 | 950 | 1,067,479 |
| Canadian National Railway Co., 6.25%, 8/01/34    | 350 | 441,830   |
|  |     | 2,256,484 |

**Software 0.2%**

|  |     |         |
|--|-----|---------|
| BMS Holdings, Inc., 8.59%, 2/15/12 (a)(b)(g) | 129 | 2,577   |
| Oracle Corp., 5.38%, 7/15/40 (a)             | 895 | 970,169 |
|  |     | 972,746 |

**Textiles, Apparel & Luxury Goods 0.0%**

|                                  |     |         |
|----------------------------------|-----|---------|
| Quiksilver, Inc., 6.88%, 4/15/15 | 175 | 161,875 |
|----------------------------------|-----|---------|

| Corporate Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Thriffs &amp; Mortgage Finance 0.4%</b>                |              |              |
| Achmea Hypotheekbank NV, 3.20%,<br>11/03/14 (a)(d)        | USD 1,305    | \$ 1,378,488 |
| <b>Tobacco 0.2%</b>                                       |              |              |
| Philip Morris International, Inc., 4.50%, 3/26/20         | 640          | 698,148      |
| <b>Wireless Telecommunication Services 2.2%</b>           |              |              |
| Cricket Communications, Inc., 10.00%, 7/15/15             | 100          | 104,750      |
| Crown Castle Towers LLC, 6.11%, 1/15/40 (a)               | 1,420        | 1,579,910    |
| Digicel Group Ltd. (a):                                   |              |              |
| 9.13%, 1/15/15 (g)  | 560          | 562,800      |
| 8.25%, 9/01/17  | 150          | 155,813      |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14                  | 60           | 62,400       |
| Nextel Communications, Inc., Series E,<br>6.88%, 10/31/13 | 770          | 768,075      |
| Rogers Communications, Inc., 7.50%, 8/15/38               | 1,150        | 1,528,062    |
| SBA Tower Trust, 4.25%, 4/15/40 (a)                       | 950          | 1,013,716    |
| Sprint Capital Corp., 6.88%, 11/15/28                     | 775          | 647,125      |
| Vodafone Group Plc, 4.15%, 6/10/14                        | 2,050        | 2,202,180    |
|   |              | 8,624,831    |
| <b>Total Corporate Bonds 59.2%</b>                        |              | 226,969,141  |

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**Foreign Agency Obligations**

|   |     |       |            |
|---|-----|-------|------------|
| Hellenic Republic Government Bond,<br>4.60%, 9/20/40    | EUR | 160   | 105,934    |
| Israel Government AID Bond:<br>5.50%, 4/26/24           | USD | 825   | 1,029,400  |
| 5.50%, 9/18/33  |     | 845   | 1,041,193  |
| Italy Government International Bond,<br>5.38%, 6/15/33  |     | 455   | 472,646    |
| Japan Finance Corp., 2.00%, 6/24/11                     |     | 860   | 869,304    |
| Kreditanstalt fuer Wiederaufbau:<br>1.38%, 7/15/13      |     | 660   | 668,719    |
| 2.75%, 9/08/20  |     | 300   | 297,870    |
| Landwirtschaftliche Rentenbank:<br>4.13%, 7/15/13       |     | 115   | 124,799    |
| Series E, 5.25%, 7/02/12                                |     | 395   | 426,385    |
| Series E, 4.38%, 1/15/13                                |     | 250   | 270,788    |
| Series E, 4.00%, 2/02/15                                |     | 230   | 254,765    |
| Mexico Government International Bond,<br>5.63%, 1/15/17 |     | 370   | 415,325    |
| Province of Ontario Canada:<br>4.10%, 6/16/14           |     | 1,205 | 1,325,623  |
| Series 1, 1.88%, 11/19/12                               |     | 1,175 | 1,201,917  |
| Qatari Diar Finance QSC, 3.50%, 7/21/15 (a)             |     | 910   | 927,290    |
| Russian Foreign Bond Eurobond, 7.50%, 3/31/30           |     | 1,371 | 1,627,962  |
| United Mexican States, Series A, 5.13%, 1/15/20         |     | 215   | 233,275    |
| <b>Total Foreign Agency Obligations</b> 2.9%            |     |       | 11,293,195 |

**Non-Agency Mortgage-Backed Securities**

|  |  |       |         |
|--|--|-------|---------|
| <b>Collateralized Mortgage Obligations</b> 5.1%  |  |       |         |
| Banc of America Funding Corp., Series 2007-2,<br>Class 1A2, 6.00%, 3/25/37                     |  | 1,100 | 878,827 |
| Bear Stearns Adjustable Rate Mortgage Trust, Series<br>2004-8, Class 14A1, 5.39%, 11/25/34 (b) |  | 536   | 508,865 |
| CS First Boston Mortgage Securities Corp., Series<br>2005-12, Class 6A1, 6.00%, 1/25/36        |  | 1,093 | 768,850 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Non-Agency Mortgage-Backed Securities   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Collateralized Mortgage Obligations (concluded)</b>  |              |              |
| Countrywide Alternative Loan Trust:   |              |              |
| Series 2005-64CB, Class 1A15,<br>5.50%, 12/25/35  | USD 1,600    | \$ 1,312,387 |
| Series 2006-0A19, Class A1, 0.45%,<br>2/20/47 (b)   | 478          | 253,433      |
| Series 2006-0A21, Class A1, 0.46%,<br>3/20/47 (b)   | 887          | 465,674      |
| Series 2006-41CB, Class 1A4, 5.75%, 1/25/37   | 800          | 579,452      |
| Series 2007-HY4, Class 4A1, 5.71%,<br>6/25/47 (b)   | 1,027        | 709,863      |
| Countrywide Home Loan Mortgage Pass-Through Trust:  |              |              |
| Series 2006-0A5, Class 2A1, 0.46%,<br>4/25/46 (b)   | 371          | 209,787      |
| Series 2007-10, Class A22, 6.00%, 7/25/37   | 864          | 695,902      |
| Credit Suisse Mortgage Capital Certificates, Series<br>2007-1, Class 5A14, 6.00%, 2/25/37               | 670          | 546,917      |
| Deutsche ALT-A Securities, Inc., Alternate Loan Trust,<br>Series 2006-0A1, Class A1, 0.46%, 2/25/47 (b) | 298          | 179,450      |
| GSR Mortgage Loan Trust:  |              |              |
| Series 2005-AR4, Class 6A1, 5.25%,<br>7/25/35 (b)   | 468          | 437,436      |
| Series 2006-4F, Class 1A1, 5.00%, 5/25/36   | 928          | 823,172      |
| Series 2006-AR1, Class 2A1, 5.00%,<br>1/25/36 (b)   | 784          | 621,584      |
| Series 2007-4F, Class 3A1, 6.00%, 7/25/37   | 1,017        | 917,545      |
| Homebanc Mortgage Trust, Series 2006-2, Class A1,<br>0.44%, 12/25/36 (b)                                | 783          | 557,836      |
| IndyMac IMJA Mortgage Loan Trust, Series 2007-A1,<br>Class A4, 6.00%, 8/25/37                           | 1,100        | 885,121      |
| JPMorgan Mortgage Trust:  |              |              |
| Series 2006-S3, Class 1A12, 6.50%, 8/25/36  | 828          | 762,337      |
| Series 2007-S1, Class 2A22, 5.75%, 3/25/37  | 755          | 638,681      |
| Merrill Lynch Mortgage Investors, Inc., Series<br>2006-A3, Class 3A1, 5.64%, 5/25/36 (b)                | 782          | 531,631      |
| Residential Funding Mortgage Securities I, Series<br>2007-S6, Class 1A16, 6.00%, 6/25/37                | 599          | 536,144      |
| Station Place Securitization Trust, Series 2009-1,<br>Class A, 1.76%, 1/25/40 (a)(b)                    | 1,615        | 1,615,000    |
| Structured Asset Securities Corp., Series 2002-AL1,<br>Class A2, 3.45%, 2/25/32                         | 1,703        | 1,618,242    |
| WaMu Mortgage Pass-Through Certificates, Series<br>2007-0A4, Class 1A, 1.18%, 5/25/47 (b)               | 436          | 274,613      |
| Wells Fargo Mortgage-Backed Securities Trust:   |              |              |
| Series 2006, Class 1A29, 6.00%, 8/25/36   | 659          | 636,959      |
| Series 2006-3, Class A9, 5.50%, 3/25/36   | 548          | 532,642      |
| Series 2007-8, Class 2A9, 6.00%, 7/25/37  | 608          | 569,009      |
| Series 2007-10, Class 1A21, 6.00%, 7/25/37  | 488          | 415,881      |

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19,483,240

**Commercial Mortgage-Backed Securities 10.9%**

|  |       |           |
|--|-------|-----------|
| CS First Boston Mortgage Securities Corp., Series 2002-CP5, Class A2, 4.94%, 12/15/35          | 2,720 | 2,884,107 |
| Citigroup Commercial Mortgage Trust, Series 2008-C7, Class A4, 6.29%, 12/10/49 (b)             | 1,370 | 1,461,833 |
| Commercial Mortgage Pass-Through Certificates, Series 2004-LB3A, Class A3, 5.09%, 7/10/37 (b)  | 960   | 980,714   |
| First Union National Bank Commercial Mortgage: Series 2001-C3, Class A3, 6.42%, 8/15/33        | 2,655 | 2,724,606 |
| Series 2001-C4, Class A2, 6.22%, 12/12/33  | 2,200 | 2,289,874 |
| GMAC Commercial Mortgage Securities, Inc., Series 2002-C3, Class A2, 4.93%, 7/10/39            | 2,350 | 2,489,256 |
| JPMorgan Chase Commercial Mortgage Securities Corp.: Series 2001-C1, Class A3, 5.86%, 10/12/35 | 2,114 | 2,191,592 |
| Series 2004-CB8, Class A1A, 4.16%, 1/12/39 (a)   | 827   | 847,078   |
| Series 2004-CBX, Class A4, 4.53%, 1/12/37  | 2,180 | 2,225,592 |

| Non-Agency Mortgage-Backed Securities | Par<br>(000) | Value |
|---------------------------------------|--------------|-------|
|---------------------------------------|--------------|-------|

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

|   |     |        |    |            |
|---|-----|--------|----|------------|
| LB-UBS Commercial Mortgage Trust, Series 2007-C6, Class A4, 5.86%, 7/15/40 (b)          | USD | 931    | \$ | 960,202    |
| Merrill Lynch Mortgage Trust, Series 2004 BPC1, Class A3, 4.47%, 10/12/41 (b)           |     | 4,200  |    | 4,283,743  |
| Morgan Stanley Capital I, Series 2005-T17, Class A4, 4.52%, 12/13/41                    |     | 2,525  |    | 2,589,807  |
| Wachovia Bank Commercial Mortgage Trust: Series 2005-C21, Class A3, 5.38%, 10/15/44 (b) |     | 624    |    | 624,546    |
| Series 2006-C28, Class A2, 5.50%, 10/15/48 (i)  |     | 14,000 |    | 14,389,848 |
| Series 2007-C33, Class A4, 6.10%, 2/15/51 (b)   |     | 995    |    | 1,010,471  |

41,953,269

**Total Non-Agency Mortgage-Backed Securities 16.0%**

61,436,509

**Other Interests (j)**

**Beneficial  
Interest  
(000)**

**Health Care Providers & Services 0.0%**

|   |   |     |
|---|---|-----|
| Critical Care Systems International, Inc. | 2 | 381 |
|---|---|-----|

**Total Other Interests 0.0%**

381

**Preferred Securities**

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| Capital Trusts                                   | Par<br>(000) |           |
|--|--------------|-----------|
| <b>Capital Markets 0.1%</b>                      |              |           |
| Credit Suisse Guernsey Ltd., 5.86% (b)(k)        | 494          | 452,010   |
| <b>Electric Utilities 0.2%</b>                   |              |           |
| PECO Energy Capital Trust IV, 5.75%, 6/15/33     | 790          | 667,598   |
| <b>Insurance 0.9%</b>                            |              |           |
| The Allstate Corp., 6.50%, 5/15/67 (b)           | 1,950        | 1,774,500 |
| Lincoln National Corp., 6.05%, 4/20/67 (b)       | 675          | 567,000   |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (b)     | 675          | 647,465   |
| ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(b) | 675          | 610,875   |
|  |              | 3,599,840 |
| <b>Total Capital Trusts 1.2%</b>                 |              | 4,719,448 |

| Preferred Stocks   | Shares |           |
|--|--------|-----------|
| <b>Media 0.0%</b>  |        |           |
| CMP Susquehanna Radio Holdings Corp.,<br>0.00% (a)(b)(c) | 12,033 |           |
| <b>Specialty Retail 0.0%</b>                             |        |           |
| Lazydays RV Center, Inc., 0.00% (c)                      | 48     | 56,838    |
| <b>Total Preferred Stocks 0.0%</b>                       |        | 56,838    |
| <b>Total Preferred Securities 1.2%</b>                   |        | 4,776,286 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

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

| Taxable Municipal Bonds  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| The Board of Trustees of The Leland Stanford Junior University, 4.25%, 5/01/16           | USD 435      | \$ 491,106        |
| City of Chicago Illinois, RB, Build America Bonds, 6.40%, 1/01/40                        | 250          | 276,510           |
| Dallas Area Rapid Transit, RB, Build America Bonds, 6.00%, 12/01/44                      | 255          | 306,617           |
| East Bay Municipal Utility District, RB, Build America Bonds, 5.87%, 6/01/40             | 950          | 1,105,619         |
| Indianapolis Local Public Improvement Bond Bank, RB, Build America Bonds, 6.12%, 1/15/40 | 1,275        | 1,472,485         |
| Metropolitan Transportation Authority, RB, Build America Bonds, 7.34%, 11/15/39          | 625          | 802,844           |
| New York City Municipal Water Finance Authority, RB, Build America Bonds, 5.72%, 6/15/42 | 700          | 782,621           |
| New York State Dormitory Authority, RB, Build America Bonds:                             |              |                   |
| 5.63%, 3/15/39   | 550          | 590,123           |
| 5.60%, 3/15/40   | 950          | 1,035,918         |
| Port Authority of New York & New Jersey, RB, Consolidated, 159th Series, 6.04%, 12/01/29 | 385          | 438,742           |
| Princeton University, 5.70%, 3/01/39   | 575          | 697,866           |
| State of California, GO:   |              |                   |
| Build America Bonds, 7.30%, 10/01/39   | 1,090        | 1,201,660         |
| Build America Bonds, 7.35%, 11/01/39   | 540          | 622,409           |
| Build America Bonds, Various Purpose, 7.50%, 4/01/34                                     | 360          | 408,798           |
| Various Purpose, Series 3, 5.45%, 4/01/15  | 2,300        | 2,461,184         |
| State of Illinois, GO, Pension, 5.10%, 6/01/33   | 970          | 826,964           |
| <b>Total Taxable Municipal Bonds 3.5%</b>  |              | <b>13,521,466</b> |

## U.S. Government Sponsored Agency Securities

**Agency Obligations 5.7%**

|                          |       |           |
|--------------------------|-------|-----------|
| Fannie Mae:              |       |           |
| 6.45%, 10/09/19 (d)(1)   | 5,875 | 3,872,976 |
| 7.13%, 1/15/30 (d)       | 2,775 | 4,031,304 |
| 5.63%, 7/15/37 (m)       | 775   | 979,692   |
| Federal Home Loan Banks: |       |           |
| 5.38%, 9/30/22 (d)       | 5,400 | 6,517,309 |
| 5.25%, 12/09/22 (m)      | 675   | 805,466   |
| 5.37%, 9/09/24 (d)       | 1,075 | 1,299,347 |
| Freddie Mac:             |       |           |
| 5.50%, 7/18/16           | 210   | 252,043   |

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|  |       |                   |
|--|-------|-------------------|
| 5.00%, 2/16/17                             | 425   | 499,242           |
| Resolution Funding Corp. (l):              |       |                   |
| 6.40%, 7/15/18                             | 525   | 430,522           |
| 6.39%, 10/15/18                            | 525   | 425,280           |
| Tennessee Valley Authority, 5.25%, 9/15/39 | 2,355 | 2,792,886         |
|  |       | <u>21,906,067</u> |

**Collateralized Mortgage Obligations 0.6%**

|   |       |                  |
|---|-------|------------------|
| Fannie Mae Mortgage-Backed Securities, Series 2005-5, Class PK, 5.00%, 12/25/34 | 1,263 | 1,380,715        |
| Freddie Mac Mortgage-Backed Securities, Series 2825, Class VP, 5.50%, 6/15/15   | 885   | 973,240          |
|   |       | <u>2,353,955</u> |

| U.S. Government Sponsored Agency Securities  | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Federal Deposit Insurance Corporation</b> |              |                  |
| <b>Guaranteed 1.8%</b>                       |              |                  |
| Citigroup Funding, Inc. (d):                 |              |                  |
| 2.13%, 7/12/12                               | USD 1,415    | \$ 1,454,399     |
| 1.88%, 10/22/12                              | 2,800        | 2,868,505        |
| General Electric Capital Corp.:              |              |                  |
| 2.00%, 9/28/12 (d)                           | 1,850        | 1,900,300        |
| 2.13%, 12/21/12                              | 515          | 531,013          |
|  |              | <u>6,754,217</u> |

**Interest Only Collateralized Mortgage Obligations 0.1%**

|   |       |                |
|---|-------|----------------|
| Freddie Mac Mortgage-Backed Securities: |       |                |
| Series 2579, Class HI, 5.00%, 8/15/17   | 795   | 35,803         |
| Series 2611, Class QI, 5.50%, 9/15/32   | 3,074 | 366,192        |
|   |       | <u>401,995</u> |

**Mortgage-Backed Securities 27.5%**

|  |        |                    |
|--|--------|--------------------|
| Fannie Mae Mortgage-Backed Securities (n): |        |                    |
| 4.00%, 4/01/25 9/15/40                     | 9,038  | 9,481,632          |
| 4.50%, 9/15/40                             | 8,500  | 8,925,000          |
| 5.00%, 9/15/25 9/15/40                     | 29,192 | 31,025,794         |
| 5.50%, 9/15/25 9/15/40                     | 11,339 | 12,126,069         |
| 6.00%, 8/01/29 9/15/40                     | 15,967 | 17,256,715         |
| Freddie Mac Mortgage-Backed Securities:    |        |                    |
| 4.00%, 3/01/25 8/15/25 (d)(n)              | 16,551 | 17,432,611         |
| 4.50%, 4/01/40 9/15/40 (n)                 | 6,092  | 6,402,662          |
| 5.00%, 10/15/40 (n)                        | 100    | 105,859            |
| 5.50%, 6/01/40                             | 1,018  | 1,087,410          |
| 6.00%, 2/01/13 12/01/18                    | 1,178  | 1,273,874          |
| Ginnie Mae Mortgage-Backed Securities,     |        |                    |
| 5.50%, 8/15/33                             | 142    | 154,154            |
|  |        | <u>105,271,780</u> |

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**Total U.S. Government Sponsored Agency Securities 35.7%** 136,688,014

**U.S. Treasury Obligations**

U.S. Treasury Bonds:

|                        |        |            |
|------------------------|--------|------------|
| 8.13%, 8/15/21 (d)     | 1,550  | 2,361,086  |
| 8.00%, 11/15/21 (d)(e) | 5,950  | 9,022,616  |
| 1.00%, 4/30/12 (d)     | 2,345  | 2,366,527  |
| 1.75%, 7/31/15 (d)     | 15,095 | 15,411,089 |
| 1.25%, 8/31/15         | 5,250  | 5,226,211  |
| 4.25%, 5/15/39 (d)     | 6,045  | 6,828,015  |

U.S. Treasury Notes:

|                    |        |            |
|--------------------|--------|------------|
| 2.63%, 8/15/20 (d) | 57,203 | 57,935,916 |
| 4.50%, 8/15/39 (e) | 290    | 341,022    |
| 4.63%, 2/15/40 (d) | 4,333  | 5,198,248  |
| 4.38%, 5/15/40     | 2,855  | 3,294,402  |
| 3.88%, 8/15/40     | 1,625  | 1,727,325  |

**Total U.S. Treasury Obligations 28.6%** 109,712,457

**Warrants (o)**

**Shares**

**Media 0.0%**

CMP Susquehanna Radio Holdings Corp.  
(Expires 3/26/19) (a)

13,751

**Total Warrants 0.0%**

**Total Long-Term Investments**

(Cost \$565,036,740) 154.1%

591,097,454

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Short-Term Securities  | Shares               | Value      |
|--|----------------------|------------|
| <b>Money Market Fund 0.1%</b>  |                      |            |
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.25% (p)(q) | 506,274              | \$ 506,274 |
|  | <b>Par<br/>(000)</b> |            |
| <b>Borrowed Bond Agreements 0.1%</b>                                   |                      |            |
| JPMorgan Securities Inc., 0.13%, 9/02/10                               | USD 299              | 299,425    |
| <b>Total Short-Term Securities<br/>(Cost \$805,699) 0.2%</b>           |                      | 805,699    |

| Options Purchased   | Contracts                            |           |
|---|--------------------------------------|-----------|
| <b>Exchange-Traded Call Options 0.0%</b>  |                                      |           |
| Five-Year U.S. Treasury Note Future, Strike Price USD 121, Expires 11/26/10   | 21                                   | 12,469    |
| <b>Exchange-Traded Put Options 0.0%</b>   |                                      |           |
| Five-Year U.S. Treasury Note Future, Strike Price USD 117, Expires 11/26/10   | 21                                   | 3,445     |
|   | <b>Notional<br/>Amount<br/>(000)</b> |           |
| <b>Over-the-Counter Call Swaptions 1.9%</b>   |                                      |           |
| Pay a fixed rate of 3.93% and receive a floating rate based on 3-month LIBOR, Expires 7/16/12, Broker Goldman Sachs Bank USA      | USD 4,700                            | 439,135   |
| Receive a fixed rate of 4.22% and pay a floating rate based on 3-month LIBOR, Expires 4/29/11, Broker Credit Suisse International | 9,000                                | 1,228,005 |
| Receive a fixed rate of 3.65% and pay a floating rate based on 3-month LIBOR, Expires 5/05/11, Broker Credit Suisse International | 5,700                                | 516,089   |
| Receive a fixed rate of 4.01% and pay a floating rate based on 3-month LIBOR, Expires 5/16/11, Broker Goldman Sachs Bank USA      | 6,000                                | 709,542   |
| Receive a fixed rate of 3.86% and pay a floating rate based on 3-month LIBOR, Expires 5/19/11, Broker JPMorgan Chase Bank NA      | 10,700                               | 1,133,055 |

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|  |       |           |
|--|-------|-----------|
| Receive a fixed rate of 4.39% and pay a floating rate based on 3-month LIBOR, Expires 5/08/12,<br>Broker Citibank NA                 | 2,400 | 308,861   |
| Receive a fixed rate of 3.89% and pay a floating rate based on 3-month LIBOR, Expires 7/09/12,<br>Broker Goldman Sachs Bank USA      | 4,200 | 382,460   |
| Receive a fixed rate of 3.70% and pay a floating rate based on 3-month LIBOR, Expires 8/03/12,<br>Broker Credit Suisse International | 4,800 | 377,986   |
| Receive a fixed rate of 3.72% and pay a floating rate based on 3-month LIBOR, Expires 8/06/12,<br>Broker Deutsche Bank AG            | 6,000 | 477,240   |
| Receive a fixed rate of 4.21% and pay a floating rate based on 3-month LIBOR, Expires 4/22/13,<br>Broker JPMorgan Chase Bank NA      | 5,400 | 214,715   |
| Receive a fixed rate of 5.20% and pay a floating rate based on 3-month LIBOR, Expires 4/28/15,<br>Broker Citibank NA                 | 9,300 | 1,371,611 |
|  |       | 7,158,699 |

| Options Purchased  | Notional<br>Amount<br>(000) | Value   |
|--|-----------------------------|---------|
| <b>Over-the-Counter Put Swaptions 0.2%</b>   |                             |         |
| Pay a fixed rate of 1.92% and receive a floating rate based on 3-month LIBOR, Expires 9/02/10,<br>Broker Morgan Stanley Capital Services, Inc. | USD 25,900                  | \$ 259  |
| Pay a fixed rate of 1.95% and receive a floating rate based on 3-month LIBOR, Expires 9/03/10,<br>Broker Citibank NA                           | 25,900                      | 259     |
| Pay a fixed rate of 4.22% and receive a floating rate based on 3-month LIBOR, Expires 4/29/11,<br>Broker Credit Suisse International           | 9,000                       | 27,297  |
| Pay a fixed rate of 4.02% and receive a floating rate based on 3-month LIBOR, Expires 5/05/11,<br>Broker Credit Suisse International           | 9,200                       | 40,130  |
| Pay a fixed rate of 4.01% and receive a floating rate based on 3-month LIBOR, Expires 5/16/11,<br>Broker Goldman Sachs Bank USA                | 6,000                       | 28,938  |
| Pay a fixed rate of 3.86% and receive a floating rate based on 3-month LIBOR, Expires 5/19/11,<br>Broker JPMorgan Chase Bank NA                | 10,700                      | 66,843  |
| Pay a fixed rate of 4.39% and receive a floating rate based on 3-month LIBOR, Expires 5/08/12,<br>Broker Citibank NA                           | 2,400                       | 31,366  |
| Pay a fixed rate of 3.89% and receive a floating rate based on 3-month LIBOR, Expires 7/09/12,<br>Broker Goldman Sachs Bank USA                | 4,200                       | 99,229  |
| Pay a fixed rate of 3.93% and receive a floating rate based on 3-month LIBOR, Expires 7/16/12,<br>Broker Goldman Sachs Bank USA                | 4,700                       | 108,490 |
| Pay a fixed rate of 3.70% and receive a floating rate based on 3-month LIBOR, Expires 8/03/12,<br>Broker Credit Suisse International           | 4,800                       | 138,965 |
| Pay a fixed rate of 3.72% and receive a floating rate based on 3-month LIBOR, Expires 8/06/12,<br>Broker Deutsche Bank AG                      | 6,000                       | 172,476 |
| Pay a fixed rate of 4.21% and receive a floating rate based on 3-month LIBOR, Expires 4/22/13,   | 5,400                       | 19,418  |

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|   |       |             |
|---|-------|-------------|
| Broker JPMorgan Chase Bank NA   |       |             |
| Pay a fixed rate of 5.20% and receive a floating rate based on 3-month LIBOR, Expires 4/28/15,  |       |             |
| Broker Citibank NA  | 9,300 | 248,301     |
| Receive a fixed rate of 2.02% and pay a floating rate based on 3-month LIBOR, Expires 11/10/10, |       |             |
| Broker Bank of America NA   | 5,800 | 18,287      |
|   |       | 1,000,258   |
| <b>Total Options Purchased</b>  |       |             |
| <b>(Cost \$6,493,601) 2.1%</b>  |       | 8,174,871   |
| <b>Total Investments Before Borrowed Bonds,<br/>TBA Sale Commitments and Options Written</b>    |       |             |
| <b>(Cost \$572,336,040*) 156.4%</b>   |       | 600,078,024 |
| <b>Borrowed Bonds</b>   |       |             |
| U.S. Treasury Notes, 2.63%, 8/15/20   |       |             |
|   | 295   | (298,780)   |
| <b>Total Borrowed Bonds</b>   |       |             |
| <b>(Proceeds \$298,807) (0.1)%</b>  |       | (298,780)   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| TBA Sale Commitments (n)                       | Par<br>(000) | Value               |
|--|--------------|---------------------|
| <b>Fannie Mae Mortgage-Backed Securities:</b>  |              |                     |
| 4.00%, 4/01/25 - 9/15/40                       | USD 5,900    | \$ (6,196,841)      |
| 4.50%, 9/15/40                                 | 8,500        | (8,925,000)         |
| 5.00%, 9/15/25 - 9/15/40                       | 23,000       | (24,419,332)        |
| 5.50%, 9/15/25 - 9/15/40                       | 500          | (534,609)           |
| 6.00%, 8/01/29 - 9/15/40                       | 10,800       | (11,626,870)        |
| <b>Freddie Mac Mortgage-Backed Securities:</b> |              |                     |
| 4.00%, 3/01/25 - 8/15/25                       | 16,500       | (17,319,852)        |
| 4.50%, 4/01/40 - 9/15/40                       | 6,000        | (6,292,500)         |
| <b>Ginnie Mae Mortgage-Backed Securities,</b>  |              |                     |
| 5.50%, 8/15/33                                 | 100          | (108,219)           |
| <b>Total TBA Sale Commitments</b>              |              |                     |
| <b>(Proceeds \$75,294,672) (19.7)%</b>         |              | <b>(75,423,223)</b> |

| Options Written  | Notional<br>Amount<br>(000) |             |
|--|-----------------------------|-------------|
| <b>Over-the-Counter Call Swaptions (2.7)%</b>  |                             |             |
| Pay a fixed rate of 4.92% and receive a floating rate based on 3-month LIBOR, Expires 11/04/10, Broker Barclays Bank Plc         | 15,000                      | (3,202,425) |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 5/12/11, Broker Royal Bank of Scotland Plc | 6,800                       | (836,652)   |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 5/13/11, Broker BNP Paribas SA             | 3,500                       | (429,674)   |
| Pay a fixed rate of 4.49% and receive a floating rate based on 3-month LIBOR, Expires 12/05/11, Broker Deutsche Bank AG          | 4,000                       | (580,088)   |
| Pay a fixed rate of 4.14% and receive a floating rate based on 3-month LIBOR, Expires 6/15/12, Broker Deutsche Bank AG           | 3,700                       | (403,448)   |
| Pay a fixed rate of 4.05% and receive a floating rate based on 3-month LIBOR, Expires 6/18/12, Broker Deutsche Bank AG           | 3,500                       | (359,842)   |
| Pay a fixed rate of 3.83% and receive a floating rate based on 3-month LIBOR, Expires 7/30/12, Broker Citibank NA                | 1,200                       | (104,231)   |
| Pay a fixed rate of 4.90% and receive a floating rate based on 3-month LIBOR, Expires 3/04/13,                                   | 4,800                       | (728,155)   |

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|   |       |             |
|---|-------|-------------|
| Broker Deutsche Bank AG   |       |             |
| Pay a fixed rate of 4.92% and receive a floating rate based on 3-month LIBOR, Expires 3/05/13,  |       |             |
| Broker Deutsche Bank AG   | 7,000 | (1,074,318) |
| Pay a fixed rate of 5.00% and receive a floating rate based on 3-month LIBOR, Expires 4/22/13,  |       |             |
| Broker JPMorgan Chase Bank NA   | 6,100 | (958,335)   |
| Pay a fixed rate of 4.32% and receive a floating rate based on 3-month LIBOR, Expires 5/28/13,  |       |             |
| Broker Royal Bank of Scotland Plc   | 500   | (54,225)    |
| Pay a fixed rate of 4.07% and receive a floating rate based on 3-month LIBOR, Expires 7/08/13,  |       |             |
| Broker Deutsche Bank AG   | 1,700 | (156,432)   |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 7/15/13,  |       |             |
| Broker Credit Suisse International  | 2,600 | (237,206)   |
| Pay a fixed rate of 4.84% and receive a floating rate based on 3-month LIBOR, Expires 12/02/14, |       |             |
| Broker JPMorgan Chase Bank NA   | 2,500 | (318,915)   |
| Pay a fixed rate of 4.89% and receive a floating rate based on 3-month LIBOR, Expires 12/03/14, |       |             |
| Broker Deutsche Bank AG   | 2,900 | (378,917)   |

| Options Written  | Notional<br>Amount<br>(000) | Value        |
|--|-----------------------------|--------------|
| <b>Over-the-Counter Call Swaptions (concluded)</b>   |                             |              |
| Pay a fixed rate of 4.21% and receive a floating rate based on 3-month LIBOR, Expires 8/06/15, |                             |              |
| Broker Goldman Sachs Bank USA  | USD 3,800                   | \$ (202,103) |
| Pay a fixed rate of 3.97% and receive a floating rate based on 3-month LIBOR, Expires 8/11/15, |                             |              |
| Broker Bank of America NA  | 2,900                       | (134,203)    |
| Pay a fixed rate of 4.76% and receive a floating rate based on 3-month LIBOR, Expires 5/30/17, |                             |              |
| Broker JPMorgan Chase Bank NA  | 3,200                       | (362,883)    |
|  |                             | (10,522,052) |

|   |        |          |
|---|--------|----------|
| <b>Over-the-Counter Put Swaptions - (0.4)%</b>  |        |          |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 7/15/13,  |        |          |
| Broker Credit Suisse International  | 2,600  | (86,830) |
| Receive a fixed rate of 2.32% and pay a floating rate based on 3-month LIBOR, Expires 11/10/10, |        |          |
| Broker Bank of America NA   | 5,800  | (7,523)  |
| Receive a fixed rate of 4.92% and pay a floating rate based on 3-month LIBOR, Expires 11/04/10, |        |          |
| Broker Barclays Bank Plc  | 15,000 | (285)    |
| Receive a fixed rate of 1.96% and pay a floating rate based on 3-month LIBOR, Expires 11/30/10, |        |          |
| Broker Deutsche Bank AG   | 4,800  | (24,720) |
| Receive a fixed rate of 2.10% and pay a floating rate based on 3-month LIBOR, Expires 12/02/10, |        |          |
| Broker Citibank NA  | 15,000 | (1,065)  |
| Receive a fixed rate of 4.06% and pay a floating rate based on 3-month LIBOR, Expires 5/12/11,  |        |          |
| Broker Royal Bank of Scotland Plc   | 6,800  | (29,254) |
| Receive a fixed rate of 4.06% and pay a floating rate based on 3-month LIBOR, Expires 5/13/11,  |        |          |
| Broker BNP Paribas SA   | 3,500  | (15,221) |



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|  |       |           |
|--|-------|-----------|
| Receive a fixed rate of 4.49% and pay a floating rate based on 3-month LIBOR, Expires 12/05/11,<br>Broker Deutsche Bank AG                     | 4,000 | (29,236)  |
| Receive a fixed rate of 4.14% and pay a floating rate based on 3-month LIBOR, Expires 6/15/12,<br>Broker Deutsche Bank AG                      | 3,700 | (66,537)  |
| Receive a fixed rate of 4.05% and pay a floating rate based on 3-month LIBOR, Expires 6/18/12,<br>Broker Deutsche Bank AG                      | 3,500 | (68,547)  |
| Receive a fixed rate of 3.83% and pay a floating rate based on 3-month LIBOR, Expires 7/30/12,<br>Broker Citibank NA                           | 1,200 | (30,833)  |
| Receive a fixed rate of 4.00% and pay a floating rate based on 3-month LIBOR, Expires 8/13/12,<br>Broker Morgan Stanley Capital Services, Inc. | 8,100 | (183,668) |
| Receive a fixed rate of 4.90% and pay a floating rate based on 3-month LIBOR, Expires 3/04/13,<br>Broker Deutsche Bank AG                      | 4,800 | (74,894)  |
| Receive a fixed rate of 4.92% and pay a floating rate based on 3-month LIBOR, Expires 3/05/13,<br>Broker Deutsche Bank AG                      | 7,000 | (107,422) |
| Receive a fixed rate of 5.00% and pay a floating rate based on 3-month LIBOR, Expires 4/22/13,<br>Broker JPMorgan Chase Bank NA                | 6,100 | (94,989)  |
| Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR, Expires 5/28/13,<br>Broker Royal Bank of Scotland Plc            | 500   | (13,273)  |
| Receive a fixed rate of 4.07% and pay a floating rate based on 3-month LIBOR, Expires 7/08/13,<br>Broker Deutsche Bank AG                      | 1,700 | (56,020)  |
| Receive a fixed rate of 4.84% and pay a floating rate based on 3-month LIBOR, Expires 12/02/14,<br>Broker JPMorgan Chase Bank NA               | 2,500 | (75,047)  |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Options Written   | Notional<br>Amount<br>(000) | Value                 |
|---|-----------------------------|-----------------------|
| <b>Over-the-Counter Put Swaptions (concluded)</b>   |                             |                       |
| Receive a fixed rate of 4.89% and pay a floating rate based on 3-month LIBOR, Expires 12/03/14,<br>Broker Deutsche Bank AG      | USD 2,900                   | \$ (84,657)           |
| Receive a fixed rate of 4.47% and pay a floating rate based on 3-month LIBOR, Expires 8/05/15,<br>Broker JPMorgan Chase Bank NA | 7,900                       | (170,830)             |
| Receive a fixed rate of 4.21% and pay a floating rate based on 3-month LIBOR, Expires 8/06/15,<br>Broker Goldman Sachs Bank USA | 3,800                       | (93,700)              |
| Receive a fixed rate of 3.97% and pay a floating rate based on 3-month LIBOR, Expires 8/11/15,<br>Broker Bank of America NA     | 2,900                       | (81,014)              |
| Receive a fixed rate of 4.76% and pay a floating rate based on 3-month LIBOR, Expires 5/30/17,<br>Broker JPMorgan Chase Bank NA | 3,200                       | (137,114)             |
|   |                             | <u>(1,532,679)</u>    |
| <b>Total Options Written</b><br>(Premiums Received \$8,630,370) (3.1)%  |                             | (12,054,731)          |
| <b>Total Investments, Net of Borrowed Bonds, TBA Sale</b>   |                             | 512,301,290           |
| <b>Commitments and Options Written</b> 133.5%   |                             | (128,761,725)         |
| <b>Liabilities in Excess of Other Assets</b> (33.5)%  |                             | <u>(128,761,725)</u>  |
| <b>Net Assets</b> 100.0%  |                             | <u>\$ 383,539,565</u> |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                      |
|-------------------------------|----------------------|
| Aggregate cost                | \$ 572,891,326       |
| Gross unrealized appreciation | \$ 37,626,678        |
| Gross unrealized depreciation | (10,439,980)         |
| Net unrealized appreciation   | <u>\$ 27,186,698</u> |

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- (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) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (e) All or a portion of security has been pledged as collateral in connection with swaps.
- (f) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (g) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (h) Convertible security.
- (i) All or a portion of security has been pledged as collateral in connection with Term Asset-Backed Securities Loan Facility ( TALF ) Program.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Security is perpetual in nature and has no stated maturity date.
- (l) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (m) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (n) Represents or includes a to-be-announced ( TBA ) transaction. Unsettled TBA transactions as of report date were as follows:

| Counterparty                          | Value           | Unrealized<br>Appreciation<br>(Depreciation) |
|---------------------------------------|-----------------|--|
| Credit Suisse Securities LLC          | \$ (4,621,373)  | \$ (10,998)                                  |
| Deutsche Bank Securities, Inc.        | \$ (1,368,049)  | \$ (116,298)                                 |
| Goldman Sachs & Co.                   | \$ 337,489      | \$ 68,762                                    |
| Greenwich Financial Services          | \$ 1,330,721    | \$ 28,796                                    |
| JPMorgan Securities, Inc.             | \$ (952,223)    | \$ (1,220)                                   |
| Morgan Stanley Capital Services, Inc. |                 | \$ 2,531                                     |
| Nomura Securities International, Inc. | \$ 10,990,732   | \$ 22,419                                    |
| UBS Securities                        | \$ (7,762,157)  | \$ (44,493)                                  |
| Wells Fargo Bank, NA                  | \$ (16,576,381) | \$ (46,116)                                  |

- (o) 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, if any.
- (p) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate | Shares Held at<br>August 31,<br>2009 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income |
|-----------|--------------------------------------|-----------------|--------------------------------------|--------|
|-----------|--------------------------------------|-----------------|--------------------------------------|--------|

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|  |           |             |         |    |       |
|--|-----------|-------------|---------|----|-------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 1,735,485 | (1,229,211) | 506,274 | \$ | 4,243 |
|--|-----------|-------------|---------|----|-------|

(q) Represents the current yield as of report date.

Reverse repurchase agreements outstanding as of August 31, 2010 were as follows:

| Counterparty                             | Interest Rate | Trade Date | Maturity Date | Net Closing Amount    | Face Amount           |
|--|---------------|------------|---------------|-----------------------|-----------------------|
| Barclays Capital, Inc.                   | 0.40%         | 11/25/09   | Open          | \$ 1,804,597          | \$ 1,799,000          |
| Barclays Capital, Inc.                   | 0.40%         | 12/10/09   | Open          | 3,163,286             | 3,154,000             |
| Barclays Capital, Inc.                   | 0.27%         | 3/04/10    | Open          | 2,034,339             | 2,032,500             |
| Barclays Capital, Inc.                   | 0.29%         | 3/04/10    | Open          | 12,548,160            | 12,536,815            |
| Barclays Capital, Inc.                   | 0.40%         | 3/05/10    | Open          | 11,616,856            | 11,593,667            |
| Credit Suisse<br>Securities (USA), Inc.  | 0.30%         | 3/04/10    | Open          | 2,772,827             | 2,770,320             |
| Credit Suisse<br>Securities (USA), Inc.  | 0.27%         | 3/05/10    | Open          | 2,156,116             | 2,154,500             |
| Credit Suisse<br>Securities (USA), Inc.  | 0.30%         | 3/05/10    | Open          | 3,241,547             | 3,238,309             |
| Barclays Capital, Inc.                   | 0.27%         | 3/25/10    | Open          | 1,779,001             | 1,777,500             |
| Barclays Capital, Inc.                   | 0.29%         | 4/07/10    | Open          | 1,121,687             | 1,120,687             |
| Royal Bank of<br>Scotland Plc            | 0.33%         | 5/14/10    | Open          | 1,292,351             | 1,291,167             |
| Morgan Stanley<br>Capital Services, Inc. | 0.23%         | 8/02/10    | 9/02/10       | 17,100,099            | 17,096,823            |
| Barclays Capital, Inc.                   | 0.27%         | 8/11/10    | 9/01/10       | 8,622,505             | 8,621,500             |
| Barclays Capital, Inc.                   | 0.25%         | 8/10/10    | Open          | 1,857,667             | 1,857,450             |
| BNP Paribas                              | 0.25%         | 8/10/10    | 9/14/10       | 8,422,170             | 8,421,000             |
| JPMorgan<br>Chase Bank NA                | 0.11%         | 8/27/10    | Open          | 11,985,093            | 11,985,000            |
| JPMorgan<br>Chase Bank NA                | 0.21%         | 8/30/10    | Open          | 8,689,760             | 8,689,688             |
| JPMorgan<br>Chase Bank NA                | 0.26%         | 8/30/10    | Open          | 7,140,067             | 7,140,000             |
| <b>Total</b>                             |               |            |               | <b>\$ 107,348,128</b> | <b>\$ 107,279,926</b> |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased |           | Currency Sold |           | Counterparty                | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------|---------------|-----------|-----------------------------|-----------------|--|
| USD                | 5,910,772 | GBP           | 3,710,000 | Goldman Sachs International | 9/07/10         | \$ 221,199                             |
| GBP                | 2,190,000 | USD           | 3,499,313 | Royal Bank of Scotland Plc  | 9/07/10         | (140,778)                              |
| GBP                | 1,520,000 | USD           | 2,430,146 | UBS AG                      | 9/07/10         | (99,108)                               |
| USD                | 5,238,016 | EUR           | 4,144,000 | Citibank NA                 | 9/15/10         | (13,357)                               |
| USD                | 425,162   | EUR           | 330,500   | Deutsche Bank AG            | 9/15/10         | 6,345                                  |
| EUR                | 3,210,000 | USD           | 4,098,496 | Goldman Sachs International | 10/14/10        | (30,849)                               |
| USD                | 814,398   | GBP           | 533,500   | Citibank NA                 | 10/20/10        | (3,519)                                |
| <b>Total</b>       |           |               |           |                             |                 | <b>\$ (60,067)</b>                     |

Financial futures contracts purchased as of August 31, 2010 were as follows:

| Contracts    | Issue                            | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|--------------|----------------------------------|--------------------|-----------------|----------------|-------------------------|
| 59           | 2-Year U.S. Treasury Bond        | Chicago Mercantile | September 2010  | \$ 12,929,153  | \$ 17,660               |
| 63           | 10-Year U.S. Treasury Bond       | Chicago Mercantile | September 2010  | \$ 7,953,749   | 15,751                  |
| 73           | Euro-Bund                        | Eurex              | September 2010  | \$ 12,292,179  | 143,844                 |
| 236          | 2-Year U.S. Treasury Bond        | Chicago Mercantile | December 2010   | \$ 51,701,756  | 15,432                  |
| 329          | 30-Year U.S. Treasury Bond       | Chicago Mercantile | December 2010   | \$ 44,038,399  | 386,882                 |
| 71           | 30-Year U.S. Treasury Ultra Bond | Chicago Mercantile | December 2010   | \$ 10,125,395  | 140,761                 |
| <b>Total</b> |                                  |                    |                 |                | <b>\$ 720,330</b>       |

Financial futures contracts sold as of August 31, 2010 were as follows:

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| Contracts    | Issue                      | Exchange           | Expiration Date | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|--------------------|-----------------|----------------|-------------------------|
| 935          | 5-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 112,115,241 | \$ (384,252)            |
| 40           | 10-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 5,016,081   | (8,919)                 |
| 59           | Euro Dollars               | Chicago Mercantile | December 2011   | \$ 14,589,078  | (39,972)                |
| <b>Total</b> |                            |                    |                 |                | <b>\$ (433,143)</b>     |

Interest rate swaps outstanding as of August 31, 2010 were as follows:

| Fixed Rate | Floating Rate | Counterparty                          | Expiration    | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|------------|---------------|---------------------------------------|---------------|-----------------------|--|
| 1.21% (a)  | 3-month LIBOR | Goldman Sachs Bank USA                | May 2012      | \$ 4,800              | \$ (49,674)                            |
| 0.79% (a)  | 3-month LIBOR | Deutsche Bank AG                      | July 2012     | \$ 11,800             | (31,727)                               |
| 0.81% (a)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | July 2012     | \$ 11,700             | (36,208)                               |
| 0.85% (a)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc  | July 2012     | \$ 11,700             | (43,794)                               |
| 0.76% (a)  | 3-month LIBOR | Credit Suisse International           | August 2012   | \$ 7,800              | (16,103)                               |
| 0.65% (a)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2012   | \$ 1,900              | 179                                    |
| 1.59% (a)  | 3-month LIBOR | Deutsche Bank AG                      | August 2015   | \$ 600                | (785)                                  |
| 1.62% (a)  | 3-month LIBOR | Deutsche Bank AG                      | August 2015   | \$ 400                | (1,187)                                |
| 2.13% (a)  | 3-month LIBOR | Barclays Bank Plc                     | August 2017   | \$ 2,100              | (12,154)                               |
| 3.34% (b)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | June 2020     | \$ 6,000              | 467,049                                |
| 2.56% (a)  | 3-month LIBOR | Citibank NA                           | August 2020   | \$ 400                | (2,679)                                |
| 2.50% (a)  | 3-month LIBOR | Deutsche Bank AG                      | August 2020   | \$ 11,800             | (12,266)                               |
| 2.68% (b)  | 3-month LIBOR | Deutsche Bank AG                      | August 2020   | \$ 3,100              | 55,238                                 |
| 4.84% (a)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | January 2038  | \$ 3,300              | (1,063,503)                            |
| 4.58% (a)  | 3-month LIBOR | Morgan Stanley Capital                | February 2040 | \$ 800                | (226,944)                              |

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|              |               |   |            |    |       |                       |
|--------------|---------------|---|------------|----|-------|-----------------------|
| 4.44% (a)    | 3-month LIBOR | Services, Inc.<br>JPMorgan<br>Chase Bank NA | April 2040 | \$ | 1,400 | (358,199)             |
| <b>Total</b> |               |   |            |    |       | <b>\$ (1,332,757)</b> |

(a) Pays fixed interest rate and receives floating rate.

(b) Pays floating interest rate and receives fixed rate.

Total return swaps outstanding as of August 31, 2010 were as follows:

| Interest<br>Receivable<br>Rate | Counterparty                             | Expiration<br>Date | Notional<br>Amount<br>(000) | Unrealized<br>Appreciation |
|--------------------------------|--|--------------------|-----------------------------|----------------------------|
| 2.52%                          | Deutsche<br>Bank AG                      | May 2020           | \$ 4,300                    | \$ 207,062 <sup>(c)</sup>  |
| 2.62%                          | Morgan Stanley<br>Capital Services, Inc. | May 2020           | \$ 7,100                    | \$ 410,465 <sup>(c)</sup>  |
| <b>Total</b>                   |  |                    |                             | <b>\$ 617,527</b>          |

(c) Based on the change in return of the Consumer Price Index for All Urban Consumers and pays at maturity. See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer               | Pay Fixed Rate | Counterparty                          | Expiration     | Notional Amount (000) | Unrealized Depreciation |
|----------------------|----------------|---------------------------------------|----------------|-----------------------|-------------------------|
| NOVA Chemicals Corp. | 5.00%          | Citibank NA                           | March 2012     | \$ 50                 | \$ (955)                |
| NOVA Chemicals Corp. | 5.00%          | JPMorgan Chase Bank NA                | June 2012      | \$ 65                 | (902)                   |
| Macy's, Inc.         | 7.50%          | Morgan Stanley Capital Services, Inc. | June 2012      | \$ 405                | (44,120)                |
| Macy's, Inc.         | 8.00%          | Morgan Stanley Capital Services, Inc. | June 2012      | \$ 145                | (17,093)                |
| NOVA Chemicals Corp. | 5.00%          | Goldman Sachs Bank USA                | December 2013  | \$ 300                | (9,775)                 |
| Brunswick Corp.      | 5.00%          | Credit Suisse International           | September 2014 | \$ 570                | (30,123)                |
| Macy's, Inc.         | 1.00%          | Morgan Stanley International          | September 2014 | \$ 150                | (429)                   |
| <b>Total</b>         |                |                                       |                |                       | <b>\$ (103,397)</b>     |

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2010 were as follows:

| Issuer   | Pay Fixed Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|--|----------------|--------------|------------|-----------------------|-------------------------|
| Dow Jones CDX North America Investment Grade High Volatility Index | 1.00%          | Citibank NA  | June 2015  | \$ 3,300              | \$ 3,636                |
| Dow Jones CDX North America Investment Grade Index Series 14       | 1.00%          | Citibank NA  | June 2015  | \$ 3,300              | 641                     |
| <b>Total</b>   |                |              |            |                       | <b>\$ 4,277</b>         |



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Credit default swaps on traded indexes sold protection outstanding as of August 31, 2010 were as follows:

| Issuer   | Receive<br>Fixed<br>Rate | Counterparty                   | Expiration | Average<br>Credit<br>Rating <sup>1</sup> | Notional<br>Amount<br>(000) <sup>2</sup> | Unrealized<br>Appreciation |
|--|--------------------------|--------------------------------|------------|--|--|----------------------------|
| Dow Jones<br>CDX North<br>America High<br>Yield Index<br>Series 14 | 5.00%                    | Credit Suisse<br>International | June 2015  | B  | \$ 4,100                                 | \$ 27,442                  |

<sup>1</sup> Using S&P's rating.

<sup>2</sup> The maximum potential amount the Trust may pay should a negative event take place as defined under the terms of agreement.

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs              | Level 1 | Level 2       | Level 3      | Total         |
|-------------------------------|---------|---------------|--------------|---------------|
| <b>Assets:</b>                |         |               |              |               |
| Investments in<br>Securities: |         |               |              |               |
| Long-Term Investments:        |         |               |              |               |
| Asset-Backed<br>Securities    |         | \$ 21,536,268 | \$ 5,104,409 | \$ 26,640,677 |
| Common Stocks                 |         | 47,836        | 11,492       | 59,328        |
| Corporate Bonds               |         | 223,939,669   | 3,029,472    | 226,969,141   |
| Foreign Agency<br>Obligations |         | 11,293,195    |              | 11,293,195    |
|                               |         | 59,125,607    | 2,310,902    | 61,436,509    |

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|   |    |              |                |                |
|---|----|--------------|----------------|----------------|
| Non-Agency<br>Mortgage-Backed<br>Securities       |    |              |                |                |
| Other Interests                                   |    |              | 381            | 381            |
| Preferred Securities                              |    | 4,719,448    | 56,838         | 4,776,286      |
| Taxable Municipal<br>Bonds                        |    | 13,521,466   |                | 13,521,466     |
| U.S. Government<br>Sponsored Agency<br>Securities |    | 136,688,014  |                | 136,688,014    |
| U.S. Treasury<br>Obligations                      |    | 109,712,457  |                | 109,712,457    |
| Short-Term Securities:                            |    |              |                |                |
| Money Market<br>Fund                              | \$ | 506,274      |                | 506,274        |
| Borrowed Bond<br>Agreements                       |    | 299,425      |                | 299,425        |
| <b>Liabilities:</b>                               |    |              |                |                |
| Borrowed Bonds                                    |    | (298,780)    |                | (298,780)      |
| TBA Sale<br>Commitments                           |    | (75,423,223) |                | (75,423,223)   |
| TALF Loans  |    | (11,763,225) |                | (11,763,225)   |
| <b>Total</b>                                      | \$ | 506,274      | \$ 493,398,157 | \$ 10,513,494  |
|   |    |              |                | \$ 504,417,925 |

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Core Bond Trust (BHK)

| Valuation Inputs                    | Derivative Financial Instruments <sup>1</sup> |                |         |                |
|-------------------------------------|---|----------------|---------|----------------|
|                                     | Level 1                                       | Level 2        | Level 3 | Total          |
| <b>Assets:</b>                      |   |                |         |                |
| Credit contracts                    |   | \$ 31,719      |         | \$ 31,719      |
| Foreign currency exchange contracts |   | 227,544        |         | 227,544        |
| Interest rate contracts             | \$ 736,244                                    | 8,681,423      |         | 9,417,667      |
| Other contracts                     |   | 617,527        |         | 617,527        |
| <b>Liabilities:</b>                 |   |                |         |                |
| Credit contracts                    |   | (103,397)      |         | (103,397)      |
| Foreign currency exchange contracts |   | (287,611)      |         | (287,611)      |
| Interest rate contracts             | (433,143)                                     | (13,909,954)   |         | (14,343,097)   |
| <b>Total</b>                        | \$ 303,101                                    | \$ (4,742,749) |         | \$ (4,439,648) |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|  | Asset-Backed Securities | Common Stocks | Corporate Bonds | Non-Agency Mortgage-Backed Securities | Other Interests | Preferred Securities | U.S. Government Sponsored Agency Securities | Total         |
|--|-------------------------|---------------|-----------------|---------------------------------------|-----------------|----------------------|---|---------------|
| <b>Assets:</b>   |                         |               |                 |                                       |                 |                      |   |               |
| Balance, as of August 31, 2009                                   | \$ 1,198,713            |               | \$ 1,488,845    | \$ 1,612,444                          | \$ 381          |                      | \$ 2,690,595                                | \$ 6,990,978  |
| Accrued discounts/premiums                                       | (91,357)                |               | 9,357           | 2,177                                 |                 |                      | (450,172)                                   | (529,995)     |
| Net realized gain (loss)   |                         |               | (202,155)       | 30,370                                |                 |                      | 1,504,160                                   | 1,332,375     |
| Net change in unrealized appreciation/ depreciation <sup>2</sup> | (85,187)                |               | 1,252,664       | 31,758                                |                 |                      | (1,012,830)                                 | 186,405       |
| Purchases  |                         |               | (2,081,954)     |                                       |                 |                      |   | (2,081,954)   |
| Sales  |                         |               | 228,293         | (105,847)                             |                 |                      | (2,731,753)                                 | (2,609,307)   |
| Transfers in <sup>3</sup>  | 4,082,240               | \$ 11,492     | 3,028,432       | 1,615,000                             |                 | \$ 56,838            |   | 8,794,002     |
| Transfers out <sup>3</sup>                                       |                         |               | (694,010)       | (875,000)                             |                 |                      |   | (1,569,010)   |
| <b>Balance, as of August 31, 2010</b>                            | \$ 5,104,409            | \$ 11,492     | \$ 3,029,472    | \$ 2,310,902                          | \$ 381          | \$ 56,838            |   | \$ 10,513,494 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$(56,998).

The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used to determine fair value:

|  | Interest Rate<br>Contracts |
|--|----------------------------|
| <b>Liabilities:</b>                                |                            |
| Balance, as of August 31, 2009                     | \$ (226,565)               |
| Accrued discounts/premiums                         |                            |
| Net realized gain (loss)                           | (251,534)                  |
| Net change in unrealized appreciation/depreciation | 226,565                    |
| Purchases  | 251,534                    |
| Sales  |                            |
| Transfers in <sup>3</sup>                          |                            |
| Transfers out <sup>3</sup>                         |                            |
| <b>Balance, as of August 31, 2010</b>              |                            |

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

Schedule of Investments August 31, 2010

**BlackRock Corporate High Yield Fund V, Inc. (HYV)**  
 (Percentages shown are based on Net Assets)

| Common Stocks                                  | Shares  | Value      |
|--|---------|------------|
| <b>Building Products 0.2%</b>                  |         |            |
| Masonite Worldwide Holdings (a)                | 16,727  | \$ 635,626 |
| <b>Capital Markets 0.1%</b>                    |         |            |
| E*Trade Financial Corp. (a)                    | 43,000  | 533,630    |
| <b>Chemicals 0.2%</b>                          |         |            |
| LyondellBasell Industries NV (a):              |         |            |
| Class A  | 9,178   | 188,149    |
| Class B  | 27,540  | 564,294    |
| Wellman Holdings, Inc. (a)                     | 2,499   | 125        |
|  |         | 752,568    |
| <b>Commercial Services &amp; Supplies 0.1%</b> |         |            |
| Air Lease Corp. (a)(b)                         | 19,100  | 382,000    |
| <b>Communications Equipment 0.5%</b>           |         |            |
| Loral Space & Communications Ltd. (a)          | 37,836  | 2,025,739  |
| <b>Construction Materials 0.0%</b>             |         |            |
| Nortek, Inc. (a)                               | 3,280   | 136,120    |
| <b>Electrical Equipment 0.0%</b>               |         |            |
| Medis Technologies Ltd. (a)                    | 109,685 | 3,400      |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>  |         |            |
| Buffets Restaurants Holdings, Inc. (a)         | 1,854   | 7,787      |
| <b>Household Durables 0.1%</b>                 |         |            |
| Beazer Homes USA, Inc. (a)                     | 154,708 | 535,290    |
| <b>Machinery 0.2%</b>                          |         |            |
| Accuride Corp. (a)                             | 134,380 | 147,818    |
| Navistar International Corp. (a)               | 14,100  | 590,508    |
|  |         | 738,326    |
| <b>Media 0.4%</b>                              |         |            |
| Charter Communications, Inc. (a)               | 24,408  | 829,872    |
| Gannett Co., Inc.                              | 59,600  | 720,564    |
|  |         | 1,550,436  |
| <b>Paper &amp; Forest Products 0.3%</b>        |         |            |

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|                                      |         |         |
|--------------------------------------|---------|---------|
| Ainsworth Lumber Co. Ltd. (a)        | 181,600 | 425,751 |
| Ainsworth Lumber Co. Ltd. (a)(b)     | 208,741 | 489,382 |
| Western Forest Products, Inc. (a)    | 74,889  | 20,718  |
| Western Forest Products, Inc. (a)(b) | 74,936  | 20,731  |
|                                      |         | 956,582 |

**Semiconductors & Semiconductor Equipment 0.0%**

|                             |     |       |
|-----------------------------|-----|-------|
| SunPower Corp., Class B (a) | 573 | 5,925 |
|-----------------------------|-----|-------|

**Software 0.3%**

|                           |         |           |
|---------------------------|---------|-----------|
| HMH Holdings/EduMedia (a) | 134,843 | 674,214   |
| TiVo, Inc. (a)            | 42,800  | 336,408   |
|                           |         | 1,010,622 |

**Wireless Telecommunication Services 0.1%**

|                      |         |         |
|----------------------|---------|---------|
| FiberTower Corp. (a) | 127,570 | 457,976 |
|----------------------|---------|---------|

**Total Common Stocks 2.5%**

9,732,027

| Corporate Bonds   |     | Par<br>(000) |           |
|---|-----|--------------|-----------|
| <b>Aerospace &amp; Defense 0.4%</b>                           |     |              |           |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                          | USD | 280          | 301,000   |
| DynCorp International, Inc., 10.38%, 7/01/17 (b)              |     | 410          | 407,950   |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17 |     | 800          | 826,000   |
|   |     |              | 1,534,950 |

| Corporate Bonds                         |     | Par<br>(000) | Value        |
|---|-----|--------------|--------------|
| <b>Air Freight &amp; Logistics 0.6%</b> |     |              |              |
| National Air Cargo Group, Inc.:         |     |              |              |
| Series 1, 12.38%, 8/16/15               | USD | 1,120        | \$ 1,120,000 |
| Series 2, 12.38%, 8/16/15               |     | 1,120        | 1,120,000    |
|   |     |              | 2,240,000    |

**Airlines 2.6%**

|   |  |       |           |
|---|--|-------|-----------|
| Air Canada (b):   |  |       |           |
| 9.25%, 8/01/15  |  | 1,570 | 1,538,600 |
| 12.00%, 2/01/16   |  | 420   | 392,700   |
| American Airlines, Inc., 10.50%, 10/15/12 (b)                           |  | 1,400 | 1,487,500 |
| American Airlines Pass-Through Trust, Series<br>2001-02, 7.86%, 4/01/13 |  | 490   | 512,785   |
| Continental Airlines, Inc.:   |  |       |           |
| 6.75%, 9/15/15 (b)  |  | 900   | 891,000   |
| Series 1997-4-B, 6.90%, 7/02/18   |  | 93    | 90,862    |
| Series 2001-1-C, 7.03%, 12/15/12  |  | 339   | 337,427   |

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|  |       |           |
|--|-------|-----------|
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | 1,425 | 1,496,626 |
| United Air Lines, Inc., 12.75%, 7/15/12          | 2,865 | 3,193,993 |
|  |       | 9,941,493 |

**Auto Components 1.6%**

|  |       |           |
|--|-------|-----------|
| Allison Transmission, Inc. (b):                              |       |           |
| 11.00%, 11/01/15   | 350   | 376,250   |
| 11.25%, 11/01/15 (c)   | 272   | 292,400   |
| Delphi International Holdings Unsecured,<br>12.00%, 10/06/14 | 134   | 131,770   |
| The Goodyear Tire & Rubber Co.:                              |       |           |
| 8.25%, 8/15/20   | 650   | 665,437   |
| 8.75%, 8/15/20   | 490   | 518,175   |
| Icahn Enterprises LP, 8.00%, 1/15/18                         | 3,980 | 3,960,100 |
|  |       | 5,944,132 |

**Beverages 0.2%**

|  |         |         |
|--|---------|---------|
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b)   | 394     | 405,328 |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR 365 | 474,110 |
|  |         | 879,438 |

**Biotechnology 0.2%**

|                                 |         |         |
|---------------------------------|---------|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD 874 | 890,874 |
|---------------------------------|---------|---------|

**Building Products 1.5%**

|  |       |           |
|--|-------|-----------|
| Associated Materials LLC, 9.88%, 11/15/16                            | 1,140 | 1,208,400 |
| Building Materials Corp. of America (b):                             |       |           |
| 6.88%, 8/15/18   | 785   | 763,412   |
| 7.00%, 2/15/20   | 930   | 925,350   |
| Momentive Performance Materials, Inc., Series WI,<br>9.75%, 12/01/14 | 1,075 | 1,049,469 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                            | 1,765 | 1,817,950 |
|  |       | 5,764,581 |

**Capital Markets 0.6%**

|   |         |           |
|---|---------|-----------|
| E*Trade Financial Corp., 4.46%, 8/31/19 (d)(e)          | 356     | 427,200   |
| MU Finance Plc, 8.75%, 2/01/17 (b)                      | GBP 626 | 921,661   |
| Offshore Group Investments Ltd., 11.50%,<br>8/01/15 (b) | USD 770 | 768,075   |
|   |         | 2,116,936 |

**Chemicals 3.5%**

|  |       |           |
|--|-------|-----------|
| American Pacific Corp., 9.00%, 2/01/15 | 1,300 | 1,285,375 |
| CF Industries, Inc.:                   |       |           |
| 6.88%, 5/01/18                         | 655   | 689,388   |
| 7.13%, 5/01/20                         | 1,150 | 1,233,375 |
| Chemtura Corp., 7.88%, 9/01/18 (b)     | 785   | 801,681   |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b) | 245   | 253,881   |
| Hexion U.S. Finance Corp.:             |       |           |
| 9.75%, 11/15/14                        | 1,175 | 1,154,437 |
| 8.88%, 2/01/18                         | 1,135 | 1,049,875 |

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See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                      | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>Chemicals (concluded)</b>                         |              |                   |
| Huntsman International LLC (b):                      |              |                   |
| 6.88%, 11/15/13                                      | EUR 415      | \$ 518,020        |
| 8.63%, 3/15/20                                       | USD 350      | 346,938           |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)                | 625          | 632,031           |
| Innophos, Inc., 8.88%, 8/15/14                       | 1,185        | 1,214,625         |
| MacDermid, Inc., 9.50%, 4/15/17 (b)                  | 1,845        | 1,870,369         |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)              | 825          | 870,375           |
| Wellman Holdings, Inc., Subordinate Note (d):        |              |                   |
| (Second Lien), 10.00%, 1/29/19                       | 1,385        | 1,204,950         |
| (Third Lien), 5.00%, 1/29/19 (c)                     | 454          | 177,197           |
|  |              | <u>13,302,517</u> |
| <b>Commercial Banks 3.1%</b>                         |              |                   |
| CIT Group, Inc.:                                     |              |                   |
| 7.00%, 5/01/16                                       | 4,638        | 4,405,919         |
| 7.00%, 5/01/17                                       | 7,594        | 7,140,665         |
| Glitnir Banki HF (a)(f):                             |              |                   |
| 4.15%, 4/20/10 (b)                                   | 165          | 47,025            |
| 6.38%, 9/25/12 (b)                                   | 1,005        | 286,425           |
| Series EMTN, 5.07%, 1/27/10                          | EUR 50       | 17,742            |
| Series EMTN, 3.00%, 6/30/10                          | 65           | 23,064            |
| Series GMTN, 4.38%, 2/05/10                          | 75           | 26,612            |
|  |              | <u>11,947,452</u> |
| <b>Commercial Services &amp; Supplies 1.0%</b>       |              |                   |
| ACCO Brands Corp., 10.63%, 3/15/15                   | USD 365      | 401,500           |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)      | 870          | 948,300           |
| Scientific Games International, Inc., 9.25%, 6/15/19 | 345          | 365,700           |
| West Corp., 11.00%, 10/15/16                         | 1,920        | 2,016,000         |
|  |              | <u>3,731,500</u>  |
| <b>Construction Materials 1.0%</b>                   |              |                   |
| Nortek, Inc., 11.00%, 12/01/13                       | 3,655        | 3,851,011         |
| <b>Consumer Finance 1.0%</b>                         |              |                   |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)          | 1,010        | 1,046,613         |
| Ford Motor Credit Co. LLC:                           |              |                   |
| 3.28%, 1/13/12 (g)                                   | 310          | 303,800           |
| 7.80%, 6/01/12                                       | 300          | 315,703           |
| 8.00%, 12/15/16                                      | 270          | 293,202           |
| 6.63%, 8/15/17                                       | 1,710        | 1,737,996         |

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|  |     |                      |    |              |
|--|-----|----------------------|----|--------------|
|  |     |                      |    | 3,697,314    |
| <b>Containers &amp; Packaging 3.1%</b>             |     |                      |    |              |
| Ball Corp., 6.75%, 9/15/20                         |     | 750                  |    | 789,375      |
| Berry Plastics Corp.:                              |     |                      |    |              |
| 8.88%, 9/15/14                                     |     | 1,205                |    | 1,147,762    |
| 8.25%, 11/15/15                                    |     | 205                  |    | 205,513      |
| 9.50%, 5/15/18 (b)                                 |     | 640                  |    | 588,800      |
| Berry Plastics Holding Corp., 8.88%, 9/15/14       |     | 3,655                |    | 3,481,387    |
| Graphic Packaging International, Inc.,             |     |                      |    |              |
| 9.50%, 6/15/17                                     |     | 1,180                |    | 1,256,700    |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(g)         |     | 545                  |    | 515,025      |
| Owens-Brockway Glass Container, Inc.,              |     |                      |    |              |
| 6.75%, 12/01/14                                    | EUR | 233                  |    | 298,222      |
| Pregis Corp., 12.38%, 10/15/13                     | USD | 1,765                |    | 1,765,000    |
| Smurfit Kappa Acquisitions (b):                    |     |                      |    |              |
| 7.25%, 11/15/17                                    | EUR | 735                  |    | 950,058      |
| 7.75%, 11/15/19                                    |     | 700                  |    | 909,252      |
|  |     |                      |    | 11,907,094   |
| <b>Diversified Consumer Services 1.2%</b>          |     |                      |    |              |
| Service Corp. International, 7.00%, 6/15/17        | USD | 4,425                |    | 4,579,875    |
| <b>Corporate Bonds</b>                             |     |                      |    |              |
|  |     | <b>Par<br/>(000)</b> |    | <b>Value</b> |
| <b>Diversified Financial Services 6.7%</b>         |     |                      |    |              |
| Ally Financial Inc. (b):                           |     |                      |    |              |
| 8.30%, 2/12/15                                     | USD | 3,440                | \$ | 3,577,600    |
| 7.50%, 9/15/20                                     |     | 2,830                |    | 2,801,700    |
| Axcan Intermediate Holdings, Inc.,                 |     |                      |    |              |
| 12.75%, 3/01/16                                    |     | 1,485                |    | 1,486,856    |
| FCE Bank Plc:                                      |     |                      |    |              |
| 7.88%, 2/15/11                                     | GBP | 1,000                |    | 1,552,819    |
| 7.13%, 1/16/12                                     | EUR | 2,950                |    | 3,869,232    |
| 7.13%, 1/15/13                                     |     | 1,300                |    | 1,705,085    |
| GMAC, Inc.:  |     |                      |    |              |
| 7.50%, 12/31/13                                    | USD | 460                  |    | 469,775      |
| 2.74%, 12/01/14 (g)                                |     | 592                  |    | 508,958      |
| 8.00%, 3/15/20 (b)                                 |     | 3,620                |    | 3,710,500    |
| Leucadia National Corp., 8.13%, 9/15/15            |     | 1,780                |    | 1,895,700    |
| Reynolds Group DL Escrow, Inc., 7.75%,             |     |                      |    |              |
| 10/15/16 (b)                                       |     | 2,185                |    | 2,201,388    |
| Reynolds Group Issuer, Inc. (b):                   |     |                      |    |              |
| 7.75%, 10/15/16                                    | EUR | 550                  |    | 707,436      |
| 8.50%, 5/15/18                                     | USD | 1,150                |    | 1,104,000    |
|  |     |                      |    | 25,591,049   |
| <b>Diversified Telecommunication Services 4.4%</b> |     |                      |    |              |
| Broadview Networks Holdings, Inc.,                 |     |                      |    |              |
| 11.38%, 9/01/12                                    |     | 1,530                |    | 1,499,400    |
| Frontier Communications Corp.:                     |     |                      |    |              |
| 7.88%, 4/15/15                                     |     | 870                  |    | 917,850      |
| 8.25%, 4/15/17                                     |     | 1,100                |    | 1,163,250    |
| 8.50%, 4/15/20                                     |     | 500                  |    | 530,625      |

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|  |       |                   |
|--|-------|-------------------|
| GCI, Inc., 8.63%, 11/15/19                               | 1,700 | 1,785,000         |
| ITC Deltacom, Inc., 10.50%, 4/01/16                      | 800   | 788,000           |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) | 320   | 336,000           |
| Qwest Communications International, Inc.:                |       |                   |
| 7.50%, 2/15/14   | 2,990 | 3,046,062         |
| 8.00%, 10/01/15 (b)                                      | 800   | 860,000           |
| Series B, 7.50%, 2/15/14                                 | 2,285 | 2,327,844         |
| Qwest Corp.:   |       |                   |
| 7.63%, 6/15/15   | 850   | 954,125           |
| 8.38%, 5/01/16   | 990   | 1,153,350         |
| Windstream Corp.:  |       |                   |
| 8.13%, 8/01/13   | 510   | 543,788           |
| 7.88%, 11/01/17  | 1,090 | 1,106,350         |
|  |       | <u>17,011,644</u> |

**Energy Equipment & Services 1.9%**

|  |       |                  |
|--|-------|------------------|
| Compagnie Généralé de Géophysique-Veritas:                 |       |                  |
| 7.50%, 5/15/15   | 1,935 | 1,915,650        |
| 7.75%, 5/15/17   | 470   | 466,475          |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)       | 2,730 | 2,552,550        |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)  | 460   | 455,400          |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b) | 985   | 1,063,800        |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)               | 810   | 830,250          |
|  |       | <u>7,284,125</u> |

**Food & Staples Retailing 0.9%**

|   |       |                  |
|---|-------|------------------|
| AmeriQual Group LLC, 9.50%, 4/01/12 (b) | 1,225 | 1,200,500        |
| Rite Aid Corp.:                         |       |                  |
| 9.75%, 6/12/16                          | 615   | 653,438          |
| 10.25%, 10/15/19                        | 925   | 950,437          |
| 8.00%, 8/15/20 (b)                      | 780   | 775,125          |
|   |       | <u>3,579,500</u> |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Food Products 0.5%</b>  |              |            |
| B&G Foods, Inc., 7.63%, 1/15/18  | USD 330      | \$ 339,488 |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)                                     | 650          | 658,938    |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)                              | 710          | 792,537    |
| TreeHouse Foods, Inc., 7.75%, 3/01/18                                    | 230          | 243,225    |
|  |              | 2,034,188  |
| <b>Health Care Equipment &amp; Supplies 1.3%</b>                         |              |            |
| DJO Finance LLC, 10.88%, 11/15/14  | 3,630        | 3,888,637  |
| Hologic, Inc., 2.00%, 12/15/37 (d)(h)                                    | 1,410        | 1,274,288  |
|  |              | 5,162,925  |
| <b>Health Care Providers &amp; Services 4.9%</b>                         |              |            |
| American Renal Holdings, 8.38%, 5/15/18 (b)                              | 415          | 415,000    |
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b)                       | 1,050        | 1,086,750  |
| HCA, Inc.:   |              |            |
| 9.13%, 11/15/14  | 2,605        | 2,735,250  |
| 8.50%, 4/15/19   | 1,505        | 1,649,856  |
| 7.25%, 9/15/20   | 3,430        | 3,584,350  |
| inVentiv Health Inc., 10.00%, 8/15/18 (b)                                | 970          | 948,175    |
| Omnicare, Inc., 7.75%, 6/01/20   | 745          | 745,000    |
| Tenet Healthcare Corp.:  |              |            |
| 9.00%, 5/01/15   | 1,952        | 2,078,880  |
| 10.00%, 5/01/18  | 662          | 744,750    |
| 8.88%, 7/01/19   | 4,400        | 4,757,500  |
|  |              | 18,745,511 |
| <b>Health Care Technology 1.1%</b>                                       |              |            |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                    | 3,550        | 4,113,562  |
| <b>Hotels, Restaurants &amp; Leisure 2.3%</b>                            |              |            |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                               | 1,770        | 1,672,650  |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP 625      | 791,123    |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                            | USD 970      | 1,037,900  |
| Inn of the Mountain Gods Resort & Casino, 12.00%,<br>11/15/10 (a)(f)     | 2,450        | 1,071,875  |
| Little Traverse Bay Bands of Odawa Indians, 10.25%,<br>2/15/14 (a)(b)(f) | 1,855        | 626,062    |
| MGM Mirage, 13.00%, 11/15/13   | 45           | 51,975     |
| MGM Resorts International:   |              |            |
| 10.38%, 5/15/14  | 395          | 430,550    |
| 11.13%, 11/15/17   | 1,220        | 1,363,350  |
| Marina District Finance Co., Inc., 9.88%, 8/15/18 (b)                    | 540          | 538,650    |

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|   |       |           |
|---|-------|-----------|
| <b>Travelport LLC:</b>  |       |           |
| 5.16%, 9/01/14 (g)  | 210   | 194,775   |
| 9.88%, 9/01/14  | 310   | 316,975   |
| <b>Tropicana Entertainment LLC, Series WI, 9.63%,<br/>12/15/14 (a)(f)</b> |       |           |
|   | 475   | 347       |
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(f)                          | 1,435 | 645,750   |
|   |       | 8,741,982 |

**Household Durables 3.5%**

|  |           |            |
|--|-----------|------------|
| <b>Beazer Homes USA, Inc.:</b>                   |           |            |
| 6.88%, 7/15/15                                   | 270       | 233,550    |
| 8.13%, 6/15/16                                   | 470       | 411,250    |
| 12.00%, 10/15/17                                 | 1,960     | 2,207,450  |
| 9.13%, 6/15/18                                   | 2,615     | 2,314,275  |
| DFS Furniture Holdings Plc, 9.75%, 7/15/17 (b)   | GBP 310   | 445,717    |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16 | USD 2,560 | 2,483,200  |
| Ryland Group Inc., 6.63%, 5/01/20                | 1,000     | 937,500    |
| <b>Standard Pacific Corp.:</b>                   |           |            |
| 9.25%, 4/15/12                                   | 200       | 205,250    |
| 6.25%, 4/01/14                                   | 535       | 498,888    |
| 7.00%, 8/15/15                                   | 395       | 363,400    |
| 10.75%, 9/15/16                                  | 2,210     | 2,326,025  |
| 8.38%, 5/15/18                                   | 825       | 794,062    |
|  |           | 13,220,567 |

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Independent Power Producers &amp;<br/>Energy Traders 2.7%</b> |              |            |
| The AES Corp., 8.75%, 5/15/13 (b)                                | USD 509      | \$ 517,271 |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)       | 1,875        | 1,968,750  |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)                | 4,955        | 4,771,680  |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20  | 253          | 243,128    |
| <b>NRG Energy, Inc.:</b>   |              |            |
| 7.25%, 2/01/14   | 1,790        | 1,825,800  |
| 7.38%, 2/01/16   | 375          | 377,813    |
| 7.38%, 1/15/17   | 560          | 564,200    |
|  |              | 10,268,642 |

**Industrial Conglomerates 2.5%**

|                         |       |           |
|-------------------------|-------|-----------|
| <b>Sequa Corp. (b):</b> |       |           |
| 11.75%, 12/01/15        | 3,550 | 3,656,500 |
| 13.50%, 12/01/15 (c)    | 5,797 | 6,028,648 |
|                         |       | 9,685,148 |

**Insurance 0.9%**

|   |       |           |
|---|-------|-----------|
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 2,500 | 2,565,625 |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(g)    | 1,000 | 847,500   |

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|   |       |           |
|---|-------|-----------|
|   |       | 3,413,125 |
| <b>Leisure Equipment &amp; Products 0.3%</b>      |       |           |
| Brunswick Corp., 11.25%, 11/01/16 (b)             | 890   | 1,016,825 |
| <b>Life Sciences Tools &amp; Services 0.2%</b>    |       |           |
| Patheon, Inc., 8.63%, 4/15/17 (b)                 | 865   | 861,756   |
| <b>Machinery 1.7%</b>                             |       |           |
| AGY Holding Corp., 11.00%, 11/15/14               | 1,640 | 1,394,000 |
| Accuride Corp., 7.50%, 2/26/20 (c)(d)             | 14    | 36,370    |
| Navistar International Corp.:                     |       |           |
| 3.00%, 10/15/14 (d)                               | 2,830 | 3,088,238 |
| 8.25%, 11/01/21                                   | 1,400 | 1,466,500 |
| Oshkosh Corp., 8.25%, 3/01/17                     | 210   | 221,025   |
| Titan International, Inc., 5.63%, 1/15/17 (b)(d)  | 360   | 428,400   |
|   |       | 6,634,533 |
| <b>Marine 0.7%</b>                                |       |           |
| Horizon Lines, Inc., 4.25%, 8/15/12 (d)           | 3,130 | 2,629,200 |
| <b>Media 12.3%</b>                                |       |           |
| Affinion Group, Inc.:                             |       |           |
| 10.13%, 10/15/13                                  | 3,620 | 3,710,500 |
| 10.13%, 10/15/13                                  | 1,130 | 1,155,425 |
| CCH II LLC, 13.50%, 11/30/16                      | 539   | 638,753   |
| CCO Holdings LLC (b):                             |       |           |
| 7.88%, 4/30/18                                    | 700   | 724,500   |
| 8.13%, 4/30/20                                    | 700   | 736,750   |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(g)      | 236   | 4,720     |
| CSC Holdings, Inc., 8.50%, 4/15/14                | 580   | 633,650   |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(c) | 885   | 946,950   |
| Clear Channel Worldwide Holdings, Inc.:           |       |           |
| 9.25%, 12/15/17                                   | 1,236 | 1,282,350 |
| Series B, 9.25%, 12/15/17                         | 6,280 | 6,586,150 |
| Cox Enterprises, Inc.:                            |       |           |
| Loan Close 2, 4.00%, 8/15/18                      | 968   | 968,426   |
| Loan Close 3, 12.00%, 8/15/18                     | 1,120 | 1,120,000 |
| Shares Loan, 4.00%, 8/15/18                       | 1,142 | 1,141,901 |
| DISH DBS Corp., 7.00%, 10/01/13                   | 140   | 145,775   |
| Gray Television, Inc., 10.50%, 6/29/15            | 680   | 654,500   |
| Harland Clarke Holdings Corp.:                    |       |           |
| 6.00%, 5/15/15 (g)                                | 510   | 428,400   |
| 9.50%, 5/15/15                                    | 620   | 590,550   |
| Intelsat Corp., 9.25%, 6/15/16                    | 2,900 | 3,074,000 |
| Interactive Data Corp., 10.25%, 8/01/18 (b)       | 1,525 | 1,582,187 |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d)      | 700   | 857,500   |
| Liberty Media Corp., 3.13%, 3/30/23 (d)           | 1,616 | 1,757,400 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                     |     | Par<br>(000) |    | Value      |
|---|-----|--------------|----|------------|
| <b>Media (concluded)</b>                            |     |              |    |            |
| Lighthouse International Co. SA:                    |     |              |    |            |
| 8.00%, 4/30/14                                      | EUR | 797          | \$ | 595,899    |
| 8.00%, 4/30/14 (b)                                  |     | 105          |    | 78,506     |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b) | USD | 965          |    | 931,225    |
| McClatchy Co., 11.50%, 2/15/17 (b)                  |     | 2,080        |    | 2,147,600  |
| Nielsen Finance LLC:                                |     |              |    |            |
| 11.63%, 2/01/14                                     |     | 140          |    | 156,975    |
| 10.00%, 8/01/14                                     |     | 3,340        |    | 3,507,000  |
| Rainbow National Services LLC (b):                  |     |              |    |            |
| 8.75%, 9/01/12                                      |     | 650          |    | 650,813    |
| 10.38%, 9/01/14                                     |     | 2,432        |    | 2,523,200  |
| Regal Entertainment Group, 9.13%, 8/15/18           |     | 495          |    | 507,375    |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)         | EUR | 214          |    | 252,208    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)          | USD | 2,030        |    | 1,938,650  |
| UPC Holding BV, 9.88%, 4/15/18 (b)                  |     | 800          |    | 833,000    |
| Unitymedia GmbH:                                    |     |              |    |            |
| 9.63%, 12/01/19                                     | EUR | 235          |    | 311,950    |
| 9.63%, 12/01/19 (b)                                 |     | 845          |    | 1,121,691  |
| Unitymedia Hessen GmbH & Co. KG (b):                |     |              |    |            |
| 8.13%, 12/01/17                                     | USD | 1,035        |    | 1,063,463  |
| 8.13%, 12/01/17                                     | EUR | 662          |    | 855,698    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)               |     | 583          |    | 749,889    |
|   |     |              |    | 46,965,529 |
| <b>Metals &amp; Mining 4.0%</b>                     |     |              |    |            |
| AK Steel Corp., 7.63%, 5/15/20                      | USD | 30           |    | 30,225     |
| Aleris International, Inc. (a)(f):                  |     |              |    |            |
| 9.00%, 12/15/14 (c)                                 |     | 1,495        |    | 2,990      |
| 10.00%, 12/15/16                                    |     | 1,300        |    | 494        |
| Drummond Co., Inc.:                                 |     |              |    |            |
| 9.00%, 10/15/14 (b)                                 |     | 1,175        |    | 1,229,344  |
| 7.38%, 2/15/16                                      |     | 335          |    | 335,419    |
| FMG Finance Property Ltd. (b):                      |     |              |    |            |
| 10.00%, 9/01/13                                     |     | 790          |    | 869,987    |
| 10.63%, 9/01/16                                     |     | 1,740        |    | 2,016,225  |
| Foundation PA Coal Co., 7.25%, 8/01/14              |     | 2,925        |    | 2,932,312  |
| Goldcorp, Inc., 2.00%, 8/01/14 (d)                  |     | 980          |    | 1,191,925  |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b)         |     | 915          |    | 807,487    |
| Murray Energy Corp., 10.25%, 10/15/15 (b)           |     | 775          |    | 792,437    |
| New World Resources NV:                             |     |              |    |            |
| 7.38%, 5/15/15                                      | EUR | 415          |    | 515,391    |
| 7.88%, 5/01/18 (b)                                  |     | 310          |    | 396,776    |
| 7.88%, 5/01/18                                      |     | 265          |    | 339,180    |
| Novelis, Inc., 11.50%, 2/15/15                      | USD | 640          |    | 704,000    |
| Ryerson, Inc.:                                      |     |              |    |            |
| 7.84%, 11/01/14 (g)                                 |     | 600          |    | 556,500    |

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|   |     |         |
|---|-----|---------|
| 12.00%, 11/01/15                          | 400 | 411,500 |
| Steel Dynamics, Inc., 7.38%, 11/01/12     | 390 | 414,375 |
| United States Steel Corp., 7.38%, 4/01/20 | 775 | 784,688 |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b) | 950 | 997,500 |

15,328,755

**Multiline Retail 2.5%**

|                       |       |           |
|-----------------------|-------|-----------|
| Dollar General Corp.: |       |           |
| 10.63%, 7/15/15       | 2,074 | 2,276,215 |
| 11.88%, 7/15/17 (c)   | 6,421 | 7,384,150 |

9,660,365

**Oil, Gas & Consumable Fuels 8.2%**

|                                      |       |           |
|--------------------------------------|-------|-----------|
| Arch Coal, Inc.:                     |       |           |
| 8.75%, 8/01/16                       | 90    | 97,425    |
| 7.25%, 10/01/20                      | 1,270 | 1,289,050 |
| Atlas Energy Operating Co. LLC:      |       |           |
| 12.13%, 8/01/17                      | 680   | 781,150   |
| 10.75%, 2/01/18                      | 380   | 418,950   |
| Berry Petroleum Co., 8.25%, 11/01/16 | 750   | 757,500   |

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

**Oil, Gas & Consumable Fuels (concluded)**

|   |     |       |    |           |
|---|-----|-------|----|-----------|
| Bill Barrett Corp., 9.88%, 7/15/16            | USD | 70    | \$ | 75,950    |
| Chesapeake Energy Corp.:                      |     |       |    |           |
| 6.63%, 8/15/20                                |     | 3,490 |    | 3,503,087 |
| 2.25%, 12/15/38 (d)                           |     | 1,200 |    | 898,500   |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) |     | 435   |    | 446,963   |
| Connacher Oil and Gas Ltd. (b):               |     |       |    |           |
| 11.75%, 7/15/14                               |     | 260   |    | 282,100   |
| 10.25%, 12/15/15                              |     | 1,695 |    | 1,695,000 |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       |     | 2,935 |    | 3,114,769 |
| Crosstex Energy LP, 8.88%, 2/15/18            |     | 600   |    | 619,500   |
| Denbury Resources, Inc., 8.25%, 2/15/20       |     | 1,025 |    | 1,094,187 |
| Linn Energy LLC, 8.63%, 4/15/20 (b)           |     | 1,630 |    | 1,719,650 |
| Massey Energy Co., 6.88%, 12/15/13            |     | 1,400 |    | 1,417,500 |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)  |     | 2,775 |    | 2,920,687 |
| OPTI Canada, Inc. (b):                        |     |       |    |           |
| 9.00%, 12/15/12                               |     | 2,560 |    | 2,566,400 |
| 9.75%, 8/15/13                                |     | 1,425 |    | 1,407,187 |
| Patriot Coal Corp., 8.25%, 4/30/18            |     | 620   |    | 615,350   |
| Peabody Energy Corp., 6.50%, 9/15/20          |     | 1,500 |    | 1,576,875 |
| Petrohawk Energy Corp.:                       |     |       |    |           |
| 10.50%, 8/01/14                               |     | 835   |    | 933,113   |
| 7.88%, 6/01/15                                |     | 695   |    | 721,063   |
| QEP Resources, Inc., 6.88%, 3/01/21           |     | 620   |    | 646,350   |
| Range Resources Corp., 8.00%, 5/15/19         |     | 600   |    | 642,000   |
| Teekay Corp., 8.50%, 1/15/20                  |     | 970   |    | 1,035,475 |

31,275,781

**Paper & Forest Products 2.9%**

|   |       |           |
|---|-------|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c) | 1,686 | 1,441,521 |
| Boise Paper Holdings LLC:                         |       |           |
| 9.00%, 11/01/17                                   | 495   | 520,988   |
| 8.00%, 4/01/20                                    | 240   | 244,200   |



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|   |       |            |
|---|-------|------------|
| Clearwater Paper Corp., 10.63%, 6/15/16   | 585   | 658,125    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)   | 2,395 | 2,622,525  |
| Glatfelter, 7.13%, 5/01/16 (b)            | 310   | 311,938    |
| NewPage Corp., 11.38%, 12/31/14           | 4,725 | 3,839,062  |
| Verso Paper Holdings LLC, 11.50%, 7/01/14 | 1,265 | 1,334,575  |
|   |       | 10,972,934 |

**Pharmaceuticals 0.6%**

|   |         |           |
|---|---------|-----------|
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (g) | 1,605   | 1,296,037 |
| Elan Finance Plc, 8.88%, 12/01/13                       | 140     | 141,050   |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)                | EUR 936 | 996,363   |
|   |         | 2,433,450 |

**Real Estate Management & Development 0.5%**

|   |           |           |
|---|-----------|-----------|
| Forest City Enterprises, Inc., 7.63%, 6/01/15 | USD 2,300 | 2,098,750 |
|---|-----------|-----------|

**Road & Rail 0.9%**

|   |           |           |
|---|-----------|-----------|
| Avis Budget Car Rental LLC, 9.63%, 3/15/18        | 760       | 794,200   |
| Hertz Holdings Netherlands BV, 8.50%, 7/31/15 (b) | EUR 1,060 | 1,397,017 |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b)  | USD 1,210 | 1,182,775 |
|   |           | 3,373,992 |

**Semiconductors & Semiconductor Equipment 0.2%**

|                               |     |         |
|-------------------------------|-----|---------|
| Advanced Micro Devices, Inc.: |     |         |
| 6.00%, 5/01/15 (d)            | 210 | 205,538 |
| 7.75%, 8/01/20 (b)            | 425 | 420,750 |
|                               |     | 626,288 |

**Software 0.0%**

|  |     |        |
|--|-----|--------|
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(c)(g) | 701 | 14,028 |
|--|-----|--------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Specialty Retail 1.6%</b>                     |              |              |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(h)  | USD 1,570    | \$ 1,195,162 |
| Hillman Group, Inc., 10.88%, 6/01/18 (b)         | 790          | 831,475      |
| Limited Brands, Inc., 8.50%, 6/15/19             | 1,170        | 1,322,100    |
| Sonic Automotive, Inc., 9.00%, 3/15/18           | 550          | 559,625      |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)     | 630          | 636,300      |
| United Auto Group, Inc., 7.75%, 12/15/16         | 1,550        | 1,480,250    |
|  |              | 6,024,912    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b> |              |              |
| Quiksilver, Inc., 6.88%, 4/15/15                 | 780          | 721,500      |
| <b>Tobacco 0.1%</b>                              |              |              |
| Vector Group Ltd., 11.00%, 8/15/15               | 485          | 494,094      |
| <b>Wireless Telecommunication Services 5.1%</b>  |              |              |
| Cricket Communications, Inc.:                    |              |              |
| 10.00%, 7/15/15                                  | 2,800        | 2,933,000    |
| 7.75%, 5/15/16                                   | 1,140        | 1,177,050    |
| Digicel Group Ltd. (b):                          |              |              |
| 8.88%, 1/15/15                                   | 1,030        | 1,037,725    |
| 9.13%, 1/15/15 (c)                               | 2,787        | 2,800,935    |
| 8.25%, 9/01/17                                   | 1,190        | 1,236,112    |
| 10.50%, 4/15/18                                  | 800          | 858,000      |
| FiberTower Corp., 9.00%, 1/01/16 (c)             | 488          | 415,114      |
| iPCS, Inc., 2.59%, 5/01/13 (g)                   | 1,200        | 1,122,000    |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14         | 3,445        | 3,582,800    |
| Nextel Communications, Inc.:                     |              |              |
| Series E, 6.88%, 10/31/13                        | 1,770        | 1,765,575    |
| Series F, 5.95%, 3/15/14                         | 160          | 154,600      |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)  | 365          | 346,750      |
| Sprint Capital Corp., 6.88%, 11/15/28            | 2,690        | 2,246,150    |
|  |              | 19,675,811   |
| <b>Total Corporate Bonds 97.2%</b>               |              | 371,989,638  |

## Floating Rate Loan Interests (g)

**Auto Components 1.0%**

|  |     |         |
|--|-----|---------|
| Affinion Group Holdings, Inc., Loan, 8.51%,<br>3/01/12 (c) | 740 | 710,106 |
|--|-----|---------|

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|   |     |                      |    |              |
|---|-----|----------------------|----|--------------|
| Allison Transmission, Inc., Term Loan,<br>3.04%, 8/07/14                                    |     | 3,340                |    | 3,077,691    |
|   |     |                      |    | 3,787,797    |
| <b>Automobiles 1.3%</b>   |     |                      |    |              |
| Ford Motor Co., Tranche B-1 Term Loan,<br>3.03%, 12/15/13                                   |     | 5,322                |    | 5,118,961    |
| <b>Building Products 1.2%</b>   |     |                      |    |              |
| CPG International I, Inc., Term Loan, 5.54%, 4/30/12  |     | 4,508                |    | 4,507,538    |
| <b>Capital Markets 0.1%</b>   |     |                      |    |              |
| Marsico Parent Co., LLC, Term Loan,<br>5.31% 5.56%, 12/15/14                                |     | 759                  |    | 526,462      |
| <b>Chemicals 0.7%</b>   |     |                      |    |              |
| PQ Corp., Term Loan (First Lien),<br>3.52% 3.73%, 7/30/14                                   |     | 451                  |    | 412,702      |
| Tronox Worldwide LLC:<br>Tranche B-1 Term Loan, 11.25%, 9/20/10                             |     | 1,813                |    | 1,827,672    |
| Tranche B-2 Term Loan, 11.25%, 9/20/10  |     | 487                  |    | 491,016      |
|   |     |                      |    | 2,731,390    |
| <b>Commercial Services &amp; Supplies 0.9%</b>  |     |                      |    |              |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>7.75%, 6/10/16                                |     | 1,500                |    | 1,508,750    |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16   |     | 875                  |    | 879,740      |
| International Lease Finance Corp. (Delos Aircraft, Inc.),<br>Term Loan 1, 6.75%, 3/17/15    |     | 1,175                |    | 1,184,302    |
|   |     |                      |    | 3,572,792    |
| <b>Floating Rate Loan Interests (g)</b>   |     | <b>Par<br/>(000)</b> |    | <b>Value</b> |
| <b>Construction &amp; Engineering 0.8%</b>  |     |                      |    |              |
| Safeway Services, LLC, Last Out Term Loan,<br>15.63%, 12/14/17                              | USD | 3,000                | \$ | 3,000,000    |
| <b>Consumer Finance 1.6%</b>  |     |                      |    |              |
| AGFS Funding Co., Term Loan,<br>7.25%, 4/21/15  |     | 6,000                |    | 5,928,750    |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13 |     | 365                  |    | 363,704      |
|   |     |                      |    | 6,292,454    |
| <b>Diversified Telecommunication Services 1.6%</b>  |     |                      |    |              |
| Wind Finance SL SA, Euro Facility (Second Lien),<br>7.89%, 12/17/14                         | EUR | 4,908                |    | 6,206,401    |
| <b>Electric Utilities 0.5%</b>  |     |                      |    |              |
| New Development Holdings LLC, Term Loan,<br>7.00%, 7/03/17                                  | USD | 1,800                |    | 1,818,000    |

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|   |       |       |           |
|---|-------|-------|-----------|
| <b>Health Care Providers &amp; Services 0.8%</b>  |       |       |           |
| Harden Healthcare Term Loan A:  |       |       |           |
| Add-on Term Loan, 7.75%, 3/02/15  | 800   |       | 784,000   |
| Tranche A Term Loan, 8.50%, 3/02/15   | 694   |       | 679,764   |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.),<br>Term Loan B, 6.50%, 7/31/16                              | 1,400 |       | 1,397,375 |
|   |       |       | 2,861,139 |
| <b>Hotels, Restaurants &amp; Leisure 1.2%</b>   |       |       |           |
| Travelport LLC (FKA Travelport, Inc.), Loan,<br>8.37%, 3/27/12 (c)  |       |       |           |
|   | 4,957 |       | 4,610,349 |
| <b>IT Services 0.4%</b>   |       |       |           |
| First Data Corp.:   |       |       |           |
| First Lien Term Loan, 3.01%, 9/24/14  | 255   |       | 217,781   |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14   | 610   |       | 520,147   |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   | 1,122 |       | 956,855   |
|   |       |       | 1,694,783 |
| <b>Independent Power Producers &amp; Energy Traders 1.0%</b>  |       |       |           |
| Texas Competitive Electric Holdings Co., LLC (TXU):   |       |       |           |
| Initial Tranche B-1 Term Loan,<br>3.79% 4.03%, 10/10/14   | 323   |       | 244,363   |
| Initial Tranche B-2 Term Loan,<br>3.79% 4.07%, 10/10/14   | 314   |       | 237,992   |
| Initial Tranche B-3 Term Loan,<br>3.79% 4.03%, 10/10/14   | 4,254 |       | 3,206,737 |
|   |       |       | 3,689,092 |
| <b>Media 1.6%</b>   |       |       |           |
| Cengage Learning Acquisitions, Inc. (Thomson<br>Learning), Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14 |       |       |           |
|   | 2,450 |       | 2,441,834 |
| HMH Publishing Co., Ltd. (FKA Education Media),<br>Tranche A Term Loan, 5.80%, 6/12/14 (c)                    | 1,392 |       | 1,267,830 |
| Newsday, LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13  | 2,150 |       | 2,281,687 |
|   |       |       | 5,991,351 |
| <b>Multiline Retail 0.5%</b>  |       |       |           |
| Hema Holding BV, Mezzanine,<br>4.15% 9.15%, 1/29/17   | EUR   | 1,304 | 1,520,052 |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.29% 2.54%, 4/06/13   | USD   | 362   | 342,736   |
|   |       |       | 1,862,788 |
| <b>Oil, Gas &amp; Consumable Fuels 0.7%</b>   |       |       |           |
| Turbo Beta Ltd., Dollar Facility,<br>2.50% 14.50%, 3/15/18 (c)  |       |       |           |
|   |       | 3,482 | 2,759,849 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests (g)                                    | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Paper &amp; Forest Products 0.3%</b>                             |              |                   |
| Verso Paper Finance Holdings LLC, Loan,<br>6.70% 7.44%, 2/01/13 (c) | USD 1,954    | \$ 1,172,201      |
| <b>Real Estate Management &amp; Development 0.6%</b>                |              |                   |
| Realogy Corp.:  |              |                   |
| Initial Term Loan B, 3.30%, 10/10/13                                | 589          | 508,539           |
| Synthetic Letter of Credit,<br>0.11% 3.15%, 10/10/13                | 119          | 102,536           |
| Second Lien Term Facility, 13.50%, 10/15/17                         | 1,500        | 1,582,500         |
|   |              | <u>2,193,575</u>  |
| <b>Specialty Retail 0.2%</b>  |              |                   |
| Claire s Stores, Inc., Term Loan B, 3.05%, 5/29/14                  | 216          | 184,874           |
| Michaels Stores, Inc., Term Loan B-1,<br>2.63% 2.81%, 10/31/13      | 525          | 494,961           |
|   |              | <u>679,835</u>    |
| <b>Wireless Telecommunication Services 0.7%</b>                     |              |                   |
| Vodafone Group Plc, Revolving Credit,<br>6.88%, 7/30/15             | 2,750        | 2,750,000         |
| <b>Total Floating Rate Loan Interests 17.7%</b>                     |              | <b>67,826,757</b> |

| Other Interests (i)                         | Beneficial<br>Interest<br>(000) |                  |
|---|---------------------------------|------------------|
| <b>Auto Components 2.1%</b>                 |                                 |                  |
| Delphi Debtor-in-Possession Holding Co. LLP | 1                               | 7,840,033        |
| Lear Corp. Escrow                           | 790                             | 9,875            |
|   |                                 | <u>7,849,908</u> |
| <b>Media 0.0%</b>                           |                                 |                  |
| Adelphia Escrow                             | 1,250                           | 125              |
| Adelphia Recovery Trust                     | 1,568                           | 6,270            |
|   |                                 | <u>6,395</u>     |

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|                              |             |     |           |
|------------------------------|-------------|-----|-----------|
| <b>Specialty Retail</b>      | <b>0.0%</b> |     |           |
| Buffets, Inc.                |             | 970 | 97        |
| <b>Total Other Interests</b> | <b>2.1%</b> |     | 7,856,400 |

**Preferred Securities**

| Preferred Stocks                      |             | Shares |           |
|---------------------------------------|-------------|--------|-----------|
| <b>Auto Components</b>                | <b>0.1%</b> |        |           |
| Dana Holding Corp., 4.00% (b)(d)      |             | 3,300  | 315,150   |
| <b>Diversified Financial Services</b> | <b>1.5%</b> |        |           |
| Ally Financial Inc., 7.00% (b)        |             | 4,593  | 3,793,962 |
| Citigroup, Inc., 7.50% (d)            |             | 16,800 | 1,922,760 |
|                                       |             |        | 5,716,722 |

|                                   |             |        |         |
|-----------------------------------|-------------|--------|---------|
| <b>Household Durables</b>         | <b>0.1%</b> |        |         |
| Beazer Homes USA, Inc., 7.50% (d) |             | 17,226 | 341,247 |

|   |             |         |         |
|---|-------------|---------|---------|
| <b>Media</b>  | <b>0.2%</b> |         |         |
| CMP Susquehanna Radio Holdings Corp., 0.00% (a)(b)(g) |             | 55,038  | 1       |
| TRA Global, Inc., 0.00% (a)                           |             | 420,689 | 679,707 |
|   |             |         | 679,708 |

|  |             |        |         |
|--|-------------|--------|---------|
| <b>Real Estate Investment Trusts (REITs)</b> | <b>0.0%</b> |        |         |
| MPG Office Trust, Inc., Series A, 7.63% (a)  |             | 13,326 | 143,788 |

| Preferred Stocks                      |             | Shares  | Value     |
|---------------------------------------|-------------|---------|-----------|
| <b>Thriffs &amp; Mortgage Finance</b> | <b>0.0%</b> |         |           |
| Fannie Mae, Series O, 0.00% (a)       |             | 40,000  | \$ 16,400 |
| Freddie Mac, Series Z, 8.38% (a)      |             | 108,377 | 35,764    |
|                                       |             |         | 52,164    |

|                                   |             |  |           |
|-----------------------------------|-------------|--|-----------|
| <b>Total Preferred Securities</b> | <b>1.9%</b> |  | 7,248,779 |
|-----------------------------------|-------------|--|-----------|

**Warrants (j)**

|   |             |       |        |
|---|-------------|-------|--------|
| <b>Containers &amp; Packaging</b>       | <b>0.0%</b> |       |        |
| MDP Acquisitions Plc (Expires 10/01/13) |             | 1,100 | 49,437 |

|   |             |        |   |
|---|-------------|--------|---|
| <b>Health Care Providers &amp; Services</b> | <b>0.0%</b> |        |   |
| HealthSouth Corp. (Expires 1/16/14)         |             | 52,465 | 1 |

|  |             |  |  |
|--|-------------|--|--|
| <b>Hotels, Restaurants &amp; Leisure</b> | <b>0.0%</b> |  |  |
|--|-------------|--|--|

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|  |           |                 |
|--|-----------|-----------------|
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14)   | 819       | 8               |
| <b>Media 0.0%</b>  |           |                 |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b)  | 62,894    | 1               |
| New Vision Holdings LLC (Expires 9/30/14)  | 4         | 40              |
| New Vision Holdings LLC (Expires 9/30/14)  | 22        | 221             |
|  |           | <u>262</u>      |
| <b>Oil, Gas &amp; Consumable Fuels 0.0%</b>  |           |                 |
| Turbo Cayman Ltd. (No Expiration)  | 2         |                 |
| <b>Software 0.0%</b>   |           |                 |
| HMH Holdings/EduMedia (Expires 3/09/17)  | 20,878    |                 |
| <b>Total Warrants 0.0%</b>   |           | 49,708          |
| <b>Total Long-Term Investments</b>   |           |                 |
| (Cost \$470,023,714) 121.4%  |           | 464,703,309     |
| <b>Short-Term Securities</b>   |           |                 |
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (k)(l)  | 2,725,924 | 2,725,924       |
| <b>Total Short-Term Securities</b><br>(Cost \$2,725,924) 0.7%  |           | 2,725,924       |
| <b>Total Investments Before Options Written</b>  |           |                 |
| (Cost \$472,749,638*) 122.1%   |           | 467,429,233     |
| <b>Options Written</b>   |           |                 |
| <b>Over-the-Counter Call Swaptions 0.0%</b>  |           |                 |
| Bought credit default protection on Dow Jones<br>CDX North America High Yield Index Series 14<br>Volume 1, Strike Price USD 100.00, Expires<br>9/15/10, Broker Credit Suisse International | USD 8,500 | \$ (4,726)      |
| Bought credit default protection on Dow Jones<br>CDX North America High Yield Index Series 14<br>Volume 1, Strike Price USD 96.00, Expires<br>9/15/10, Broker Credit Suisse International  | 4,750     | (53,305)        |
|  |           | <u>(58,031)</u> |



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See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund V, Inc. (HYV)  
(Percentages shown are based on Net Assets)

| Options Written   | Notional<br>Amount<br>(000) | Value          |
|---|-----------------------------|----------------|
| <b>Over-the-Counter Put Swaptions 0.0%</b>  |                             |                |
| Sold credit default protection on Dow Jones CDX<br>North America High Yield Series 14 Volume 1,<br>Strike Price USD 87.00, Expires 9/15/10,<br>Broker Credit Suisse International |                             |                |
|   | USD 4,750                   | \$ (76)        |
| <b>Total Options Written (Premiums Received \$166,000) 0.0%</b>   |                             |                |
|   |                             | (58,107)       |
| <b>Total Investments, Net of Options Written 122.1%</b>   |                             |                |
|   |                             | 467,371,126    |
| <b>Liabilities in Excess of Other Assets (22.1%)</b>  |                             |                |
|   |                             | (84,767,879)   |
| <b>Net Assets 100.0%</b>  |                             |                |
|   |                             | \$ 382,603,247 |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 474,121,453 |
| Gross unrealized appreciation | \$ 22,278,093  |
| Gross unrealized depreciation | (28,970,313)   |
| Net unrealized depreciation   | \$ (6,692,220) |

- (a) Non-income producing security.
- (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 face/shares.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Issuer filed for bankruptcy and/or is in default of interest payments.
- (g) Variable rate security. Rate shown is as of report date.

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- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (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, if any.
- (k) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income   |
|--|--------------------------------|--------------|--------------------------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 2,197,091                      | 528,833      | 2,725,924                      | \$ 2,564 |

- (l) Represents the current yield as of report date.

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts | Issue         | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|---------------|--------------------|-----------------|----------------|-------------------------|
| 42        | S&P 500 Index | Chicago Mercantile | September 2010  | \$ 11,182,653  | \$ 175,503              |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty                | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|-----------------------------|----------------|-----------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs International | December 2011  | \$ 755                | \$ 44,896                              |
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs Bank USA      | December 2013  | \$ 1,475              | 248,530                                |
| Louisiana-Pacific Corp.        | 5.00%          | JPMorgan Chase Bank NA      | March 2014     | \$ 1,000              | (212,629)                              |
| Brunswick Corp.                | 5.00%          | Goldman Sachs Bank USA      | September 2014 | \$ 300                | (15,811)                               |
| <b>Total</b>                   |                |                             |                |                       | \$ 64,986                              |

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Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer                                      | Receive Fixed Rate | Counterparty                | Expiration     | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|---|--------------------|-----------------------------|----------------|----------------------------|------------------------------------|--|
| Texas Competitive Electric Holdings Co. LLC | 5.00%              | Goldman Sachs International | September 2012 | CCC                        | \$ 750                             | \$ (67,509)                            |
| Advanced Micro Devices, Inc.                | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | B+                         | \$ 700                             | (7,841)                                |
| Realogy Corp.                               | 5.00%              | Credit Suisse International | March 2015     | C                          | \$ 150                             | 1,048                                  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 250                             | (19,875)                               |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 325                             | (5,607)                                |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 150                             | (295)                                  |
| Levi Strauss & Co.                          | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 345                             | 1,841                                  |
| NOVA Chemicals Corp.                        | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 550                             | (10,082)                               |
| Levi Strauss & Co.                          | 5.00%              | Goldman Sachs International | September 2015 | B+                         | \$ 870                             |  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | September 2015 | C                          | \$ 200                             | (720)                                  |
| <b>Total</b>                                |                    |                             |                |                            |                                    | <b>\$ (109,040)</b>                    |

<sup>1</sup> Using S&P's rating of the issuer.

<sup>2</sup> The maximum potential amount the Trust may be required to pay should a negative credit event take place as defined under the terms of agreement.

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See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Corporate High Yield Fund V, Inc. (HYV)

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased |            | Currency Sold |            | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|------------|---------------|------------|----------------------------|-----------------|--|
| EUR                | 892,800    | USD           | 1,152,062  | Citibank NA                | 9/15/10         | \$ (20,686)                            |
| USD                | 26,384,513 | EUR           | 20,832,000 | Citibank NA                | 9/15/10         | (14,281)                               |
| USD                | 430,698    | EUR           | 334,000    | Deutsche Bank AG           | 9/15/10         | 7,445                                  |
| EUR                | 258,700    | USD           | 327,839    | Royal Bank of Scotland Plc | 9/15/10         | (8)                                    |
| USD                | 3,150,737  | GBP           | 2,064,000  | Citibank NA                | 10/20/10        | (13,613)                               |
| USD                | 552,136    | CAD           | 583,000    | Deutsche Bank AG           | 10/20/10        | 5,850                                  |
| USD                | 472,382    | GBP           | 309,500    | Deutsche Bank AG           | 10/20/10        | (2,117)                                |
| USD                | 342,197    | GBP           | 222,000    | Royal Bank of Scotland Plc | 10/20/10        | 1,845                                  |
| GBP                | 247,000    | USD           | 385,308    | UBS AG                     | 10/20/10        | (6,628)                                |
| <b>Total</b>       |            |               |            |                            |                 | <b>\$ (42,193)</b>                     |

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------|---------|---------|---------|-------|
|------------------|---------|---------|---------|-------|

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| <b>Assets:</b>              |                      |                       |                      |                       |
|-----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| Investments in Securities:  |                      |                       |                      |                       |
| Long-Term Investments:      |                      |                       |                      |                       |
| Common Stocks               | \$ 8,038,488         | \$ 637,200            | \$ 1,056,339         | \$ 9,732,027          |
| Corporate Bonds             |                      | 364,974,062           | 7,015,576            | 371,989,638           |
| Floating Rate Loan Interest |                      | 45,951,371            | 21,875,386           | 67,826,757            |
| Other Interest              |                      | 7,840,033             | 16,367               | 7,856,400             |
| Preferred Securities        | 6,253,921            | 315,150               | 679,708              | 7,248,779             |
| Warrants                    |                      |                       | 49,708               | 49,708                |
| Short-Term Securities       | 2,725,924            |                       |                      | 2,725,924             |
| <b>Liabilities:</b>         |                      |                       |                      |                       |
| Unfunded Loan Commitments   |                      |                       | (70,023)             | (70,023)              |
| <b>Total</b>                | <b>\$ 17,018,333</b> | <b>\$ 419,717,816</b> | <b>\$ 30,623,061</b> | <b>\$ 467,359,210</b> |

| <b>Derivative Financial Instruments<sup>1</sup></b> |                   |                     |                |                  |
|---|-------------------|---------------------|----------------|------------------|
| <b>Valuation Inputs</b>                             | <b>Level 1</b>    | <b>Level 2</b>      | <b>Level 3</b> | <b>Total</b>     |
| <b>Assets:</b>                                      |                   |                     |                |                  |
| Credit contracts                                    |                   | \$ 296,315          | \$             | \$ 296,315       |
| Foreign currency exchange contracts                 |                   | 15,140              |                | 15,140           |
| Equity contracts                                    | \$ 175,503        |                     |                | 175,503          |
| <b>Liabilities:</b>                                 |                   |                     |                |                  |
| Credit contracts                                    |                   | (398,476)           |                | (398,476)        |
| Foreign currency exchange contracts                 |                   | (57,333)            |                | (57,333)         |
| <b>Total</b>  | <b>\$ 175,503</b> | <b>\$ (144,354)</b> | <b>\$</b>      | <b>\$ 31,149</b> |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|   | <b>Common Stocks</b> | <b>Corporate Bonds</b> | <b>Floating Rate Loan Interests</b> | <b>Other Interests</b> | <b>Preferred Securities</b> | <b>Warrants</b> | <b>Unfunded Loan Commitments</b> | <b>Total</b>  |
|---|----------------------|------------------------|-------------------------------------|------------------------|-----------------------------|-----------------|----------------------------------|---------------|
| <b>Assets/Liabilities:</b>                                      |                      |                        |                                     |                        |                             |                 |                                  |               |
| Balance, as of August 31, 2009                                  | \$ 645               | \$ 2,089,671           | \$ 34,290,990                       | \$ 6,493               | \$ 1                        | \$ 10           |                                  | \$ 36,387,810 |
| Accrued discounts/premiums                                      |                      | 31,439                 | 391,386                             |                        |                             |                 |                                  | 422,825       |
| Net realized gain (loss)  |                      | 345,244                | (5,841,748)                         |                        |                             |                 |                                  | (5,496,504)   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 7,267                | (349,248)              | 16,647,031                          |                        |                             | (9)             | \$ (70,023)                      | 16,235,018    |
| Purchases   |                      | (730,239)              | (23,216,310)                        |                        |                             |                 |                                  | (23,946,549)  |
| Sales   |                      |                        | (1,907,650)                         |                        |                             |                 |                                  | (1,907,650)   |

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|                                       |              |              |               |           |            |           |             |               |
|---------------------------------------|--------------|--------------|---------------|-----------|------------|-----------|-------------|---------------|
| Transfers in <sup>3</sup>             | 1,056,214    | 5,628,709    | 14,216,481    | 9,874     | 679,707    | 49,707    |             | 21,640,692    |
| Transfers out <sup>3</sup>            | (7,787)      |              | (12,704,794)  |           |            |           |             | (12,712,581)  |
| <hr/>                                 |              |              |               |           |            |           |             |               |
| <b>Balance, as of August 31, 2010</b> | \$ 1,056,339 | \$ 7,015,576 | \$ 21,875,386 | \$ 16,367 | \$ 679,708 | \$ 49,708 | \$ (70,023) | \$ 30,623,061 |
| <hr/>                                 |              |              |               |           |            |           |             |               |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$5,004,674.

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.



Schedule of Investments August 31, 2010

**BlackRock Corporate High Yield Fund VI, Inc. (HYT)**  
 (Percentages shown are based on Net Assets)

| Common Stocks  | Shares  | Value      |
|--|---------|------------|
| <b>Building Products 0.2%</b>                            |         |            |
| Masonite Worldwide Holdings (a)                          | 19,572  | \$ 743,736 |
| <b>Capital Markets 0.1%</b>                              |         |            |
| E*Trade Financial Corp. (a)                              | 46,400  | 575,824    |
| <b>Chemicals 0.0%</b>                                    |         |            |
| Wellman Holdings, Inc. (a)                               | 2,616   | 131        |
| <b>Communications Equipment 0.6%</b>                     |         |            |
| Loral Space & Communications Ltd. (a)                    | 44,428  | 2,378,675  |
| <b>Construction Materials 0.0%</b>                       |         |            |
| Nortek, Inc. (a)   | 3,445   | 142,968    |
| <b>Electrical Equipment 0.0%</b>                         |         |            |
| Medis Technologies Ltd. (a)                              | 116,910 | 3,624      |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>            |         |            |
| Buffets Restaurants Holdings, Inc. (a)                   | 1,816   | 7,627      |
| <b>Household Durables 0.1%</b>                           |         |            |
| Beazer Homes USA, Inc. (a)                               | 88,000  | 304,480    |
| <b>Machinery 0.2%</b>                                    |         |            |
| Accuride Corp. (a)                                       | 141,777 | 155,955    |
| Navistar International Corp. (a)                         | 14,800  | 619,824    |
|  |         | 775,779    |
| <b>Media 0.4%</b>  |         |            |
| Charter Communications, Inc. (a)                         | 25,576  | 869,584    |
| Gannett Co., Inc.  | 68,400  | 826,956    |
|  |         | 1,696,540  |
| <b>Paper &amp; Forest Products 0.3%</b>                  |         |            |
| Ainsworth Lumber Co. Ltd. (a)                            | 192,951 | 452,363    |
| Ainsworth Lumber Co. Ltd. (a)(b)                         | 221,591 | 519,508    |
| Western Forest Products, Inc. (a)(b)                     | 78,039  | 21,589     |
|  |         | 993,460    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b> |         |            |
| SunPower Corp., Class B (a)                              | 1,235   | 12,770     |

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**Software 0.2%**

|                           |         |         |
|---------------------------|---------|---------|
| HMH Holdings/EduMedia (a) | 142,515 | 712,576 |
|---------------------------|---------|---------|

**Wireless Telecommunication Services 0.1%**

|                      |         |         |
|----------------------|---------|---------|
| FiberTower Corp. (a) | 127,570 | 457,976 |
|----------------------|---------|---------|

**Total Common Stocks 2.2%**

8,806,166

**Corporate Bonds**

**Par  
(000)**

**Aerospace & Defense 0.4%**

|   |     |     |                  |
|---|-----|-----|------------------|
| Bombardier, Inc., 7.75%, 3/15/20 (b)                          | USD | 300 | 322,500          |
| DynCorp International, Inc., 10.38%, 7/01/17 (b)              |     | 440 | 437,800          |
| Kratos Defense & Security Solutions, Inc., 10.00%,<br>6/01/17 |     | 840 | 867,300          |
|   |     |     | <u>1,627,600</u> |

**Airlines 3.0%**

|   |  |       |           |
|---|--|-------|-----------|
| Air Canada (b):   |  |       |           |
| 9.25%, 8/01/15  |  | 1,640 | 1,607,200 |
| 12.00%, 2/01/16   |  | 440   | 411,400   |
| American Airlines, Inc., 10.50%, 10/15/12 (b)                           |  | 1,470 | 1,561,875 |
| American Airlines Pass Through Trust,<br>Series 2001-02, 7.86%, 4/01/13 |  | 510   | 533,715   |
| Continental Airlines, Inc.:   |  |       |           |
| 6.75%, 9/15/15 (b)  |  | 900   | 891,000   |
| Series 1997-4-B, 6.90%, 7/02/18   |  | 1,491 | 1,453,793 |
| Series 2001-1-C, 7.03%, 12/15/12  |  | 358   | 356,599   |

**Corporate Bonds**

**Par  
(000)**

**Value**

**Airlines (concluded)**

|  |     |       |                   |
|--|-----|-------|-------------------|
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16 | USD | 1,520 | \$ 1,596,401      |
| United Air Lines, Inc., 12.75%, 7/15/12          |     | 3,093 | 3,448,186         |
|  |     |       | <u>11,860,169</u> |

**Auto Components 1.5%**

|  |  |       |                  |
|--|--|-------|------------------|
| Allison Transmission, Inc. (b):                              |  |       |                  |
| 11.00%, 11/01/15   |  | 360   | 387,000          |
| 11.25%, 11/01/15 (c)   |  | 284   | 305,300          |
| Delphi International Holdings Unsecured, 12.00%,<br>10/06/14 |  | 69    | 67,753           |
| The Goodyear Tire & Rubber Co.:                              |  |       |                  |
| 8.25%, 8/15/20   |  | 680   | 696,150          |
| 8.75%, 8/15/20   |  | 540   | 571,050          |
| Icahn Enterprises LP, 8.00%, 1/15/18                         |  | 4,180 | 4,159,100        |
|  |  |       | <u>6,186,353</u> |

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**Beverages 0.2%**

|  |     |     |         |
|--|-----|-----|---------|
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b)   |     | 413 | 424,874 |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR | 380 | 493,594 |
|  |     |     | 918,468 |

**Biotechnology 0.2%**

|                                 |     |     |         |
|---------------------------------|-----|-----|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD | 932 | 950,265 |
|---------------------------------|-----|-----|---------|

**Building Products 1.5%**

|   |  |       |           |
|---|--|-------|-----------|
| Associated Materials LLC, 9.88%, 11/15/16         |  | 1,200 | 1,272,000 |
| Building Materials Corp. of America (b):          |  |       |           |
| 6.88%, 8/15/18                                    |  | 825   | 802,312   |
| 7.00%, 2/15/20                                    |  | 980   | 975,100   |
| Momentive Performance Materials, Inc., Series WI, |  |       |           |
| 9.75%, 12/01/14                                   |  | 1,115 | 1,088,519 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13         |  | 1,880 | 1,936,400 |
|   |  |       | 6,074,331 |

**Capital Markets 0.3%**

|  |  |     |           |
|--|--|-----|-----------|
| E*Trade Financial Corp., 3.46%, 8/31/19 (d)(e)       |  | 380 | 456,000   |
| Offshore Group Investments Ltd., 11.50%, 8/01/15 (b) |  | 810 | 807,975   |
|  |  |     | 1,263,975 |

**Chemicals 3.5%**

|   |     |       |            |
|---|-----|-------|------------|
| American Pacific Corp., 9.00%, 2/01/15        |     | 1,400 | 1,384,250  |
| CF Industries, Inc.:                          |     |       |            |
| 6.88%, 5/01/18                                |     | 685   | 720,962    |
| 7.13%, 5/01/20                                |     | 1,205 | 1,292,362  |
| Chemtura Corp., 7.88%, 9/01/18 (b)            |     | 825   | 842,531    |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)        |     | 260   | 269,425    |
| Hexion U.S. Finance Corp.:                    |     |       |            |
| 9.75%, 11/15/14                               |     | 1,240 | 1,218,300  |
| 8.88%, 2/01/18                                |     | 1,225 | 1,133,125  |
| Huntsman International LLC (b):               |     |       |            |
| 6.88%, 11/15/13                               | EUR | 440   | 549,226    |
| 8.63%, 3/15/20                                | USD | 370   | 366,763    |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)         |     | 655   | 662,369    |
| Innophos, Inc., 8.88%, 8/15/14                |     | 1,250 | 1,281,250  |
| MacDermid, Inc., 9.50%, 4/15/17 (b)           |     | 1,985 | 2,012,294  |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)       |     | 865   | 912,575    |
| Wellman Holdings, Inc., Subordinate Note (d): |     |       |            |
| (Second Lien), 10.00%, 1/29/19                |     | 1,450 | 1,261,500  |
| (Third Lien), 5.00%, 1/29/19 (c)              |     | 476   | 185,615    |
|   |     |       | 14,092,547 |

**Commercial Banks 3.0%**

|                  |  |        |            |
|------------------|--|--------|------------|
| CIT Group, Inc.: |  |        |            |
| 7.00%, 5/01/16   |  | 2,145  | 2,037,750  |
| 7.00%, 5/01/17   |  | 10,685 | 10,047,234 |
|                  |  |        | 12,084,984 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) | Value      |
|--|-----|--------------|------------|
| <b>Commercial Services &amp; Supplies 1.0%</b>           |     |              |            |
| ACCO Brands Corp., 10.63%, 3/15/15                       | USD | 395          | \$ 434,500 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)          |     | 935          | 1,019,150  |
| Scientific Games International, Inc., 9.25%,<br>6/15/19  |     | 360          | 381,600    |
| West Corp., 11.00%, 10/15/16                             |     | 2,050        | 2,152,500  |
|  |     |              | 3,987,750  |
| <b>Construction Materials 0.9%</b>                       |     |              |            |
| Nortek, Inc., 11.00%, 12/01/13                           |     | 3,460        | 3,646,303  |
| <b>Consumer Finance 1.0%</b>                             |     |              |            |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)              |     | 1,080        | 1,119,150  |
| Ford Motor Credit Co. LLC:<br>3.28%, 1/13/12 (f)         |     | 340          | 333,200    |
| 7.80%, 6/01/12   |     | 300          | 315,703    |
| 8.00%, 12/15/16  |     | 290          | 314,921    |
| 6.63%, 8/15/17   |     | 1,700        | 1,727,832  |
|  |     |              | 3,810,806  |
| <b>Containers &amp; Packaging 3.2%</b>                   |     |              |            |
| Ball Corp., 6.75%, 9/15/20                               |     | 785          | 826,213    |
| Berry Plastics Corp.:<br>8.88%, 9/15/14                  |     | 1,275        | 1,214,437  |
| 8.25%, 11/15/15  |     | 215          | 215,538    |
| 9.50%, 5/15/18 (b)                                       |     | 665          | 611,800    |
| Berry Plastics Holding Corp., 8.88%, 9/15/14             |     | 3,830        | 3,648,075  |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17 |     | 1,245        | 1,325,925  |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(f)               |     | 595          | 562,275    |
| Owens-Brockway Glass Container, Inc., 6.75%,<br>12/01/14 | EUR | 254          | 325,100    |
| Pregis Corp., 12.38%, 10/15/13                           | USD | 1,920        | 1,920,000  |
| Smurfit Kappa Acquisitions (b):<br>7.25%, 11/15/17       | EUR | 785          | 1,014,687  |
| 7.75%, 11/15/19  |     | 745          | 967,704    |
|  |     |              | 12,631,754 |
| <b>Diversified Consumer Services 1.2%</b>                |     |              |            |
| Service Corp. International, 7.00%, 6/15/17              | USD | 4,775        | 4,942,125  |
| <b>Diversified Financial Services 6.8%</b>               |     |              |            |
| Ally Financial Inc. (b):                                 |     |              |            |

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|  |     |       |            |
|--|-----|-------|------------|
| 8.30%, 2/12/15   |     | 3,510 | 3,650,400  |
| 7.50%, 9/15/20   |     | 2,970 | 2,940,300  |
| Axcan Intermediate Holdings, Inc., 12.75%,<br>3/01/16  |     | 1,545 | 1,546,931  |
| FCE Bank Plc:  |     |       |            |
| 7.88%, 2/15/11   | GBP | 1,050 | 1,630,460  |
| 7.13%, 1/16/12   | EUR | 3,000 | 3,934,813  |
| 7.13%, 1/15/13   |     | 1,450 | 1,901,826  |
| GMAC, Inc.:  |     |       |            |
| 7.50%, 12/31/13  | USD | 700   | 714,875    |
| 2.74%, 12/01/14 (f)                                    |     | 635   | 545,927    |
| 8.00%, 3/15/20 (b)                                     |     | 3,930 | 4,028,250  |
| Leucadia National Corp., 8.13%, 9/15/15                |     | 1,870 | 1,991,550  |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b) |     | 2,305 | 2,322,287  |
| Reynolds Group Issuer, Inc. (b):                       |     |       |            |
| 7.75%, 10/15/16  | EUR | 600   | 771,748    |
| 8.50%, 5/15/18   | USD | 1,200 | 1,152,000  |
|  |     |       | 27,131,367 |

| Corporate Bonds  |     | Par<br>(000) |    | Value      |
|--|-----|--------------|----|------------|
| <b>Diversified Telecommunication Services 4.5%</b>       |     |              |    |            |
| Broadview Networks Holdings, Inc., 11.38%,<br>9/01/12    | USD | 1,680        | \$ | 1,646,400  |
| Frontier Communications Corp.:                           |     |              |    |            |
| 7.88%, 4/15/15   |     | 950          |    | 1,002,250  |
| 8.25%, 4/15/17   |     | 1,200        |    | 1,269,000  |
| 8.50%, 4/15/20   |     | 500          |    | 530,625    |
| GCI, Inc., 8.63%, 11/15/19                               |     | 1,700        |    | 1,785,000  |
| ITC Deltacom, Inc., 10.50%, 4/01/16                      |     | 840          |    | 827,400    |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) |     | 340          |    | 357,000    |
| Qwest Communications International, Inc.:                |     |              |    |            |
| 7.50%, 2/15/14   |     | 3,190        |    | 3,249,812  |
| 8.00%, 10/01/15 (b)                                      |     | 900          |    | 967,500    |
| Series B, 7.50%, 2/15/14                                 |     | 2,370        |    | 2,414,437  |
| Qwest Corp.:   |     |              |    |            |
| 7.63%, 6/15/15   |     | 875          |    | 982,188    |
| 8.38%, 5/01/16   |     | 1,120        |    | 1,304,800  |
| Windstream Corp.:  |     |              |    |            |
| 8.13%, 8/01/13   |     | 703          |    | 749,574    |
| 7.88%, 11/01/17  |     | 1,017        |    | 1,032,255  |
|  |     |              |    | 18,118,241 |

|  |  |       |  |           |
|--|--|-------|--|-----------|
| <b>Energy Equipment &amp; Services 1.9%</b>                |  |       |  |           |
| Compagnie Générale de Géophysique-Veritas:                 |  |       |  |           |
| 7.50%, 5/15/15   |  | 2,045 |  | 2,024,550 |
| 7.75%, 5/15/17   |  | 510   |  | 506,175   |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)       |  | 2,890 |  | 2,702,150 |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)  |  | 480   |  | 475,200   |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b) |  | 1,055 |  | 1,139,400 |

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|  |       |            |
|--|-------|------------|
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)       | 850   | 871,250    |
|  |       | 7,718,725  |
| <b>Food &amp; Staples Retailing 0.9%</b>           |       |            |
| AmeriQual Group LLC, 9.50%, 4/01/12 (b)            | 1,300 | 1,274,000  |
| Rite Aid Corp.:                                    |       |            |
| 9.75%, 6/12/16                                     | 660   | 701,250    |
| 10.25%, 10/15/19                                   | 945   | 970,988    |
| 8.00%, 8/15/20 (b)                                 | 820   | 814,875    |
|  |       | 3,761,113  |
| <b>Food Products 0.5%</b>                          |       |            |
| B&G Foods, Inc., 7.63%, 1/15/18                    | 340   | 349,775    |
| Reddy Ice Corp., 11.25%, 3/15/15 (b)               | 690   | 699,488    |
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b)        | 730   | 814,862    |
| TreeHouse Foods, Inc., 7.75%, 3/01/18              | 250   | 264,375    |
|  |       | 2,128,500  |
| <b>Health Care Equipment &amp; Supplies 1.4%</b>   |       |            |
| DJO Finance LLC, 10.88%, 11/15/14                  | 3,810 | 4,081,463  |
| Hologic, Inc., 2.00%, 12/15/37 (d)(g)              | 1,495 | 1,351,106  |
|  |       | 5,432,569  |
| <b>Health Care Providers &amp; Services 4.9%</b>   |       |            |
| American Renal Holdings, 8.38%, 5/15/18 (b)        | 435   | 435,000    |
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b) | 1,095 | 1,133,325  |
| HCA, Inc.:   |       |            |
| 9.13%, 11/15/14                                    | 2,745 | 2,882,250  |
| 8.50%, 4/15/19                                     | 1,550 | 1,699,188  |
| 7.25%, 9/15/20                                     | 3,605 | 3,767,225  |
| inVentiv Health Inc., 10.00%, 8/15/18 (b)          | 1,020 | 997,050    |
| Omnicare, Inc., 7.75%, 6/01/20                     | 785   | 785,000    |
| Tenet Healthcare Corp.:                            |       |            |
| 9.00%, 5/01/15                                     | 2,935 | 3,125,775  |
| 10.00%, 5/01/18                                    | 1,050 | 1,181,250  |
| 8.88%, 7/01/19                                     | 3,360 | 3,633,000  |
|  |       | 19,639,063 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) | Value        |
|--|-----|--------------|--------------|
| <b>Health Care Technology 1.1%</b>                                       |     |              |              |
| IMS Health, Inc., 12.50%, 3/01/18 (b)                                    | USD | 3,760        | \$ 4,356,900 |
| <b>Hotels, Restaurants &amp; Leisure 2.3%</b>                            |     |              |              |
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                               |     | 1,860        | 1,757,700    |
| Enterprise Inns Plc, 6.50%, 12/06/18                                     | GBP | 656          | 830,363      |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                            | USD | 980          | 1,048,600    |
| Inn of the Mountain Gods Resort & Casino, 12.00%,<br>11/15/10 (a)(h)     |     | 2,575        | 1,126,562    |
| Little Traverse Bay Bands of Odawa Indians, 10.25%,<br>2/15/14 (a)(b)(h) |     | 1,895        | 639,562      |
| MGM Mirage, 13.00%, 11/15/13   |     | 130          | 150,150      |
| MGM Resorts International:<br>10.38%, 5/15/14                            |     | 415          | 452,350      |
| 11.13%, 11/15/17   |     | 1,310        | 1,463,925    |
| Marina District Finance Co., Inc., 9.88%, 8/15/18 (b)                    |     | 570          | 568,575      |
| Travelport LLC:<br>5.16%, 9/01/14 (f)                                    |     | 195          | 180,863      |
| 9.88%, 9/01/14   |     | 320          | 327,200      |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(h)        |     | 515          | 376          |
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(h)                         |     | 1,500        | 675,000      |
|  |     |              | 9,221,226    |
| <b>Household Durables 3.6%</b>   |     |              |              |
| Beazer Homes USA, Inc.:<br>6.88%, 7/15/15                                |     | 285          | 246,525      |
| 8.13%, 6/15/16   |     | 495          | 433,125      |
| 12.00%, 10/15/17   |     | 2,080        | 2,342,600    |
| 9.13%, 6/15/18   |     | 3,240        | 2,867,400    |
| DFS Furniture Holdings Plc, 9.75%, 7/15/17 (b)                           | GBP | 325          | 467,283      |
| K. Hovnanian Enterprises, Inc., 10.63%, 10/15/16                         | USD | 2,730        | 2,648,100    |
| Ryland Group Inc., 6.63%, 5/01/20  |     | 1,045        | 979,687      |
| Standard Pacific Corp.:<br>9.25%, 4/15/12                                |     | 210          | 215,513      |
| 6.25%, 4/01/14   |     | 570          | 531,525      |
| 7.00%, 8/15/15   |     | 420          | 386,400      |
| 10.75%, 9/15/16  |     | 2,355        | 2,478,637    |
| 8.38%, 5/15/18   |     | 865          | 832,563      |
|  |     |              | 14,429,358   |
| <b>Independent Power Producers &amp; Energy Traders 2.6%</b>             |     |              |              |
| The AES Corp., 8.75%, 5/15/13 (b)  |     | 21           | 21,341       |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)               |     | 2,010        | 2,110,500    |



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|   |       |           |
|---|-------|-----------|
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)               | 5,200 | 5,007,616 |
| Energy Future Intermediate Holding Co. LLC, 10.00%,<br>12/01/20 | 271   | 260,426   |
| NRG Energy, Inc.:   |       |           |
| 7.25%, 2/01/14  | 1,960 | 1,999,200 |
| 7.38%, 2/01/16  | 405   | 408,038   |
| 7.38%, 1/15/17  | 615   | 619,612   |

10,426,733

**Industrial Conglomerates 2.6%**

|                      |       |           |
|----------------------|-------|-----------|
| Sequa Corp. (b):     |       |           |
| 11.75%, 12/01/15     | 3,810 | 3,924,300 |
| 13.50%, 12/01/15 (c) | 6,236 | 6,485,556 |

10,409,856

**Insurance 0.9%**

|   |       |           |
|---|-------|-----------|
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 2,600 | 2,668,250 |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(f)    | 1,070 | 906,825   |

3,575,075

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

**Leisure Equipment & Products 0.3%**

|                                       |         |              |
|---------------------------------------|---------|--------------|
| Brunswick Corp., 11.25%, 11/01/16 (b) | USD 950 | \$ 1,085,375 |
|---------------------------------------|---------|--------------|

**Life Sciences Tools & Services 0.2%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| Patheon, Inc., 8.63%, 4/15/17 (b) | 910 | 906,588 |
|-----------------------------------|-----|---------|

**Machinery 1.6%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| AGY Holding Corp., 11.00%, 11/15/14   | 1,650 | 1,402,500 |
| Accuride Corp., 7.50%, 2/26/20 (c)(d) | 15    | 38,372    |
| Navistar International Corp.:         |       |           |
| 3.00%, 10/15/14 (d)                   | 2,960 | 3,230,100 |
| 8.25%, 11/01/21                       | 1,500 | 1,571,250 |
| Oshkosh Corp., 8.25%, 3/01/17         | 220   | 231,550   |

6,473,772

**Marine 0.7%**

|   |       |           |
|---|-------|-----------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (d) | 3,340 | 2,805,600 |
|---|-------|-----------|

**Media 12.3%**

|   |       |           |
|---|-------|-----------|
| Affinion Group, Inc.:                             |       |           |
| 10.13%, 10/15/13                                  | 3,824 | 3,919,600 |
| 10.13%, 10/15/13                                  | 1,195 | 1,221,888 |
| CCH II LLC, 13.50%, 11/30/16                      | 876   | 1,038,517 |
| CCO Holdings LLC (b):                             |       |           |
| 7.88%, 4/30/18                                    | 730   | 755,550   |
| 8.13%, 4/30/20                                    | 730   | 768,325   |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)      | 254   | 5,080     |
| CSC Holdings, Inc., 8.50%, 4/15/14                | 550   | 600,875   |
| Catalina Marketing Corp., 10.50%, 10/01/15 (b)(c) | 935   | 1,000,450 |

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|   |     |       |            |
|---|-----|-------|------------|
| Clear Channel Worldwide Holdings, Inc.:               |     |       |            |
| 9.25%, 12/15/17                                       |     | 1,313 | 1,362,237  |
| Series B, 9.25%, 12/15/17                             |     | 6,656 | 6,980,480  |
| Cox Enterprises, Inc.:                                |     |       |            |
| Loan Close 2, 4.00%, 8/15/18                          |     | 999   | 998,690    |
| Loan Close 3, 12.00%, 8/15/18                         |     | 1,155 | 1,155,000  |
| Shares Loan, 4.00%, 8/15/18                           |     | 1,178 | 1,177,586  |
| DISH DBS Corp., 7.00%, 10/01/13                       |     | 150   | 156,188    |
| Gray Television, Inc., 10.50%, 6/29/15                |     | 715   | 688,188    |
| Harland Clarke Holdings Corp.:                        |     |       |            |
| 6.00%, 5/15/15 (f)                                    |     | 550   | 462,000    |
| 9.50%, 5/15/15  |     | 660   | 628,650    |
| Intelsat Corp., 9.25%, 6/15/16                        |     | 3,400 | 3,604,000  |
| Interactive Data Corp., 10.25%, 8/01/18 (b)           |     | 1,600 | 1,660,000  |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d)          |     | 700   | 857,500    |
| Liberty Media Corp., 3.13%, 3/30/23 (d)               |     | 1,748 | 1,900,950  |
| Lighthouse International Co. SA:                      |     |       |            |
| 8.00%, 4/30/14  | EUR | 822   | 614,591    |
| 8.00%, 4/30/14 (b)                                    |     | 120   | 89,721     |
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)   | USD | 1,010 | 974,650    |
| McClatchy Co., 11.50%, 2/15/17 (b)                    |     | 2,180 | 2,250,850  |
| Nielsen Finance LLC:                                  |     |       |            |
| 11.63%, 2/01/14                                       |     | 225   | 252,281    |
| 10.00%, 8/01/14                                       |     | 3,425 | 3,596,250  |
| Rainbow National Services LLC, 10.38%,<br>9/01/14 (b) |     |       |            |
|   |     | 2,570 | 2,666,375  |
| Regal Entertainment Group, 9.13%, 8/15/18             |     | 520   | 533,000    |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b)           | EUR | 228   | 268,708    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)            | USD | 2,120 | 2,024,600  |
| UPC Holding BV, 9.88%, 4/15/18 (b)                    |     | 800   | 833,000    |
| Unitymedia GmbH:                                      |     |       |            |
| 9.63%, 12/01/19                                       | EUR | 244   | 323,897    |
| 9.63%, 12/01/19 (b)                                   |     | 900   | 1,194,700  |
| Unitymedia Hessen GmbH & Co. KG:                      |     |       |            |
| 8.13%, 12/01/17                                       |     | 120   | 155,111    |
| 8.13%, 12/01/17 (b)                                   | USD | 985   | 1,012,088  |
| 8.13%, 12/01/17 (b)                                   | EUR | 701   | 906,109    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)                 |     | 610   | 784,618    |
|   |     |       | 49,422,303 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)  
(Percentages shown are based on Net Assets)

| Corporate Bonds                             |     | Par<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Metals &amp; Mining 4.1%</b>             |     |              |            |
| AK Steel Corp., 7.63%, 5/15/20              | USD | 35           | \$ 35,263  |
| Aleris International, Inc. (a)(h):          |     |              |            |
| 9.00%, 12/15/14                             |     | 1,625        | 3,250      |
| 10.00%, 12/15/16                            |     | 1,300        | 494        |
| Drummond Co., Inc.:                         |     |              |            |
| 9.00%, 10/15/14 (b)                         |     | 1,250        | 1,307,812  |
| 7.38%, 2/15/16                              |     | 360          | 360,450    |
| FMG Finance Property Ltd. (b):              |     |              |            |
| 10.00%, 9/01/13                             |     | 850          | 936,062    |
| 10.63%, 9/01/16                             |     | 1,875        | 2,172,656  |
| Foundation PA Coal Co., 7.25%, 8/01/14      |     | 3,250        | 3,258,125  |
| Goldcorp, Inc., 2.00%, 8/01/14 (d)          |     | 1,040        | 1,264,900  |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) |     | 980          | 864,850    |
| Murray Energy Corp., 10.25%, 10/15/15 (b)   |     | 830          | 848,675    |
| New World Resources NV:                     |     |              |            |
| 7.38%, 5/15/15                              | EUR | 439          | 545,196    |
| 7.88%, 5/01/18 (b)                          |     | 326          | 417,255    |
| 7.88%, 5/01/18                              |     | 290          | 371,178    |
| Novelis, Inc., 11.50%, 2/15/15              | USD | 685          | 753,500    |
| Ryerson, Inc.:                              |     |              |            |
| 7.84%, 11/01/14 (f)                         |     | 640          | 593,600    |
| 12.00%, 11/01/15                            |     | 450          | 462,938    |
| Steel Dynamics, Inc., 7.38%, 11/01/12       |     | 410          | 435,625    |
| United States Steel Corp., 7.38%, 4/01/20   |     | 815          | 825,188    |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b)   |     | 1,015        | 1,065,750  |
|   |     |              | 16,522,767 |
| <b>Multiline Retail 2.5%</b>                |     |              |            |
| Dollar General Corp.:                       |     |              |            |
| 10.63%, 7/15/15                             |     | 2,215        | 2,430,963  |
| 11.88%, 7/15/17 (c)                         |     | 6,753        | 7,765,950  |
|   |     |              | 10,196,913 |
| <b>Oil, Gas &amp; Consumable Fuels 8.2%</b> |     |              |            |
| Arch Coal, Inc.:                            |     |              |            |
| 8.75%, 8/01/16                              |     | 95           | 102,838    |
| 7.25%, 10/01/20                             |     | 1,335        | 1,355,025  |
| Atlas Energy Operating Co. LLC:             |     |              |            |
| 12.13%, 8/01/17                             |     | 750          | 861,563    |
| 10.75%, 2/01/18                             |     | 405          | 446,513    |
| Berry Petroleum Co., 8.25%, 11/01/16        |     | 800          | 808,000    |
| Bill Barrett Corp., 9.88%, 7/15/16          |     | 70           | 75,950     |
| Chesapeake Energy Corp.:                    |     |              |            |
| 6.63%, 8/15/20                              |     | 3,665        | 3,678,744  |

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|   |       |            |
|---|-------|------------|
| 2.25%, 12/15/38 (d)                           | 1,250 | 935,937    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 460   | 472,650    |
| Connacher Oil and Gas Ltd. (b):               |       |            |
| 11.75%, 7/15/14                               | 280   | 303,800    |
| 10.25%, 12/15/15                              | 1,755 | 1,755,000  |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       | 3,095 | 3,284,569  |
| Crosstex Energy LP, 8.88%, 2/15/18            | 630   | 650,475    |
| Denbury Resources, Inc., 8.25%, 2/15/20       | 1,095 | 1,168,912  |
| Linn Energy LLC, 8.63%, 4/15/20 (b)           | 1,715 | 1,809,325  |
| Massey Energy Co., 6.88%, 12/15/13            | 1,465 | 1,483,312  |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)  | 2,930 | 3,083,825  |
| OPTI Canada, Inc. (b):                        |       |            |
| 9.00%, 12/15/12                               | 2,715 | 2,721,787  |
| 9.75%, 8/15/13                                | 1,500 | 1,481,250  |
| Patriot Coal Corp., 8.25%, 4/30/18            | 645   | 640,163    |
| Peabody Energy Corp., 6.50%, 9/15/20          | 1,600 | 1,682,000  |
| Petrohawk Energy Corp.:                       |       |            |
| 10.50%, 8/01/14                               | 895   | 1,000,162  |
| 7.88%, 6/01/15                                | 680   | 705,500    |
| QEP Resources, Inc., 6.88%, 3/01/21           | 650   | 677,625    |
| Range Resources Corp., 8.00%, 5/15/19         | 700   | 749,000    |
| Teekay Corp., 8.50%, 1/15/20                  | 1,020 | 1,088,850  |
|   |       | 33,022,775 |

| Corporate Bonds   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Paper &amp; Forest Products 2.9%</b>                 |              |              |
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c)       | USD 1,790    | \$ 1,530,264 |
| Boise Paper Holdings LLC:                               |              |              |
| 9.00%, 11/01/17   | 525          | 552,562      |
| 8.00%, 4/01/20  | 240          | 244,200      |
| Clearwater Paper Corp., 10.63%, 6/15/16                 | 625          | 703,125      |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)                 | 2,570        | 2,814,150    |
| Glatfelter, 7.13%, 5/01/16 (b)                          | 330          | 332,063      |
| NewPage Corp., 11.38%, 12/31/14                         | 5,045        | 4,099,062    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14               | 1,335        | 1,408,425    |
|   |              | 11,683,851   |
| <b>Pharmaceuticals 0.6%</b>                             |              |              |
| Angiotech Pharmaceuticals, Inc., 4.29%,<br>12/01/13 (f) | 1,696        | 1,369,520    |
| Elan Finance Plc, 8.88%, 12/01/13                       | 150          | 151,125      |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)                | EUR 979      | 1,042,136    |
|   |              | 2,562,781    |
| <b>Real Estate Management &amp; Development 0.5%</b>    |              |              |
| Forest City Enterprises, Inc., 7.63%, 6/01/15           | USD 2,300    | 2,098,750    |
| <b>Road &amp; Rail 0.9%</b>                             |              |              |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18              | 800          | 836,000      |
| Hertz Holdings Netherlands BV, 8.50%,<br>7/31/15 (b)    | EUR 1,120    | 1,476,093    |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b)        | USD 1,260    | 1,231,650    |

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3,543,743

**Semiconductors & Semiconductor Equipment 0.2%**

Advanced Micro Devices, Inc.:

|                    |     |         |
|--------------------|-----|---------|
| 6.00%, 5/01/15 (d) | 219 | 214,346 |
| 7.75%, 8/01/20 (b) | 445 | 440,550 |

654,896

**Software 0.0%**

BMS Holdings, Inc., 8.59%, 2/15/12 (b)(c)(f)

749 14,982

**Specialty Retail 1.6%**

|   |       |           |
|---|-------|-----------|
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(g) | 1,685 | 1,282,706 |
| Hillman Group, Inc., 10.88%, 6/01/18 (b)        | 830   | 873,575   |
| Limited Brands, Inc., 8.50%, 6/15/19            | 1,255 | 1,418,150 |
| Sonic Automotive, Inc., 9.00%, 3/15/18          | 580   | 590,150   |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)    | 660   | 666,600   |
| United Auto Group, Inc., 7.75%, 12/15/16        | 1,670 | 1,594,850 |

6,426,031

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

Quiksilver, Inc., 6.88%, 4/15/15

810 749,250

**Tobacco 0.1%**

Vector Group Ltd., 11.00%, 8/15/15

505 514,469

**Wireless Telecommunication Services 5.2%**

Cricket Communications, Inc.:

|                 |       |           |
|-----------------|-------|-----------|
| 10.00%, 7/15/15 | 2,870 | 3,006,325 |
| 7.75%, 5/15/16  | 1,080 | 1,115,100 |

Digicel Group Ltd. (b):

|                    |       |           |
|--------------------|-------|-----------|
| 8.88%, 1/15/15     | 1,120 | 1,128,400 |
| 9.13%, 1/15/15 (c) | 2,864 | 2,878,320 |
| 8.25%, 9/01/17     | 1,240 | 1,288,050 |
| 10.50%, 4/15/18    | 800   | 858,000   |

FiberTower Corp., 9.00%, 1/01/16 (c)

488 415,114

iPCS, Inc., 2.59%, 5/01/13 (f)

1,295 1,210,825

MetroPCS Wireless, Inc., 9.25%, 11/01/14

3,935 4,092,400

Nextel Communications, Inc.:

|                           |       |           |
|---------------------------|-------|-----------|
| Series E, 6.88%, 10/31/13 | 1,880 | 1,875,300 |
| Series F, 5.95%, 3/15/14  | 170   | 164,263   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   |              | Par<br>(000) | Value       |
|---|--------------|--------------|-------------|
| <b>Wireless Telecommunication Services (concluded)</b>          |              |              |             |
| Orascom Telecom Finance SCA, 7.88%, 2/08/14 (b)                 | USD          | 385          | \$ 365,750  |
| Sprint Capital Corp., 6.88%, 11/15/28                           |              | 2,770        | 2,312,950   |
|   |              |              | 20,710,797  |
| <b>Total Corporate Bonds</b>                                    | <b>97.0%</b> |              | 389,821,799 |
| <b>Floating Rate Loan Interests (f)</b>                         |              |              |             |
| <b>Auto Components 1.0%</b>                                     |              |              |             |
| Affinion Group Holdings, Inc., Loan, 8.51%,<br>3/01/12 (c)      |              | 740          | 710,106     |
| Allison Transmission, Inc., Term Loan, 3.04%,<br>8/07/14        |              | 3,576        | 3,294,810   |
|   |              |              | 4,004,916   |
| <b>Automobiles 1.3%</b>   |              |              |             |
| Ford Motor Co., Tranche B-1 Term Loan, 3.03%,<br>12/15/13       |              | 5,619        | 5,405,222   |
| <b>Building Products 1.2%</b>                                   |              |              |             |
| CPG International I, Inc., Term Loan, 5.54%, 4/30/12            |              | 4,912        | 4,911,746   |
| <b>Capital Markets 0.1%</b>                                     |              |              |             |
| Marsico Parent Co., LLC, Term Loan, 5.31% 5.56%,<br>12/15/14    |              | 759          | 526,462     |
| <b>Chemicals 0.7%</b>   |              |              |             |
| PQ Corp., Term Loan (First Lien), 3.52% 3.73%,<br>7/30/14       |              | 421          | 385,341     |
| Tronox Worldwide LLC:<br>Tranche B-1 Term Loan, 11.25%, 9/20/10 |              | 1,892        | 1,907,135   |
| Tranche B-2 Term Loan, 11.25%, 9/20/10                          |              | 508          | 512,365     |
|   |              |              | 2,804,841   |
| <b>Commercial Services &amp; Supplies 1.0%</b>                  |              | 1,500        | 1,508,750   |

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AWAS Finance Luxembourg Sarl, Term Loan B, 7.75%,  
6/10/16

|  |       |                  |
|--|-------|------------------|
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 975   | 980,282          |
| International Lease Finance Corp. (Delos Aircraft, Inc.),<br>Term Loan 1, 6.75%, 3/17/15 | 1,350 | 1,360,687        |
|  |       | <u>3,849,719</u> |

**Construction & Engineering 0.8%**

|  |       |           |
|--|-------|-----------|
| Safeway Services, LLC, Last Out Term Loan, 15.63%,<br>12/14/17 | 3,250 | 3,250,000 |
|--|-------|-----------|

**Consumer Finance 1.7%**

|   |       |                  |
|---|-------|------------------|
| AGFS Funding Co., Term Loan, 7.25%,<br>4/21/15  | 6,500 | 6,422,812        |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13 | 375   | 373,669          |
|   |       | <u>6,796,481</u> |

**Diversified Telecommunication Services 1.7%**

|   |     |       |           |
|---|-----|-------|-----------|
| Wind Finance SL SA, Euro Facility (Second Lien),<br>7.89%, 12/17/14 | EUR | 5,258 | 6,649,038 |
|---|-----|-------|-----------|

**Electric Utilities 0.5%**

|  |     |       |           |
|--|-----|-------|-----------|
| New Development Holdings LLC, Term Loan,<br>7.00%, 7/03/17 | USD | 2,025 | 2,045,250 |
|--|-----|-------|-----------|

**Health Care Providers & Services 0.7%**

|  |       |                  |
|--|-------|------------------|
| Harden Healthcare Term Loan A:<br>Add-on Term Loan, 7.75%, 3/02/15               | 900   | 882,000          |
| Tranche A Term Loan, 8.50%, 3/02/15  | 694   | 679,764          |
| inVentiv Health, Inc. (FKA Ventive Health, Inc.),<br>Term Loan B, 6.50%, 7/31/16 | 1,400 | 1,397,375        |
|  |       | <u>2,959,139</u> |

| Floating Rate Loan Interests (f) | Par<br>(000) | Value |
|----------------------------------|--------------|-------|
|----------------------------------|--------------|-------|

**Hotels, Restaurants & Leisure 1.2%**

|  |     |       |              |
|--|-----|-------|--------------|
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.37%,<br>3/27/12 (c) | USD | 5,326 | \$ 4,952,993 |
|--|-----|-------|--------------|

**IT Services 0.4%**

|   |       |                  |
|---|-------|------------------|
| First Data Corp.:<br>First Lien Term Loan, 3.01%, 9/24/14 | 255   | 217,782          |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14             | 644   | 548,816          |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14             | 1,165 | 993,674          |
|   |       | <u>1,760,272</u> |

**Independent Power Producers & Energy Traders 1.0%**

|  |     |         |
|--|-----|---------|
| Texas Competitive Electric Holdings Co., LLC (TXU):<br>Initial Tranche B-1 Term Loan, 3.79% 4.03%,<br>10/10/14 | 342 | 259,173 |
|--|-----|---------|

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|   |       |                  |
|---|-------|------------------|
| Initial Tranche B-2 Term Loan, 3.79% 4.07%,<br>10/10/14 | 215   | 162,617          |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%,<br>10/10/14 | 4,542 | 3,423,268        |
|   |       | <u>3,845,058</u> |

**Media 1.7%**

|   |       |                  |
|---|-------|------------------|
| Cengage Learning Acquisitions, Inc. (Thomson<br>Learning), Tranche 1 Incremental Term Loan,<br>7.50%, 7/03/14 | 2,695 | 2,686,018        |
| HMH Publishing Co., Ltd. (FKA Education Media),<br>Tranche A Term Loan, 5.80%, 6/12/14 (c)                    | 1,467 | 1,335,940        |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%,<br>8/01/13  | 2,450 | 2,600,062        |
|   |       | <u>6,622,020</u> |

**Multiline Retail 0.5%**

|   |     |       |                  |
|---|-----|-------|------------------|
| Hema Holding BV, Mezzanine, 4.15% 9.00%,<br>1/29/17               | EUR | 1,565 | 1,824,063        |
| The Neiman Marcus Group, Inc., Term Loan,<br>2.29% 2.54%, 4/06/13 | USD | 390   | 369,366          |
|   |     |       | <u>2,193,429</u> |

**Oil, Gas & Consumable Fuels 0.8%**

|  |       |           |
|--|-------|-----------|
| Turbo Beta Ltd., Dollar Facility, 2.50% 14.50%,<br>3/15/18 (c) | 3,799 | 3,010,744 |
|--|-------|-----------|

**Paper & Forest Products 0.3%**

|   |       |           |
|---|-------|-----------|
| Verso Paper Finance Holdings LLC, Loan,<br>6.70% 7.44%, 2/01/13 | 2,020 | 1,212,250 |
|---|-------|-----------|

**Real Estate Management & Development 0.6%**

|  |       |                  |
|--|-------|------------------|
| Realogy Corp.:                                       |       |                  |
| Initial Term Loan B, 3.30%, 10/10/13                 | 629   | 542,442          |
| Synthetic Letter of Credit, 0.11% 3.15%,<br>10/10/13 | 108   | 92,988           |
| Second Lien Term Facility, 13.50%, 10/15/17          | 1,575 | 1,661,625        |
|  |       | <u>2,297,055</u> |

**Specialty Retail 0.2%**

|  |     |                |
|--|-----|----------------|
| Claire's Stores, Inc., Term Loan B, 3.05%,<br>5/29/14          | 236 | 201,734        |
| Michaels Stores, Inc., Term Loan B-1,<br>2.63% 2.81%, 10/31/13 | 558 | 526,175        |
|  |     | <u>727,909</u> |

|   |  |                   |
|---|--|-------------------|
| <b>Total Floating Rate Loan Interests 17.4%</b> |  | <u>69,824,544</u> |
|---|--|-------------------|

See Notes to Financial Statements.





## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)  
(Percentages shown are based on Net Assets)

| Other Interests (i)                           | Beneficial<br>Interest<br>(000) | Value            |
|---|---------------------------------|------------------|
| <b>Auto Components 1.7%</b>                   |                                 |                  |
| Delphi Debtor-in-Possession Holding Co. LLP   | USD                             | (j) \$ 6,797,931 |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b> |                                 |                  |
| Buffets, Inc.                                 | 950                             | 95               |
| <b>Media 0.0%</b>                             |                                 |                  |
| Adelphia Escrow                               | 1,300                           | 130              |
| Adelphia Recovery Trust                       | 1,630                           | 6,522            |
|   |                                 | 6,652            |
| <b>Total Other Interests 1.7%</b>             |                                 | 6,804,678        |

## Preferred Securities

| Preferred Stocks   | Shares  |           |
|--|---------|-----------|
| <b>Diversified Financial Services 0.9%</b>               |         |           |
| Ally Financial, Inc., 7.00% (d)                          | 4,512   | 3,727,053 |
| <b>Media 0.0%</b>  |         |           |
| CMP Susquehanna Radio Holdings Corp.,<br>0.00% (a)(b)(f) | 59,235  | 1         |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>               |         |           |
| Fannie Mae, Series O, 0.00% (a)                          | 40,000  | 16,400    |
| Freddie Mac, Series Z, 8.38% (a)                         | 110,157 | 36,352    |
|  |         | 52,752    |
| <b>Total Preferred Securities 0.9%</b>                   |         | 3,779,806 |

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Warrants (k)

| <b>Health Care Providers &amp; Services 0.0%</b>                  |        |             |
|---|--------|-------------|
| HealthSouth Corp. (Expires 1/16/14)                               | 54,577 | 1           |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>                     |        |             |
| Buffets Restaurants Holdings, Inc. (Expires 4/29/14)              | 802    | 8           |
| <b>Media 0.0%</b>   |        |             |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b)     | 67,691 | 1           |
| New Vision Holdings LLC (Expires 9/30/14)                         | 4      | 40          |
| New Vision Holdings LLC (Expires 9/30/14)                         | 22     | 221         |
|   |        | 262         |
| <b>Oil, Gas &amp; Consumable Fuels 0.0%</b>                       |        |             |
| Turbo Cayman Ltd. (No Expiration)                                 | 2      |             |
| <b>Software 0.0%</b>  |        |             |
| HMH Holdings/EduMedia (Expires 3/09/17)                           | 22,578 |             |
| <b>Total Warrants 0.0%</b>  |        | 271         |
| <b>Total Long-Term Investments</b><br>(Cost \$485,130,819) 119.2% |        | 479,037,264 |

Short-Term Securities

|   |           |             |
|---|-----------|-------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (l)(m)       | 1,808,758 | 1,808,758   |
| <b>Total Short-Term Securities</b><br>(Cost \$1,808,758) 0.5%                   |           | 1,808,758   |
| <b>Total Investments Before Options Written</b><br>(Cost \$486,939,577*) 119.7% |           | 480,846,022 |

| Options Written  | Notional<br>Amount<br>(000) | Value      |
|--|-----------------------------|------------|
| <b>Over-the-Counter Call Swaptions 0.0%</b>  |                             |            |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Index Series 14 Volume 1,<br>Strike Price USD 100.00, Expires 9/15/10, Broker<br>Credit Suisse International | USD 8,950                   | \$ (4,976) |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 14 Volume 1, Strike<br>Price USD 96.00, Expires 9/15/10, Broker Credit                                | 5,000                       | (56,110)   |

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|   |       |                       |
|---|-------|-----------------------|
| Suisse International  |       | (61,086)              |
| <b>Over-the-Counter Put Swaptions 0.0%</b>  |       |                       |
| Sold credit default protection on Dow Jones CDX North America High Yield Series 14 Volume 1, Strike Price USD 87.00, Expires 9/15/10, Broker Credit |       |                       |
| Suisse International  | 5,000 | (80)                  |
| <b>Total Options Written (Premiums Received \$174,750) 0.0%</b>   |       | <b>(61,166)</b>       |
| <b>Total Investments, Net of Options Written 119.7%</b>   |       | <b>480,784,856</b>    |
| <b>Liabilities in Excess of Other Assets (19.7)%</b>  |       | <b>(79,025,046)</b>   |
| <b>Net Assets 100.0%</b>  |       | <b>\$ 401,759,810</b> |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 488,272,592 |
| Gross unrealized appreciation | \$ 22,182,248  |
| Gross unrealized depreciation | (29,608,818)   |
| Net unrealized depreciation   | \$ (7,426,570) |

- (a) Non-income producing security.
- (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 face/shares.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) Amount is less than \$1,000.
- (k) 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, if any.

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- (l) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31,<br>2009 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income  |
|--|--------------------------------------|-----------------|--------------------------------------|---------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 2,267,254                            | (458,496)       | 1,808,758                            | \$4,114 |

- (m) Represents the current yield as of report date.

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Corporate High Yield Fund VI, Inc. (HYT)

Financial futures contracts sold as of August 31,2010 were as follows:

| Contracts | Issue         | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|---------------|--------------------|-----------------|----------------|-------------------------|
| 43        | S&P 500 Index | Chicago Mercantile | September 2010  | \$ 11,449,781  | \$ 180,556              |

Foreign currency exchange contracts as of August 31,2010 were as follows:

| Currency Purchased | Currency Sold  | Counterparty               | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|----------------------------|-----------------|--|
| EUR 1,210,100      | USD 1,554,487  | Citibank NA                | 9/15/10         | \$ (21,019)                            |
| USD 28,359,688     | EUR 22,392,500 | Citibank NA                | 9/15/10         | (16,607)                               |
| USD 446,817        | EUR 346,500    | Deutsche Bank AG           | 9/15/10         | 7,724                                  |
| GBP 333,000        | USD 519,463    | UBS AG                     | 10/20/10        | (8,936)                                |
| USD 2,111,940      | GBP 1,383,500  | Citibank NA                | 10/20/10        | (9,125)                                |
| USD 518,041        | CAD 547,000    | Deutsche Bank AG           | 10/20/10        | 5,488                                  |
| USD 496,039        | GBP 325,000    | Deutsche Bank AG           | 10/20/10        | (2,223)                                |
| USD 519,461        | GBP 337,000    | Royal Bank of Scotland Plc | 10/20/10        | 2,801                                  |
| <b>Total</b>       |                |                            |                 | <b>\$ (41,897)</b>                     |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                         | Pay Fixed Rate | Counterparty                | Expiration    | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------------------|----------------|-----------------------------|---------------|-----------------------|--|
| K. Hovnanian Enterprises, Inc. | 5.00%          | Goldman Sachs International | December 2011 | \$ 805                | \$ 47,870                              |

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|                                |       |                        |                |          |                   |
|--------------------------------|-------|------------------------|----------------|----------|-------------------|
| K. Hovnanian Enterprises, Inc. | 5.00% | Goldman Sachs USA      | December 2013  | \$ 1,600 | 269,592           |
| Louisiana-Pacific Corp.        | 5.00% | JPMorgan Chase Bank NA | March 2014     | \$ 500   | (106,314)         |
| Brunswick Corp.                | 5.00% | Goldman Sachs Bank USA | September 2014 | \$ 325   | (17,128)          |
| <b>Total</b>                   |       |                        |                |          | <b>\$ 194,020</b> |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer                                      | Receive Fixed Rate | Counterparty                | Expiration     | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation (Depreciation) |
|---|--------------------|-----------------------------|----------------|----------------------------|------------------------------------|--|
| Texas Competitive Electric Holdings Co. LLC | 5.00%              | Goldman Sachs International | September 2012 | CCC                        | \$ 775                             | \$ (69,761)                            |
| Advanced Micro Devices, Inc.                | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | B+                         | \$ 1,150                           | (12,882)                               |
| Realogy Corp.                               | 5.00%              | Credit Suisse International | March 2015     | C                          | \$ 175                             | 1,223                                  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 175                             | (344)                                  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 250                             | (19,875)                               |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | March 2015     | C                          | \$ 350                             | (6,039)                                |
| Levi Strauss & Co.                          | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 370                             | 1,974                                  |
| NOVA Chemicals Corp.                        | 5.00%              | Goldman Sachs International | June 2015      | B+                         | \$ 575                             | (10,540)                               |
| Levi Strauss & Co.                          | 5.00%              | Goldman Sachs International | September 2015 | B+                         | \$ 870                             |  |
| Realogy Corp.                               | 5.00%              | JPMorgan Chase Bank NA      | September 2015 | C                          | \$ 200                             | (720)                                  |
| <b>Total</b>                                |                    |                             |                |                            |                                    | <b>\$ (116,964)</b>                    |

<sup>1</sup> Using S&P's rating of the issuer.

<sup>2</sup> The maximum potential amount the Trust may be required to pay should a negative credit event take place as defined under the terms of agreement.

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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 such industry sub-classifications for reporting ease.

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 derivatives and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Corporate High Yield Fund VI, Inc. (HYT)

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs            | Level 1              | Level 2               | Level 3              | Total                 |
|-----------------------------|----------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>              |                      |                       |                      |                       |
| Investments in Securities:  |                      |                       |                      |                       |
| Long-Term Investments:      |                      |                       |                      |                       |
| Common Stocks               | \$ 7,417,996         | \$ 675,463            | \$ 712,707           | \$ 8,806,166          |
| Corporate Bonds             |                      | 384,970,575           | 4,851,224            | 389,821,799           |
| Floating Rate Loan Interest |                      | 49,221,694            | 20,602,850           | 69,824,544            |
| Other Interest              |                      | 6,797,931             | 6,747                | 6,804,678             |
| Preferred Securities        | 3,779,805            |                       | 1                    | 3,779,806             |
| Warrants                    |                      |                       | 271                  | 271                   |
| Short-Term Securities       | 1,808,758            |                       |                      | 1,808,758             |
| <b>Liabilities:</b>         |                      |                       |                      |                       |
| Unfunded Loan Commitments   |                      |                       | (36,123)             | (36,123)              |
| <b>Total</b>                | <b>\$ 13,006,559</b> | <b>\$ 441,665,663</b> | <b>\$ 26,137,677</b> | <b>\$ 480,809,899</b> |

| Derivative Financial Instruments <sup>1</sup> |                   |                    |         |                   |
|---|-------------------|--------------------|---------|-------------------|
| Valuation Inputs                              | Level 1           | Level 2            | Level 3 | Total             |
| <b>Assets:</b>                                |                   |                    |         |                   |
| Credit contracts                              |                   | \$ 320,659         |         | \$ 320,659        |
| Foreign currency exchange contracts           |                   | 16,013             |         | 16,013            |
| Equity contracts                              | \$ 180,556        |                    |         | 180,556           |
| <b>Liabilities:</b>                           |                   |                    |         |                   |
| Credit contracts                              |                   | (304,769)          |         | (304,769)         |
| Foreign currency exchange contracts           |                   | (57,910)           |         | (57,910)          |
| <b>Total</b>                                  | <b>\$ 180,556</b> | <b>\$ (26,007)</b> |         | <b>\$ 154,549</b> |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

| Common Stocks | Corporate Bonds | Floating Rate Loan Interests | Other Interests | Preferred Securities | Warrants | Unfunded Loan | Total |
|---------------|-----------------|------------------------------|-----------------|----------------------|----------|---------------|-------|
|---------------|-----------------|------------------------------|-----------------|----------------------|----------|---------------|-------|

| <b>Assets/<br/>Liabilities:</b>        |    |         |              |               |          |    |   |     |             |                           |
|--|----|---------|--------------|---------------|----------|----|---|-----|-------------|---------------------------|
| Balance, as of August 31,              |    |         |              |               |          |    |   |     |             |                           |
| 2009                                   | \$ | 672     | \$ 2,197,802 | \$ 33,422,195 | \$ 6,747 | \$ | 1 | \$  | 10          | \$ 35,627,427             |
| Accrued                                |    |         |              |               |          |    |   |     |             |                           |
| discounts/premiums                     |    |         | 40,503       | 437,076       |          |    |   |     |             | 477,579                   |
| Net realized gain (loss)               |    |         | 368,701      | (7,090,984)   |          |    |   |     |             | (6,722,283)               |
| Net change in unrealized               |    |         |              |               |          |    |   |     |             |                           |
| appreciation/depreciation <sup>2</sup> |    | 7,086   | (374,968)    | 18,219,951    |          |    |   | (9) | \$ (36,123) | 17,815,937                |
| Purchases                              |    |         | (779,842)    | (19,872,397)  |          |    |   |     |             | (20,652,239)              |
| Sales                                  |    |         |              | (3,034,891)   |          |    |   |     |             | (3,034,891)               |
| Transfers in <sup>3</sup>              |    | 712,576 | 3,399,028    | 12,407,148    |          |    |   | 270 |             | 16,519,022                |
| Transfers out <sup>3</sup>             |    | (7,627) |              | (13,885,248)  |          |    |   |     |             | (13,892,875)              |
| <b>Balance, as of August 31,</b>       |    |         |              |               |          |    |   |     |             |                           |
| <b>2010</b>                            | \$ | 712,707 | \$ 4,851,224 | \$ 20,602,850 | \$ 6,747 | \$ | 1 | \$  | 271         | \$ (36,123) \$ 26,137,677 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in the unrealized appreciation/depreciation on the securities still held on August 31, 2010 was \$3,575,817.

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

Schedule of Investments August 31, 2010

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

| Common Stocks (a)  | Shares | Value            |
|--|--------|------------------|
| <b>Building Products 0.2%</b>                                |        |                  |
| Masonite Worldwide Holdings                                  | 4,901  | \$ 186,238       |
| <b>Construction Materials 0.0%</b>                           |        |                  |
| Nortek, Inc.   | 960    | 39,840           |
| <b>Containers &amp; Packaging 0.2%</b>                       |        |                  |
| Smurfit-Stone Container Corp.                                | 14,168 | 243,265          |
| <b>Independent Power Producers &amp; Energy Traders 0.4%</b> |        |                  |
| NRG Energy, Inc.   | 25,000 | 508,000          |
| <b>Machinery 0.0%</b>  |        |                  |
| Accuride Corp.   | 55,784 | 61,362           |
| <b>Software 0.2%</b>   |        |                  |
| HMH Holdings/EduMedia  | 39,824 | 199,122          |
| <b>Specialty Retail 0.1%</b>                                 |        |                  |
| Lazydays RV Center, Inc.                                     | 16,505 | 84,341           |
| <b>Wireless Telecommunication Services 0.1%</b>              |        |                  |
| FiberTower Corp.   | 38,271 | 137,393          |
| <b>Total Common Stocks 1.2%</b>                              |        | <b>1,459,561</b> |

| Corporate Bonds  | Par<br>(000) |  |                |
|--|--------------|--|----------------|
| <b>Aerospace &amp; Defense 0.4%</b>                          |              |  |                |
| Bombardier, Inc., 7.75%, 3/15/20 (b)                         | USD 120      |  | 129,000        |
| DynCorp International, Inc., 10.38%, 7/01/17 (b)             | 120          |  | 119,400        |
| Kratos Defense & Security Solutions, Inc., 10.00%, 6/01/17   | 240          |  | 247,800        |
| L-3 Communications Corp., 5.88%, 1/15/15                     | 30           |  | 30,563         |
|  |              |  | <u>526,763</u> |
| <b>Air Freight &amp; Logistics 0.6%</b>                      |              |  |                |
| National Air Cargo Group, Inc.:<br>Series 1, 12.38%, 8/16/15 | 350          |  | 350,000        |

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|                           |     |                |
|---------------------------|-----|----------------|
| Series 2, 12.38%, 8/16/15 | 350 | 350,000        |
|                           |     | <u>700,000</u> |

**Airlines 2.5%**

|   |     |         |
|---|-----|---------|
| Air Canada (b):   |     |         |
| 9.25%, 8/01/15  | 490 | 480,200 |
| 12.00%, 2/01/16   | 130 | 121,550 |
| American Airlines, Inc., 10.50%, 10/15/12 (b)                           | 440 | 467,500 |
| American Airlines Pass-Through Trust,<br>Series 2001-02, 7.86%, 4/01/13 | 160 | 167,440 |
| Continental Airlines, Inc., 6.75%, 9/15/15 (b)                          | 270 | 267,300 |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16                        | 499 | 523,819 |
| United Air Lines, Inc., 12.75%, 7/15/12                                 | 843 | 939,410 |

2,967,219

**Auto Components 1.8%**

|  |       |           |
|--|-------|-----------|
| Allison Transmission, Inc. (b):                              |       |           |
| 11.00%, 11/01/15   | 100   | 107,500   |
| 11.25%, 11/01/15 (c)   | 83    | 89,225    |
| Delphi International Holdings Unsecured, 12.00%,<br>10/06/14 | 4     | 3,799     |
| The Goodyear Tire & Rubber Co.:                              |       |           |
| 8.25%, 8/15/20   | 200   | 204,750   |
| 8.75%, 8/15/20   | 170   | 179,775   |
| Icahn Enterprises LP, 8.00%, 1/15/18                         | 1,250 | 1,243,750 |
| Stanadyne Corp., Series 1, 10.00%, 8/15/14                   | 335   | 316,575   |

2,145,374

| Corporate Bonds                                |     | Par<br>(000) |    | Value          |
|--|-----|--------------|----|----------------|
| <b>Beverages 0.2%</b>                          |     |              |    |                |
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b)   | USD | 125          | \$ | 128,594        |
| Crown European Holdings SA, 7.13%, 8/15/18 (b) | EUR | 115          |    | 149,377        |
|  |     |              |    | <u>277,971</u> |

**Biotechnology 0.2%**

|                                 |     |     |  |         |
|---------------------------------|-----|-----|--|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD | 275 |  | 279,989 |
|---------------------------------|-----|-----|--|---------|

**Building Products 2.0%**

|  |  |     |  |         |
|--|--|-----|--|---------|
| Associated Materials LLC, 9.88%, 11/15/16                            |  | 370 |  | 392,200 |
| Building Materials Corp. of America (b):                             |  |     |  |         |
| 6.88%, 8/15/18   |  | 245 |  | 238,263 |
| 7.00%, 2/15/20   |  | 290 |  | 288,550 |
| CPG International I, Inc., 10.50%, 7/01/13                           |  | 540 |  | 539,325 |
| Momentive Performance Materials, Inc., Series WI,<br>9.75%, 12/01/14 |  | 360 |  | 351,450 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                            |  | 530 |  | 545,900 |

2,355,688

**Capital Markets 0.5%**

|   |  |     |  |         |
|---|--|-----|--|---------|
| E*Trade Financial Corp., Series A, 8/31/19 (d)(e) |  | 295 |  | 354,000 |
|   |  | 240 |  | 239,400 |

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Offshore Group Investments Ltd., 11.50%,  
8/01/15 (b)

|   |         |           |
|---|---------|-----------|
|   |         | 593,400   |
| <b>Chemicals 4.7%</b>                                   |         |           |
| American Pacific Corp., 9.00%, 2/01/15                  | 400     | 395,500   |
| Ames True Temper, Inc., 4.53%, 1/15/12 (f)              | 1,070   | 1,067,325 |
| CF Industries, Inc.:                                    |         |           |
| 6.88%, 5/01/18  | 205     | 215,762   |
| 7.13%, 5/01/20  | 360     | 386,100   |
| Chemtura Corp., 7.88%, 9/01/18 (b)                      | 245     | 250,206   |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)                  | 75      | 77,719    |
| Hexion U.S. Finance Corp.:                              |         |           |
| 9.75%, 11/15/14   | 370     | 363,525   |
| 8.88%, 2/01/18  | 345     | 319,125   |
| Huntsman International LLC (b):                         |         |           |
| 6.88%, 11/15/13   | EUR 130 | 162,271   |
| 8.63%, 3/15/20  | USD 110 | 109,038   |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)                   | 195     | 197,194   |
| Innophos, Inc., 8.88%, 8/15/14                          | 1,170   | 1,199,250 |
| MacDermid, Inc., 9.50%, 4/15/17 (b)                     | 555     | 562,631   |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)                 | 255     | 269,025   |
|   |         | 5,574,671 |
| <b>Commercial Banks 3.0%</b>                            |         |           |
| CIT Group, Inc.:  |         |           |
| 7.00%, 5/01/16  | 858     | 815,495   |
| 7.00%, 5/01/17  | 2,971   | 2,793,462 |
|   |         | 3,608,957 |
| <b>Commercial Services &amp; Supplies 1.0%</b>          |         |           |
| ACCO Brands Corp., 10.63%, 3/15/15                      | 120     | 132,000   |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)         | 275     | 299,750   |
| Scientific Games International, Inc., 9.25%,<br>6/15/19 | 110     | 116,600   |
| West Corp.:   |         |           |
| 9.50%, 10/15/14   | 25      | 25,500    |
| 11.00%, 10/15/16  | 580     | 609,000   |
|   |         | 1,182,850 |
| <b>Construction Materials 0.8%</b>                      |         |           |
| Nortek, Inc., 11.00%, 12/01/13                          | 964     | 1,016,095 |

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>Consumer Finance 1.3%</b>                             |     |              |            |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b)              | USD | 320          | \$ 331,600 |
| Ford Motor Credit Co. LLC:                               |     |              |            |
| 8.63%, 11/01/10  |     | 140          | 141,445    |
| 3.28%, 1/13/12 (f)                                       |     | 145          | 142,100    |
| 7.80%, 6/01/12   |     | 300          | 315,703    |
| 8.00%, 12/15/16  |     | 100          | 108,593    |
| 6.63%, 8/15/17   |     | 530          | 538,677    |
|  |     |              | 1,578,118  |
| <b>Containers &amp; Packaging 3.6%</b>                   |     |              |            |
| Ball Corp., 6.75%, 9/15/20                               |     | 250          | 263,125    |
| Berry Plastics Corp.:                                    |     |              |            |
| 8.88%, 9/15/14   |     | 375          | 357,187    |
| 8.25%, 11/15/15  |     | 65           | 65,163     |
| 9.50%, 5/15/18 (b)                                       |     | 285          | 262,200    |
| Berry Plastics Holding Corp., 8.88%, 9/15/14             |     | 950          | 904,875    |
| Crown Americas LLC, 7.75%, 11/15/15                      |     | 255          | 264,562    |
| Graphic Packaging International, Inc., 9.50%,<br>6/15/17 |     | 355          | 378,075    |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(f)               |     | 700          | 661,500    |
| Owens-Brockway Glass Container, Inc., 6.75%,<br>12/01/14 | EUR | 70           | 89,595     |
| Pregis Corp., 12.38%, 10/15/13                           | USD | 1,034        | 1,034,000  |
|  |     |              | 4,280,282  |
| <b>Diversified Financial Services 6.2%</b>               |     |              |            |
| Ally Financial Inc. (b):                                 |     |              |            |
| 8.30%, 2/12/15   |     | 870          | 904,800    |
| 7.50%, 9/15/20   |     | 880          | 871,200    |
| Axcen Intermediate Holdings, Inc., 12.75%, 3/01/16       |     | 465          | 465,581    |
| FCE Bank Plc:  |     |              |            |
| 7.13%, 1/16/12   | EUR | 1,250        | 1,639,505  |
| 7.13%, 1/15/13   |     | 450          | 590,222    |
| GMAC, Inc.:  |     |              |            |
| 7.50%, 12/31/13  | USD | 90           | 91,913     |
| 2.74%, 12/01/14 (f)                                      |     | 156          | 134,117    |
| 8.00%, 3/15/20 (b)                                       |     | 1,090        | 1,117,250  |
| Leucadia National Corp., 8.13%, 9/15/15                  |     | 540          | 575,100    |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b)   |     | 695          | 700,213    |
| Reynolds Group Issuer, Inc., 8.50%, 5/15/18 (b)          |     | 360          | 345,600    |
|  |     |              | 7,435,501  |

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| <b>Diversified Telecommunication Services 5.1%</b>    |     |           |
|---|-----|-----------|
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12    | 480 | 470,400   |
| Frontier Communications Corp.:                        |     |           |
| 7.88%, 4/15/15  | 320 | 337,600   |
| 8.25%, 4/15/17  | 400 | 423,000   |
| 8.50%, 4/15/20  | 180 | 191,025   |
| GCI, Inc., 8.63%, 11/15/19                            | 600 | 630,000   |
| ITC Deltacom, Inc., 10.50%, 4/01/16                   | 250 | 246,250   |
| Nordic Telephone Co. Holdings ApS, 8.88%, 5/01/16 (b) | 90  | 94,500    |
| Qwest Communications International, Inc.:             |     |           |
| 7.50%, 2/15/14  | 910 | 927,062   |
| 8.00%, 10/01/15 (b)                                   | 300 | 322,500   |
| Series B, 7.50%, 2/15/14                              | 540 | 550,125   |
| Qwest Corp., 8.38%, 5/01/16                           | 350 | 407,750   |
| Wind Acquisition Finance SA, 12.00%, 12/01/15 (b)     | 850 | 896,750   |
| Windstream Corp.:                                     |     |           |
| 8.13%, 8/01/13  | 112 | 119,420   |
| 8.63%, 8/01/16  | 205 | 211,663   |
| 7.88%, 11/01/17                                       | 253 | 256,795   |
|   |     | 6,084,840 |

| Corporate Bonds                                    | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Electric Utilities 0.6%</b>                     |              |            |
| Elwood Energy LLC, 8.16%, 7/05/26                  | USD 384      | \$ 353,579 |
| Salton Sea Funding Corp., Series E, 8.30%, 5/30/11 | 375          | 382,826    |
|  |              | 736,405    |

|   |     |           |
|---|-----|-----------|
| <b>Energy Equipment &amp; Services 2.0%</b>             |     |           |
| Compagnie Générale de Géophysique-Veritas:              |     |           |
| 7.50%, 5/15/15  | 645 | 638,550   |
| 7.75%, 5/15/17  | 220 | 218,350   |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b)       | 900 | 841,500   |
| Global Geophysical Services, Inc., 10.50%, 5/01/17 (b)  | 145 | 143,550   |
| North American Energy Alliance LLC, 10.88%, 6/01/16 (b) | 310 | 334,800   |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)            | 255 | 261,375   |
|   |     | 2,438,125 |

|  |     |         |
|--|-----|---------|
| <b>Food &amp; Staples Retailing 0.6%</b> |     |         |
| Rite Aid Corp.:                          |     |         |
| 9.75%, 6/12/16                           | 195 | 207,188 |
| 10.25%, 10/15/19                         | 290 | 297,975 |
| 8.00%, 8/15/20 (b)                       | 240 | 238,500 |
|  |     | 743,663 |

|                                      |     |         |
|--------------------------------------|-----|---------|
| <b>Food Products 0.5%</b>            |     |         |
| B&G Foods, Inc., 7.63%, 1/15/18      | 100 | 102,875 |
| Reddy Ice Corp., 11.25%, 3/15/15 (b) | 210 | 212,888 |

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|   |     |         |
|---|-----|---------|
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | 200 | 223,250 |
| TreeHouse Foods, Inc., 7.75%, 3/01/18       | 70  | 74,025  |
|   |     | 613,038 |

**Health Care Equipment & Supplies 1.4%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| DJO Finance LLC, 10.88%, 11/15/14     | 1,135 | 1,215,869 |
| Hologic, Inc., 2.00%, 12/15/37 (d)(g) | 470   | 424,762   |
|                                       |       | 1,640,631 |

**Health Care Providers & Services 4.9%**

|  |       |           |
|--|-------|-----------|
| American Renal Holdings, 8.38%, 5/15/18 (b)        | 130   | 130,000   |
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b) | 325   | 336,375   |
| HCA, Inc.:   |       |           |
| 9.13%, 11/15/14                                    | 620   | 651,000   |
| 8.50%, 4/15/19                                     | 465   | 509,756   |
| 7.25%, 9/15/20                                     | 1,295 | 1,353,275 |
| inVentiv Health Inc., 10.00%, 8/15/18 (b)          | 300   | 293,250   |
| Omnicare, Inc., 7.75%, 6/01/20                     | 230   | 230,000   |
| Tenet Healthcare Corp.:                            |       |           |
| 9.00%, 5/01/15                                     | 747   | 795,555   |
| 10.00%, 5/01/18                                    | 257   | 289,125   |
| 8.88%, 7/01/19                                     | 1,175 | 1,270,469 |
|  |       | 5,858,805 |

**Health Care Technology 1.1%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 1,125 | 1,303,594 |
|---------------------------------------|-------|-----------|

**Hotels, Restaurants & Leisure 1.7%**

|   |     |         |
|---|-----|---------|
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                        | 550 | 519,750 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                     | 310 | 331,700 |
| MGM Mirage, 13.00%, 11/15/13                                      | 30  | 34,650  |
| MGM Resorts International:  |     |         |
| 10.38%, 5/15/14   | 125 | 136,250 |
| 11.13%, 11/15/17  | 390 | 435,825 |
| Marina District Finance Co., Inc., 9.88%,<br>8/15/18 (b)          | 170 | 169,575 |
| Travelpart LLC:   |     |         |
| 5.16%, 9/01/14 (f)  | 75  | 69,562  |
| 9.88%, 9/01/14  | 100 | 102,250 |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(h) | 215 | 157     |

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>Hotels, Restaurants &amp; Leisure (concluded)</b>            |              |                  |
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(h)                | USD 585      | \$ 263,250       |
|   |              | <u>2,062,969</u> |
| <b>Household Durables 2.9%</b>                                  |              |                  |
| Beazer Homes USA, Inc.:   |              |                  |
| 6.88%, 7/15/15  | 85           | 73,525           |
| 8.13%, 6/15/16  | 145          | 126,875          |
| 12.00%, 10/15/17  | 720          | 810,900          |
| 9.13%, 6/15/18  | 915          | 809,775          |
| Ryland Group Inc., 6.63%, 5/01/20                               | 315          | 295,312          |
| Standard Pacific Corp.:   |              |                  |
| 9.25%, 4/15/12  | 60           | 61,575           |
| 6.25%, 4/01/14  | 50           | 46,625           |
| 7.00%, 8/15/15  | 65           | 59,800           |
| 10.75%, 9/15/16   | 890          | 936,725          |
| 8.38%, 5/15/18  | 270          | 259,875          |
|   |              | <u>3,480,987</u> |
| <b>IT Services 0.5%</b>   |              |                  |
| iPayment, Inc., 9.75%, 5/15/14                                  | 335          | 302,756          |
| iPayment Investors LP, 12.75%, 7/15/14 (b)(c)                   | 275          | 235,047          |
|   |              | <u>537,803</u>   |
| <b>Independent Power Producers &amp; Energy Traders 3.0%</b>    |              |                  |
| AES Red Oak LLC, Series B, 9.20%, 11/30/29                      | 1,250        | 1,250,000        |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)      | 600          | 630,000          |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)               | 1,460        | 1,405,984        |
| Energy Future Intermediate Holding Co. LLC, 10.00%,<br>12/01/20 | 81           | 77,840           |
| NRG Energy, Inc.:   |              |                  |
| 7.25%, 2/01/14  | 175          | 178,500          |
| 7.38%, 2/01/16  | 35           | 35,263           |
| 7.38%, 1/15/17  | 55           | 55,412           |
|   |              | <u>3,632,999</u> |
| <b>Industrial Conglomerates 2.5%</b>                            |              |                  |
| Sequa Corp. (b):  |              |                  |
| 11.75%, 12/01/15  | 1,060        | 1,091,800        |
| 13.50%, 12/01/15 (c)  | 1,770        | 1,840,323        |

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2,932,123

| <b>Insurance 0.9%</b>                         |     |           |
|---|-----|-----------|
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b) | 800 | 821,000   |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(f)    | 310 | 262,725   |
|   |     | 1,083,725 |

| <b>Life Sciences Tools &amp; Services 0.2%</b> |     |         |
|--|-----|---------|
| Patheon, Inc., 8.63%, 4/15/17 (b)              | 270 | 268,988 |

| <b>Machinery 1.9%</b>                            |     |           |
|--|-----|-----------|
| AGY Holding Corp., 11.00%, 11/15/14              | 700 | 595,000   |
| Accuride Corp., 7.50%, 2/26/20 (c)(d)            | 6   | 15,099    |
| Navistar International Corp.:                    |     |           |
| 3.00%, 10/15/14 (d)                              | 860 | 938,475   |
| 8.25%, 11/01/21                                  | 500 | 523,750   |
| Oshkosh Corp., 8.25%, 3/01/17                    | 70  | 73,675    |
| Titan International, Inc., 5.63%, 1/15/17 (b)(d) | 110 | 130,900   |
|  |     | 2,276,899 |

| <b>Marine 0.5%</b>                      |     |         |
|---|-----|---------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (d) | 700 | 588,000 |

| <b>Media 14.1%</b>    |       |           |
|-----------------------|-------|-----------|
| Affinion Group, Inc.: |       |           |
| 10.13%, 10/15/13      | 1,395 | 1,429,875 |
| 10.13%, 10/15/13      | 295   | 301,638   |

| <b>Corporate Bonds</b>                                 | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|
| <b>Media (concluded)</b>                               |                      |              |
| CCH II LLC, 13.50%, 11/30/16                           | USD 457              | \$ 541,714   |
| CCO Holdings LLC (b):                                  |                      |              |
| 7.88%, 4/30/18   | 220                  | 227,700      |
| 8.13%, 4/30/20   | 220                  | 231,550      |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)           | 69                   | 1,380        |
| CSC Holdings, Inc., 8.50%, 4/15/14                     | 180                  | 196,650      |
| Clear Channel Worldwide Holdings, Inc.:                |                      |              |
| 9.25%, 12/15/17  | 391                  | 405,663      |
| Series B, 9.25%, 12/15/17                              | 1,986                | 2,082,817    |
| Cox Enterprises, Inc.:                                 |                      |              |
| Loan Close 2, 4.00%, 8/15/18                           | 303                  | 302,633      |
| Loan Close 3, 8/15/18                                  | 350                  | 350,000      |
| Shares Loan, 4.00%, 8/15/18                            | 357                  | 356,844      |
| DISH DBS Corp., 7.00%, 10/01/13                        | 192                  | 199,920      |
| Gray Television, Inc., 10.50%, 6/29/15                 | 205                  | 197,313      |
| Harland Clarke Holdings Corp.:                         |                      |              |
| 6.00%, 5/15/15 (f)                                     | 160                  | 134,400      |
| 9.50%, 5/15/15   | 190                  | 180,975      |
| Intelsat Corp., 9.25%, 6/15/16                         | 1,010                | 1,070,600    |
| Interactive Data Corp., 10.25%, 8/01/18 (b)            | 480                  | 498,000      |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d)           | 220                  | 269,500      |
| Lighthouse International Co. SA:                       |                      |              |
| 8.00%, 4/30/14   | EUR 50               | 37,384       |
| 8.00%, 4/30/14 (b)                                     | 100                  | 74,768       |
| Live Nation Entertainment, Inc., 8.13%,<br>5/15/18 (b) | USD 300              | 289,500      |

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|  |     |       |            |
|--|-----|-------|------------|
| McClatchy Co., 11.50%, 2/15/17 (b)                 |     | 650   | 671,125    |
| Nielsen Finance LLC:                               |     |       |            |
| 11.63%, 2/01/14                                    |     | 110   | 123,338    |
| 10.00%, 8/01/14                                    |     | 970   | 1,018,500  |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(d)(h)    |     | 1,427 | 1,356,036  |
| Rainbow National Services LLC, 10.38%, 9/01/14 (b) |     | 1,813 | 1,880,987  |
| Regal Entertainment Group, 9.13%, 8/15/18          |     | 155   | 158,875    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)         |     | 630   | 601,650    |
| UPC Holding BV, 9.88%, 4/15/18 (b)                 |     | 300   | 312,375    |
| Unitymedia GmbH:                                   |     |       |            |
| 9.63%, 12/01/19                                    | EUR | 100   | 132,744    |
| 9.63%, 12/01/19 (b)                                |     | 245   | 325,224    |
| Unitymedia Hessen GmbH & Co. KG (b):               |     |       |            |
| 8.13%, 12/01/17                                    | USD | 425   | 436,687    |
| 8.13%, 12/01/17                                    | EUR | 175   | 226,204    |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)              |     | 175   | 225,095    |
|  |     |       | 16,849,664 |
| <b>Metals &amp; Mining 3.2%</b>                    |     |       |            |
| AK Steel Corp., 7.63%, 5/15/20                     | USD | 30    | 30,225     |
| Aleris International, Inc. (a)(h):                 |     |       |            |
| 9.00%, 12/15/14                                    |     | 200   | 400        |
| 10.00%, 12/15/16                                   |     | 680   | 258        |
| Drummond Co., Inc.:                                |     |       |            |
| 9.00%, 10/15/14 (b)                                |     | 400   | 418,500    |
| 7.38%, 2/15/16                                     |     | 105   | 105,131    |
| FMG Finance Property Ltd. (b):                     |     |       |            |
| 10.00%, 9/01/13                                    |     | 240   | 264,300    |
| 10.63%, 9/01/16                                    |     | 670   | 776,362    |
| Goldcorp, Inc., 2.00%, 8/01/14 (d)                 |     | 220   | 267,575    |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b)        |     | 280   | 247,100    |
| Murray Energy Corp., 10.25%, 10/15/15 (b)          |     | 245   | 250,513    |
| Novelis, Inc., 11.50%, 2/15/15                     |     | 325   | 357,500    |
| Ryerson, Inc.:                                     |     |       |            |
| 7.84%, 11/01/14 (f)                                |     | 180   | 166,950    |
| 12.00%, 11/01/15                                   |     | 100   | 102,875    |
| Steel Dynamics, Inc., 7.38%, 11/01/12              |     | 220   | 233,750    |
| United States Steel Corp., 7.38%, 4/01/20          |     | 245   | 248,063    |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b)          |     | 295   | 309,750    |
|  |     |       | 3,779,252  |

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>Multiline Retail 2.5%</b>                  |              |            |
| Dollar General Corp.:                         |              |            |
| 10.63%, 7/15/15                               | USD 638      | \$ 700,205 |
| 11.88%, 7/15/17 (c)                           | 2,020        | 2,323,000  |
|   |              | 3,023,205  |
| <b>Oil, Gas &amp; Consumable Fuels 8.6%</b>   |              |            |
| Arch Coal, Inc.:                              |              |            |
| 8.75%, 8/01/16                                | 25           | 27,063     |
| 7.25%, 10/01/20                               | 400          | 406,000    |
| Atlas Energy Operating Co. LLC:               |              |            |
| 12.13%, 8/01/17                               | 225          | 258,469    |
| 10.75%, 2/01/18                               | 120          | 132,300    |
| Berry Petroleum Co., 8.25%, 11/01/16          | 275          | 277,750    |
| Bill Barrett Corp., 9.88%, 7/15/16            | 20           | 21,700     |
| Chesapeake Energy Corp.:                      |              |            |
| 6.50%, 8/15/17                                | 235          | 238,525    |
| 6.63%, 8/15/20                                | 1,090        | 1,094,087  |
| 2.25%, 12/15/38 (d)                           | 375          | 280,781    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 135          | 138,713    |
| Connacher Oil and Gas Ltd. (b):               |              |            |
| 11.75%, 7/15/14                               | 85           | 92,225     |
| 10.25%, 12/15/15                              | 520          | 520,000    |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       | 920          | 976,350    |
| Crosstex Energy LP, 8.88%, 2/15/18            | 190          | 196,175    |
| Denbury Resources, Inc.:                      |              |            |
| 7.50%, 12/15/15                               | 75           | 77,250     |
| 8.25%, 2/15/20                                | 348          | 371,490    |
| Linn Energy LLC, 8.63%, 4/15/20 (b)           | 515          | 543,325    |
| Massey Energy Co., 6.88%, 12/15/13            | 435          | 440,437    |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)  | 875          | 920,937    |
| OPTI Canada, Inc. (b):                        |              |            |
| 9.00%, 12/15/12                               | 820          | 822,050    |
| 9.75%, 8/15/13                                | 480          | 474,000    |
| Patriot Coal Corp., 8.25%, 4/30/18            | 190          | 188,575    |
| Peabody Energy Corp., 6.50%, 9/15/20          | 500          | 525,625    |
| Petrohawk Energy Corp.:                       |              |            |
| 10.50%, 8/01/14                               | 275          | 307,312    |
| 7.88%, 6/01/15                                | 210          | 217,875    |
| QEP Resources, Inc., 6.88%, 3/01/21           | 195          | 203,288    |
| Range Resources Corp., 8.00%, 5/15/19         | 200          | 214,000    |
| Teekay Corp., 8.50%, 1/15/20                  | 300          | 320,250    |
|   |              | 10,286,552 |
| <b>Paper &amp; Forest Products 2.6%</b>       |              |            |

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|   |       |           |
|---|-------|-----------|
| <b>Boise Paper Holdings LLC:</b>          |       |           |
| 9.00%, 11/01/17                           | 155   | 163,137   |
| 8.00%, 4/01/20                            | 70    | 71,225    |
| Clearwater Paper Corp., 10.63%, 6/15/16   | 185   | 208,125   |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)   | 755   | 826,725   |
| Glatfelter, 7.13%, 5/01/16 (b)            | 100   | 100,625   |
| NewPage Corp., 11.38%, 12/31/14           | 1,490 | 1,210,625 |
| Norske Skog Canada Ltd., 7.38%, 3/01/14   | 175   | 70,000    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14 | 405   | 427,275   |
|   |       | 3,077,737 |

|  |     |         |
|--|-----|---------|
| <b>Pharmaceuticals 0.8%</b>                          |     |         |
| Angiotech Pharmaceuticals, Inc., 4.29%, 12/01/13 (f) | 495 | 399,712 |
| Elan Finance Plc, 8.88%, 12/01/13                    | 75  | 75,563  |
| Novasep Holding SAS, 9.75%, 12/15/16 (b)             | 473 | 431,258 |
|  |     | 906,533 |

|                                       |     |         |
|---------------------------------------|-----|---------|
| <b>Professional Services 0.2%</b>     |     |         |
| FTI Consulting, Inc., 7.75%, 10/01/16 | 275 | 285,313 |

| Corporate Bonds                                  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Road &amp; Rail 0.5%</b>                      |              |            |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18       | USD 240      | \$ 250,800 |
| Syncreon Global Ireland Ltd., 9.50%, 5/01/18 (b) | 380          | 371,450    |
|  |              | 622,250    |

|  |     |         |
|--|-----|---------|
| <b>Semiconductors &amp; Semiconductor Equipment 0.2%</b> |     |         |
| Advanced Micro Devices, Inc.:                            |     |         |
| 6.00%, 5/01/15 (d)                                       | 67  | 65,576  |
| 7.75%, 8/01/20 (b)                                       | 135 | 133,650 |
|  |     | 199,226 |

|  |     |       |
|--|-----|-------|
| <b>Software 0.0%</b>                         |     |       |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(c)(f) | 239 | 4,771 |

|   |     |           |
|---|-----|-----------|
| <b>Specialty Retail 1.4%</b>                    |     |           |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(g) | 470 | 357,787   |
| Hillman Group, Inc., 10.88%, 6/01/18 (b)        | 250 | 263,125   |
| Limited Brands, Inc., 8.50%, 6/15/19            | 70  | 79,100    |
| Sonic Automotive, Inc., 9.00%, 3/15/18          | 175 | 178,063   |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)    | 200 | 202,000   |
| United Auto Group, Inc., 7.75%, 12/15/16        | 655 | 625,525   |
|   |     | 1,705,600 |

|  |     |         |
|--|-----|---------|
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b> |     |         |
| Quiksilver, Inc., 6.88%, 4/15/15                 | 210 | 194,250 |

|                                    |     |         |
|------------------------------------|-----|---------|
| <b>Tobacco 0.1%</b>                |     |         |
| Vector Group Ltd., 11.00%, 8/15/15 | 150 | 152,813 |

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**Wireless Telecommunication Services 5.2%**

|  |       |           |
|--|-------|-----------|
| Cricket Communications, Inc.:            |       |           |
| 10.00%, 7/15/15                          | 810   | 848,475   |
| 7.75%, 5/15/16                           | 320   | 330,400   |
| Digicel Group Ltd. (b):                  |       |           |
| 8.88%, 1/15/15                           | 370   | 372,775   |
| 9.13%, 1/15/15 (c)                       | 1,220 | 1,226,100 |
| 8.25%, 9/01/17                           | 420   | 436,275   |
| 10.50%, 4/15/18                          | 200   | 214,500   |
| FiberTower Corp., 9.00%, 1/01/16 (c)     | 147   | 124,534   |
| iPCS, Inc., 2.59%, 5/01/13 (f)           | 330   | 308,550   |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | 1,085 | 1,128,400 |
| Nextel Communications, Inc.:             |       |           |
| Series E, 6.88%, 10/31/13                | 500   | 498,750   |
| Series F, 5.95%, 3/15/14                 | 50    | 48,313    |
| Sprint Capital Corp., 6.88%, 11/15/28    | 750   | 626,250   |
|  |       | 6,163,322 |

**Total Corporate Bonds 98.7%** 118,056,960

**Floating Rate Loan Interests (f)**

**Auto Components 0.8%**

|  |       |         |
|--|-------|---------|
| Allison Transmission, Inc., Term Loan, 3.04%,<br>8/07/14 | 1,006 | 927,169 |
|--|-------|---------|

**Automobiles 1.3%**

|   |       |           |
|---|-------|-----------|
| Ford Motor Co., Tranche B-1 Term Loan, 3.03%,<br>12/15/13 | 1,662 | 1,598,424 |
|---|-------|-----------|

**Building Products 1.2%**

|   |       |           |
|---|-------|-----------|
| CPG International I, Inc., Term Loan, 5.54%,<br>4/30/12 | 1,470 | 1,469,849 |
|---|-------|-----------|

**Chemicals 0.6%**

|  |     |         |
|--|-----|---------|
| Tronox Worldwide LLC:                  |     |         |
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | 552 | 556,248 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | 148 | 149,439 |

705,687

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 (f)  | Par<br>(000) | Value            |
|---|--------------|------------------|
| <b>Commercial Services &amp; Supplies 1.1%</b>  |              |                  |
| AWAS Finance Luxembourg Sarl, Term Loan B, 7.75%,<br>6/10/16                                | USD 500      | \$ 502,916       |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16   | 325          | 326,761          |
| International Lease Finance Corp. (Delos Aircraft, Inc.)<br>Term Loan 1, 6.75%, 3/17/15     | 450          | 453,563          |
|   |              | <u>1,283,240</u> |
| <b>Consumer Finance 1.8%</b>  |              |                  |
| AGFS Funding Co., Term Loan,<br>7.25%, 4/21/15  | 2,000        | 1,976,250        |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13 | 113          | 112,101          |
|   |              | <u>2,088,351</u> |
| <b>Diversified Telecommunication Services 0.6%</b>  |              |                  |
| Wind Finance SL SA, Euro Facility (Second Lien),<br>7.89%, 12/17/14                         | EUR 600      | 758,806          |
| <b>Electric Utilities 0.6%</b>  |              |                  |
| New Development Holdings LLC, Term Loan,<br>7.00%, 7/03/17                                  | USD 675      | 681,750          |
| <b>Health Care Providers &amp; Services 0.8%</b>  |              |                  |
| Harden Healthcare:<br>Add-on Term Loan, 7.75%, 3/02/15                                      | 300          | 294,000          |
| Tranche A Term Loan, 8.50%, 3/02/15   | 223          | 218,495          |
| inVentiv Health Inc. (FKA Vention Health Inc.),<br>Term Loan B, 6.50%, 7/31/16              | 400          | 399,250          |
|   |              | <u>911,745</u>   |
| <b>Hotels, Restaurants &amp; Leisure 1.7%</b>   |              |                  |
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.37%,<br>3/27/12 (c)                          | 2,186        | 2,032,823        |
| <b>IT Services 0.4%</b>   |              |                  |
| First Data Corp.:<br>Initial Tranche B-2 Term Loan, 3.01%, 9/24/14                          | 192          | 163,826          |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   | 422          | 359,797          |
|   |              | <u>523,623</u>   |

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|   |     |                      |              |
|---|-----|----------------------|--------------|
| <b>Independent Power Producers &amp; Energy Traders 1.0%</b>  |     |                      |              |
| Texas Competitive Electric Holdings Co., LLC (TXU):   |     |                      |              |
| Initial Tranche B-2 Term Loan, 3.79% 4.07%,<br>10/10/14   |     | 89                   | 67,717       |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%,<br>10/10/14   |     | 1,459                | 1,099,533    |
|   |     |                      | 1,167,250    |
| <b>Media 1.6%</b>   |     |                      |              |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 |     |                      |              |
|   |     | 735                  | 732,550      |
| HMH Publishing Co., Ltd. (FKA Education Media), Tranche A Term Loan, 5.80%, 6/12/14 (c)                 |     |                      |              |
|   |     | 434                  | 395,526      |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13   |     |                      |              |
|   |     | 750                  | 795,938      |
|   |     |                      | 1,924,014    |
| <b>Multiline Retail 0.1%</b>  |     |                      |              |
| The Neiman Marcus Group, Inc., Term Loan, 2.29% 2.54%, 4/06/13  |     |                      |              |
|   |     | 117                  | 111,303      |
| <b>Oil, Gas &amp; Consumable Fuels 0.7%</b>   |     |                      |              |
| Turbo Beta Ltd., Dollar Facility, 2.50% 14.50%, 3/15/18 (c)   |     |                      |              |
|   |     | 1,055                | 836,318      |
| <b>Paper &amp; Forest Products 0.2%</b>   |     |                      |              |
| Verso Paper Finance Holdings LLC, Loan, 6.70% 7.45%, 2/01/13  |     |                      |              |
|   |     | 483                  | 289,584      |
| <b>Floating Rate Loan Interests (f)</b>   |     |                      |              |
|   |     | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Real Estate Management &amp; Development 0.4%</b>  |     |                      |              |
| Realogy Corp., Second Lien Term Facility, 13.50%, 10/15/17  |     |                      |              |
|   | USD | 500                  | \$ 527,500   |
| <b>Specialty Retail 0.2%</b>  |     |                      |              |
| Claire's Stores, Inc., Term Loan B, 3.05%, 5/29/14  |     |                      |              |
|   |     | 74                   | 63,079       |
| Michaels Stores, Inc., Term Loan B-1, 2.63% 2.81%, 10/31/13   |     |                      |              |
|   |     | 165                  | 156,069      |
|   |     |                      | 219,148      |
| <b>Wireless Telecommunication Services 0.6%</b>   |     |                      |              |
| Vodafone Group Plc, Revolving Credit, 6.88%, 7/30/15  |     |                      |              |
|   |     | 750                  | 750,000      |
| <b>Total Floating Rate Loan Interests 15.7%</b>   |     |                      | 18,806,584   |

Other Interests (i)

Beneficial  
Interest



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(000)

|  |     |         |
|--|-----|---------|
| <b>Auto Components 0.3%</b>  |     |         |
| Delphi Debtor-in-Possession Holding Co. LLP,<br>Class B Membership Interests | (j) | 374,153 |
| <b>Health Care Providers &amp; Services 0.0%</b>                             |     |         |
| Critical Care Systems International, Inc.                                    | 5   | 953     |
| <b>Total Other Interests 0.3%</b>  |     | 375,106 |

**Preferred Securities**

| Preferred Stocks   | Shares |           |
|--|--------|-----------|
| <b>Diversified Financial Services 1.1%</b>               |        |           |
| Ally Financial Inc., 7.00% (b)                           | 1,521  | 1,256,394 |
| <b>Media 0.2%</b>  |        |           |
| CMP Susquehanna Radio Holdings Corp.,<br>0.00% (a)(b)(f) | 16,138 |           |
| Emmis Communications Corp., Series A,<br>6.25% (a)(d)    | 10,300 | 180,250   |
|  |        | 180,250   |
| <b>Real Estate Investment Trusts (REITs) 0.0%</b>        |        |           |
| MPG Office Trust, Inc., Series A, 7.63% (a)              | 4,171  | 45,005    |
| <b>Specialty Retail 0.3%</b>                             |        |           |
| Lazydays RV Center, Inc., 0.00% (a)                      | 350    | 417,114   |
| <b>Thriffs &amp; Mortgage Finance 0.0%</b>               |        |           |
| Fannie Mae, Series O, 0.00% (a)                          | 10,000 | 4,100     |
| Freddie Mac, Series Z, 8.38% (a)                         | 31,930 | 10,537    |
|  |        | 14,637    |
| <b>Total Preferred Securities 1.6%</b>                   |        | 1,913,400 |

**Warrants (k)**

|   |  |        |
|---|--|--------|
| <b>Media 0.0%</b>   |  |        |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b) |  | 18,441 |
| <b>Oil, Gas &amp; Consumable Fuels 0.0%</b>                   |  |        |
| Turbo Cayman Ltd. (No Expiration)                             |  | 1      |
| <b>Software 0.0%</b>  |  |        |
| HMH Holdings/EduMedia (Expires 3/09/17)                       |  | 3,476  |

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**Total Warrants** 0.0%

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**Total Long-Term Investments**  
(Cost \$141,582,716) 117.5%

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140,611,611

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See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (continued)

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

| Short-Term Securities   | Shares    | Value                 |
|---|-----------|-----------------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (1)(m) | 2,032,818 | \$ 2,032,818          |
| <b>Total Short-Term Securities</b><br>(Cost \$2,032,818) 1.7%             |           | 2,032,818             |
| <b>Total Investments (Cost \$143,615,534*) 119.2%</b>                     |           | 142,644,429           |
| <b>Liabilities in Excess of Other Assets (19.2)%</b>                      |           | (23,002,738)          |
| <b>Net Assets 100.0%</b>  |           | <b>\$ 119,641,691</b> |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 143,737,652 |
| Gross unrealized appreciation | \$ 6,221,884   |
| Gross unrealized depreciation | (7,315,107)    |
| Net unrealized depreciation   | \$ (1,093,223) |

- (a) Non-income producing security.
- (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 face/shares.
- (d) Convertible security.
- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (h) Issuer filed for bankruptcy and/or is in default of interest payments.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.

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- (j) Amount is less than \$1,000.
- (k) 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, if any.
- (l) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income   |
|--|--------------------------------|--------------|--------------------------------|----------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,250,194                      | 782,624      | 2,032,818                      | \$ 2,933 |

- (m) Represents the current yield as of report date.

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty     | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|------------------|-----------------|--|
| EUR 42,000         | USD 53,174    | Citibank NA      | 9/15/10         | \$ 49                                  |
| USD 4,420,402      | EUR 3,490,500 | Citibank NA      | 9/15/10         | (2,840)                                |
| USD 148,180        | EUR 115,000   | Deutsche Bank AG | 9/15/10         | 2,449                                  |
| <b>Total</b>       |               |                  |                 | <b>\$ (342)</b>                        |

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts | Issue         | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|-----------|---------------|--------------------|-----------------|----------------|-------------------------|
| 9         | S&P 500 Index | Chicago Mercantile | September 2010  | \$ 2,404,153   | \$ 45,478               |

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that

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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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs             | Level 1             | Level 2               | Level 3             | Total                 |
|------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                     |                       |
| Investments in Securities:   |                     |                       |                     |                       |
| Long-Term Investments:       |                     |                       |                     |                       |
| Common Stocks                | \$ 1,114,736        | \$ 61,362             | \$ 283,463          | \$ 1,459,561          |
| Corporate Bonds              |                     | 114,986,268           | 3,070,692           | 118,056,960           |
| Floating Rate Loan Interests |                     | 13,615,526            | 5,191,058           | 18,806,584            |
| Other interests              |                     | 374,153               | 953                 | 375,106               |
| Preferred Securities         | 1,496,286           |                       | 417,114             | 1,913,400             |
| Short-Term Securities        | 2,032,818           |                       |                     | 2,032,818             |
| <b>Liabilities:</b>          |                     |                       |                     |                       |
| Unfunded Loan Commitments    |                     |                       | (2,026)             | (2,026)               |
| <b>Total</b>                 | <b>\$ 4,643,840</b> | <b>\$ 129,037,309</b> | <b>\$ 8,961,254</b> | <b>\$ 142,642,403</b> |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

## BlackRock High Income Shares (HIS)

| Valuation Inputs                    | Derivative Financial Instruments <sup>1</sup> |          |         |           |
|-------------------------------------|---|----------|---------|-----------|
|                                     | Level 1                                       | Level 2  | Level 3 | Total     |
| <b>Assets:</b>                      |   |          |         |           |
| Foreign currency exchange contracts |   | \$ 2,498 |         | \$ 2,498  |
| Equity contracts                    | \$ 45,478                                     |          |         | 45,478    |
| <b>Liabilities:</b>                 |   |          |         |           |
| Foreign currency exchange contracts |   | (2,840)  |         | (2,840)   |
| <b>Total</b>                        | \$ 45,478                                     | \$ (342) |         | \$ 45,136 |

<sup>1</sup> Derivative financial instruments are financial futures contracts and foreign currency exchange contracts. Financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Common<br>Stocks | Corporate<br>Bonds | Floating<br>Rate<br>Loan<br>Interests | Other<br>Interests | Preferred<br>Stocks | Unfunded<br>Loan<br>Commitments | Total         |
|---|------------------|--------------------|---------------------------------------|--------------------|---------------------|---------------------------------|---------------|
| <b>Assets/Liabilities:</b>                                      |                  |                    |                                       |                    |                     |                                 |               |
| Balance, as of August 31, 2009                                  |                  | \$ 2,463,780       | \$ 8,875,772                          | \$ 953             |                     |                                 | \$ 11,340,505 |
| Accrued discounts/premiums                                      |                  | 2,965              | 41,176                                |                    |                     |                                 | 44,141        |
| Net realized gain (loss)  |                  | (422,836)          | (1,747,316)                           |                    |                     |                                 | (2,170,152)   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> |                  | 4,929,227          | 4,543,962                             |                    |                     | \$ (2,026)                      | 9,471,163     |
| Purchases   |                  | 223,025            | 2,535,753                             |                    |                     |                                 | 2,758,778     |
| Sales   |                  | (5,603,699)        | (7,633,681)                           |                    |                     |                                 | (13,237,380)  |
| Transfers in <sup>3</sup>                                       | \$ 283,463       | 1,713,276          | 2,973,020                             |                    | \$ 417,114          |                                 | 5,386,873     |
| Transfers out <sup>3</sup>                                      |                  | (235,046)          | (4,397,628)                           |                    |                     |                                 | (4,632,674)   |
| <b>Balance, as of August 31, 2010</b>                           | \$ 283,463       | \$ 3,070,692       | \$ 5,191,058                          | \$ 953             | \$ 417,114          | \$ (2,026)                      | \$ 8,961,254  |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$2,064,289.

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.



Schedule of Investments August 31, 2010

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

| Common Stocks (a)                       | Shares | Value     |
|---|--------|-----------|
| <b>Building Products 0.2%</b>           |        |           |
| Masonite Worldwide Holdings             | 2,527  | \$ 96,026 |
| <b>Capital Markets 0.2%</b>             |        |           |
| E*Trade Financial Corp.                 | 4,900  | 60,809    |
| <b>Construction Materials 0.0%</b>      |        |           |
| Nortek, Inc.                            | 375    | 15,562    |
| <b>Machinery 0.0%</b>                   |        |           |
| Accuride Corp.                          | 13,902 | 15,292    |
| <b>Paper &amp; Forest Products 0.0%</b> |        |           |
| Ainsworth Lumber Co. Ltd.               | 2,234  | 5,237     |
| Ainsworth Lumber Co. Ltd. (b)           | 2,507  | 5,878     |
|   |        | 11,115    |
| <b>Software 0.2%</b>                    |        |           |
| HMH Holdings/EduMedia                   | 13,732 | 68,660    |
| <b>Specialty Retail 0.1%</b>            |        |           |
| Lazydays RV Center, Inc.                | 3,395  | 17,350    |
| <b>Total Common Stocks 0.7%</b>         |        | 284,814   |

| Corporate Bonds                          | Par<br>(000) | Value   |
|--|--------------|---------|
| <b>Aerospace &amp; Defense 0.0%</b>      |              |         |
| L-3 Communications Corp., 5.88%, 1/15/15 | \$ 10        | 10,188  |
| <b>Air Freight &amp; Logistics 0.6%</b>  |              |         |
| National Air Cargo Group, Inc.:          |              |         |
| Series 1, 12.38%, 8/16/15                | 125          | 125,000 |
| Series 2, 12.38%, 8/16/15                | 125          | 125,000 |
|  |              | 250,000 |
| <b>Airlines 1.4%</b>                     |              |         |
| Air Canada (b):                          |              |         |
| 9.25%, 8/01/15                           | 180          | 176,400 |



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|   |     |         |
|---|-----|---------|
| 12.00%, 2/01/16   | 50  | 46,750  |
| American Airlines Pass-Through Trust, Series 2001-02,<br>7.86%, 4/01/13 | 20  | 20,930  |
| Continental Airlines, Inc., 6.75%, 9/15/15 (b)                          | 90  | 89,100  |
| United Air Lines, Inc., 12.75%, 7/15/12                                 | 248 | 276,297 |
|   |     | 609,477 |

**Auto Components 2.2%**

|  |     |         |
|--|-----|---------|
| Delphi International Holdings Unsecured, 12.00%,<br>10/06/14 | 8   | 7,503   |
| The Goodyear Tire & Rubber Co.:                              |     |         |
| 8.25%, 8/15/20   | 70  | 71,663  |
| 8.75%, 8/15/20   | 20  | 21,150  |
| Icahn Enterprises LP, 8.00%, 1/15/18                         | 650 | 646,750 |
| Stanadyne Corp., Series 1, 10.00%, 8/15/14                   | 90  | 85,050  |
| Tenneco, Inc., 7.75%, 8/15/18 (b)                            | 90  | 91,800  |
|  |     | 923,916 |

**Beverages 0.1%**

|  |    |        |
|--|----|--------|
| Cott Beverages USA, Inc., 8.13%, 9/01/18 (b) | 43 | 44,236 |
|--|----|--------|

**Biotechnology 0.3%**

|                                 |     |         |
|---------------------------------|-----|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | 108 | 110,299 |
|---------------------------------|-----|---------|

**Building Products 1.6%**

|  |     |         |
|--|-----|---------|
| Associated Materials LLC, 9.88%, 11/15/16                            | 80  | 84,800  |
| Building Materials Corp. of America, 6.88%, 8/15/18 (b)              | 90  | 87,525  |
| CPG International I, Inc., 10.50%, 7/01/13                           | 150 | 149,813 |
| Momentive Performance Materials, Inc., Series WI,<br>9.75%, 12/01/14 | 125 | 122,031 |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                            | 230 | 236,900 |
|  |     | 681,069 |

| Corporate Bonds   | Par<br>(000) | Value     |
|---|--------------|-----------|
| <b>Capital Markets 0.6%</b>                                 |              |           |
| E*Trade Financial Corp., Series A, 2.51%,<br>8/31/19 (c)(d) | \$ 71        | \$ 85,200 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)                | 154          | 56,980    |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(e)          | 72           | 6,465     |
| Marsico Parent Superholdco, LLC, 14.50%,<br>1/15/18 (b)(e)  | 43           | 3,901     |
| Offshore Group Investments Ltd., 11.50%, 8/01/15 (b)        | 85           | 84,787    |
|   |              | 237,333   |

**Chemicals 4.4%**

|  |     |         |
|--|-----|---------|
| American Pacific Corp., 9.00%, 2/01/15     | 140 | 138,425 |
| Ames True Temper, Inc., 4.53%, 1/15/12 (f) | 265 | 264,337 |
| CF Industries, Inc.:                       |     |         |
| 6.88%, 5/01/18                             | 70  | 73,675  |
| 7.13%, 5/01/20                             | 130 | 139,425 |
| Chemtura Corp., 7.88%, 9/01/18 (b)         | 90  | 91,913  |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)     | 30  | 31,088  |

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|  |     |         |
|--|-----|---------|
| <b>Hexion U.S. Finance Corp.:</b>              |     |         |
| 9.75%, 11/15/14                                | 135 | 132,637 |
| 8.88%, 2/01/18                                 | 130 | 120,250 |
| Huntsman International LLC, 8.63%, 3/15/20 (b) | 40  | 39,650  |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)          | 100 | 101,125 |
| Innophos, Inc., 8.88%, 8/15/14                 | 545 | 558,625 |
| MacDermid, Inc., 9.50%, 4/15/17 (b)            | 195 | 197,681 |

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1,888,831

**Commercial Banks 3.0%**

|                         |       |           |
|-------------------------|-------|-----------|
| <b>CIT Group, Inc.:</b> |       |           |
| 7.00%, 5/01/16          | 305   | 289,750   |
| 7.00%, 5/01/17          | 1,075 | 1,010,835 |

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1,300,585

**Commercial Services & Supplies 1.0%**

|   |     |         |
|---|-----|---------|
| <b>ACCO Brands Corp., 10.63%, 3/15/15</b>                   |     |         |
|   | 45  | 49,500  |
| <b>RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b)</b>      |     |         |
|   | 100 | 109,000 |
| <b>Scientific Games International, Inc., 9.25%, 6/15/19</b> |     |         |
|   | 30  | 31,800  |
| <b>West Corp., 11.00%, 10/15/16</b>                         |     |         |
|   | 210 | 220,500 |

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410,800

**Construction Materials 0.9%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| <b>Nortek, Inc., 11.00%, 12/01/13</b> |     |         |
|                                       | 377 | 396,912 |

**Consumer Finance 2.3%**

|  |     |         |
|--|-----|---------|
| <b>Credit Acceptance Corp., 9.13%, 2/01/17 (b)</b> |     |         |
|  | 120 | 124,350 |
| <b>Ford Motor Credit Co. LLC:</b>                  |     |         |
| 3.28%, 1/13/12 (f)                                 | 110 | 107,800 |
| 7.80%, 6/01/12                                     | 500 | 526,171 |
| 6.63%, 8/15/17                                     | 230 | 233,766 |

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992,087

**Containers & Packaging 3.4%**

|  |     |         |
|--|-----|---------|
| <b>Ball Corp., 6.75%, 9/15/20</b>                            |     |         |
|  | 85  | 89,462  |
| <b>Berry Plastics Corp.:</b>                                 |     |         |
| 8.88%, 9/15/14   | 140 | 133,350 |
| 8.25%, 11/15/15  | 25  | 25,063  |
| 9.50%, 5/15/18 (b)   | 105 | 96,600  |
| <b>Berry Plastics Holding Corp., 8.88%, 9/15/14</b>          |     |         |
|  | 330 | 314,325 |
| <b>Crown Americas LLC, 7.75%, 11/15/15</b>                   |     |         |
|  | 85  | 88,187  |
| <b>Graphic Packaging International, Inc., 9.50%, 6/15/17</b> |     |         |
|  | 160 | 170,400 |
| <b>Impress Holdings BV, 3.65%, 9/15/13 (b)(f)</b>            |     |         |
|  | 270 | 255,150 |
| <b>Pregis Corp., 12.38%, 10/15/13</b>                        |     |         |
|  | 310 | 310,000 |

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1,482,537

**Diversified Financial Services 6.3%**

|                             |     |         |
|-----------------------------|-----|---------|
| <b>Ally Financial Inc.:</b> |     |         |
| 8.30%, 2/12/15 (b)          | 350 | 364,000 |
| 7.50%, 9/15/20 (b)          | 310 | 306,900 |
| 8.00%, 11/01/31             | 120 | 118,200 |

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See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments (continued)

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

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Diversified Financial Services (concluded)</b>                |              |            |
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16               | \$ 165       | \$ 165,206 |
| CDX North America High Yield, Series 6-T1, 8.63%,<br>6/29/11 (b) | 435          | 457,272    |
| GMAC, Inc.:  |              |            |
| 2.74%, 12/01/14 (f)  | 73           | 62,760     |
| 8.00%, 3/15/20 (b)   | 500          | 512,500    |
| Leucadia National Corp.:   |              |            |
| 8.13%, 9/15/15   | 200          | 213,000    |
| 7.13%, 3/15/17   | 110          | 110,275    |
| Reynolds Group DL Escrow, Inc., 7.75%, 10/15/16 (b)              | 250          | 251,875    |
| Reynolds Group Issuer, Inc., 8.50%, 5/15/18 (b)                  | 130          | 124,800    |
|  |              | 2,686,788  |
| <b>Diversified Telecommunication Services 5.0%</b>               |              |            |
| Asia Global Crossing Ltd., 13.38%, 10/15/10 (a)(g)               | 2,000        | 2,500      |
| Broadview Networks Holdings, Inc., 11.38%, 9/01/12               | 195          | 191,100    |
| Frontier Communications Corp.:                                   |              |            |
| 7.88%, 4/15/15   | 100          | 105,500    |
| 8.25%, 4/15/17   | 100          | 105,750    |
| 8.50%, 4/15/20   | 70           | 74,288     |
| GCI, Inc., 8.63%, 11/15/19                                       | 200          | 210,000    |
| Qwest Communications International, Inc.:                        |              |            |
| 7.50%, 2/15/14   | 685          | 697,844    |
| 8.00%, 10/01/15 (b)  | 100          | 107,500    |
| Series B, 7.50%, 2/15/14   | 235          | 239,406    |
| Qwest Corp., 8.38%, 5/01/16                                      | 140          | 163,100    |
| Wind Acquisition Finance SA, 12.00%, 12/01/15 (b)                | 150          | 158,250    |
| Windstream Corp.:  |              |            |
| 8.13%, 8/01/13   | 25           | 26,656     |
| 8.63%, 8/01/16   | 50           | 51,625     |
| 7.88%, 11/01/17  | 25           | 25,375     |
|  |              | 2,158,894  |
| <b>Electric Utilities 0.8%</b>                                   |              |            |
| Elwood Energy LLC, 8.16%, 7/05/26                                | 381          | 350,750    |
| <b>Energy Equipment &amp; Services 2.0%</b>                      |              |            |
| Compagnie Général de Géophysique-Veritas:                        |              |            |
| 7.50%, 5/15/15   | 235          | 232,650    |
| 7.75%, 5/15/17   | 80           | 79,400     |
| Expro Finance Luxembourg SCA, 8.50%, 12/15/16 (b)                | 290          | 271,150    |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)        | 50           | 49,500     |
|  | 5            | 4,688      |

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|  |     |         |
|--|-----|---------|
| Hornbeck Offshore Services, Inc., Series B, 6.13%,<br>12/01/14 |     |         |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b)     | 115 | 124,200 |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)                   | 90  | 92,250  |
|  |     | 853,838 |

**Food & Staples Retailing 0.3%**

|                                  |     |         |
|----------------------------------|-----|---------|
| Rite Aid Corp., 10.25%, 10/15/19 | 120 | 123,300 |
|----------------------------------|-----|---------|

**Food Products 0.2%**

|   |    |        |
|---|----|--------|
| Smithfield Foods, Inc., 10.00%, 7/15/14 (b) | 60 | 66,975 |
|---|----|--------|

**Health Care Equipment & Supplies 1.4%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| DJO Finance LLC, 10.88%, 11/15/14 | 410 | 439,212 |
|-----------------------------------|-----|---------|

|                                       |     |         |
|---------------------------------------|-----|---------|
| Hologic, Inc., 2.00%, 12/15/37 (d)(h) | 170 | 153,638 |
|---------------------------------------|-----|---------|

592,850

**Health Care Providers & Services 4.8%**

|   |    |        |
|---|----|--------|
| American Renal Holdings, 8.38%, 5/15/18 (b) | 50 | 50,000 |
|---|----|--------|

|  |     |         |
|--|-----|---------|
| Gentiva Health Services, Inc., 11.50%, 9/01/18 (b) | 115 | 119,025 |
|--|-----|---------|

HCA, Inc.:

|                 |     |         |
|-----------------|-----|---------|
| 9.13%, 11/15/14 | 265 | 278,250 |
|-----------------|-----|---------|

|                |     |         |
|----------------|-----|---------|
| 8.50%, 4/15/19 | 205 | 224,731 |
|----------------|-----|---------|

|                |     |         |
|----------------|-----|---------|
| 7.25%, 9/15/20 | 340 | 355,300 |
|----------------|-----|---------|

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

**Health Care Providers & Services (concluded)**

|   |       |           |
|---|-------|-----------|
| inVentiv Health Inc., 10.00%, 8/15/18 (b) | \$ 95 | \$ 92,863 |
|---|-------|-----------|

|                                |    |        |
|--------------------------------|----|--------|
| Omnicare, Inc., 7.75%, 6/01/20 | 85 | 85,000 |
|--------------------------------|----|--------|

Tenet Healthcare Corp.:

|                |     |         |
|----------------|-----|---------|
| 9.00%, 5/01/15 | 279 | 297,135 |
|----------------|-----|---------|

|                 |     |         |
|-----------------|-----|---------|
| 10.00%, 5/01/18 | 259 | 291,375 |
|-----------------|-----|---------|

|                |     |         |
|----------------|-----|---------|
| 8.88%, 7/01/19 | 245 | 264,906 |
|----------------|-----|---------|

2,058,585

**Health Care Technology 1.1%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 410 | 475,088 |
|---------------------------------------|-----|---------|

**Hotels, Restaurants & Leisure 2.3%**

|  |     |         |
|--|-----|---------|
| Diamond Resorts Corp., 12.00%, 8/15/18 (b) | 200 | 189,000 |
|--|-----|---------|

|                              |    |        |
|------------------------------|----|--------|
| MGM Mirage, 13.00%, 11/15/13 | 25 | 28,875 |
|------------------------------|----|--------|

|  |     |         |
|--|-----|---------|
| MGM Resorts International, 10.38%, 5/15/14 | 465 | 506,850 |
|--|-----|---------|

|   |    |        |
|---|----|--------|
| Marina District Finance Co., Inc., 9.88%, 8/15/18 (b) | 60 | 59,850 |
|---|----|--------|

|                                    |    |        |
|------------------------------------|----|--------|
| Travelport LLC, 5.16%, 9/01/14 (f) | 25 | 23,188 |
|------------------------------------|----|--------|

|   |    |    |
|---|----|----|
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(g) | 25 | 18 |
|---|----|----|

|  |     |         |
|--|-----|---------|
| Virgin River Casino Corp., 9.00%, 1/15/12 (a)(g) | 445 | 200,250 |
|--|-----|---------|

1,008,031

**Household Durables 2.5%**

Beazer Homes USA, Inc.:

|                |    |        |
|----------------|----|--------|
| 6.88%, 7/15/15 | 35 | 30,275 |
|----------------|----|--------|

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|                                   |     |           |
|-----------------------------------|-----|-----------|
| 8.13%, 6/15/16                    | 50  | 43,750    |
| 12.00%, 10/15/17                  | 40  | 45,050    |
| 9.13%, 6/15/18                    | 395 | 349,575   |
| Jarden Corp., 8.00%, 5/01/16      | 40  | 42,250    |
| Ryland Group Inc., 6.63%, 5/01/20 | 115 | 107,812   |
| Standard Pacific Corp.:           |     |           |
| 9.25%, 4/15/12                    | 20  | 20,525    |
| 6.25%, 4/01/14                    | 10  | 9,325     |
| 7.00%, 8/15/15                    | 25  | 23,000    |
| 10.75%, 9/15/16                   | 300 | 315,750   |
| 8.38%, 5/15/18                    | 90  | 86,625    |
|                                   |     | 1,073,937 |

**IT Services 0.7%**

|   |     |         |
|---|-----|---------|
| iPayment, Inc., 9.75%, 5/15/14                | 120 | 108,450 |
| iPayment Investors LP, 12.75%, 7/15/14 (b)(e) | 98  | 83,587  |
| SunGard Data Systems, Inc., 10.63%, 5/15/15   | 100 | 110,500 |
|   |     | 302,537 |

**Independent Power Producers & Energy Traders 3.7%**

|  |     |           |
|--|-----|-----------|
| AES Red Oak LLC:   |     |           |
| Series A, 8.54%, 11/30/19                                    | 109 | 111,519   |
| Series B, 9.20%, 11/30/29                                    | 500 | 500,000   |
| Calpine Construction Finance Co. LP, 8.00%, 6/01/16 (b)      | 220 | 231,000   |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)            | 575 | 553,727   |
| Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20 | 28  | 26,907    |
| NRG Energy, Inc.:  |     |           |
| 7.25%, 2/01/14   | 115 | 117,300   |
| 7.38%, 2/01/16   | 25  | 25,187    |
| 7.38%, 1/15/17   | 40  | 40,300    |
|  |     | 1,605,940 |

**Industrial Conglomerates 2.3%**

|                      |     |         |
|----------------------|-----|---------|
| Sequa Corp. (b):     |     |         |
| 11.75%, 12/01/15     | 350 | 360,500 |
| 13.50%, 12/01/15 (e) | 586 | 609,208 |
|                      |     | 969,708 |

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>Insurance 0.9%</b>                            |              |                |
| Alliant Holdings I, Inc., 11.00%, 5/01/15 (b)    | \$ 300       | \$ 307,875     |
| USI Holdings Corp., 4.25%, 11/15/14 (b)(f)       | 100          | 84,750         |
|  |              | <u>392,625</u> |
| <b>Life Sciences Tools &amp; Services 0.2%</b>   |              |                |
| Patheon, Inc., 8.63%, 4/15/17 (b)                | 100          | 99,625         |
| <b>Machinery 1.9%</b>                            |              |                |
| AGY Holding Corp., 11.00%, 11/15/14              | 170          | 144,500        |
| Accuride Corp., 7.50%, 2/26/20 (d)(e)            | 1            | 3,761          |
| Navistar International Corp.:                    |              |                |
| 3.00%, 10/15/14 (d)                              | 260          | 283,725        |
| 8.25%, 11/01/21                                  | 300          | 314,250        |
| Oshkosh Corp., 8.25%, 3/01/17                    | 30           | 31,575         |
| Titan International, Inc., 5.63%, 1/15/17 (b)(d) | 40           | 47,600         |
|  |              | <u>825,411</u> |
| <b>Marine 0.5%</b>                               |              |                |
| Horizon Lines, Inc., 4.25%, 8/15/12 (d)          | 240          | 201,600        |
| <b>Media 13.9%</b>                               |              |                |
| Affinion Group, Inc.:                            |              |                |
| 10.13%, 10/15/13                                 | 390          | 399,750        |
| 10.13%, 10/15/13                                 | 130          | 132,925        |
| CCH II LLC, 13.50%, 11/30/16                     | 169          | 199,675        |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)     | 23           | 460            |
| CSC Holdings, Inc., 8.50%, 4/15/14               | 80           | 87,400         |
| Clear Channel Worldwide Holdings, Inc.:          |              |                |
| 9.25%, 12/15/17                                  | 141          | 146,288        |
| Series B, 9.25%, 12/15/17                        | 716          | 750,905        |
| Cox Enterprises, Inc.:                           |              |                |
| Loan Close 2, 4.00%, 8/15/18                     | 121          | 121,053        |
| Loan Close 3, 12.00%, 8/15/18                    | 140          | 140,000        |
| Shares Loan, 4.00%, 8/15/18                      | 143          | 142,737        |
| DISH DBS Corp., 7.00%, 10/01/13                  | 40           | 41,650         |
| Gannett Co., Inc., 10.00%, 4/01/16               | 60           | 67,054         |
| Gray Television, Inc., 10.50%, 6/29/15           | 225          | 216,563        |
| Harland Clarke Holdings Corp.:                   |              |                |
| 6.00%, 5/15/15 (f)                               | 50           | 42,000         |
| 9.50%, 5/15/15                                   | 60           | 57,150         |
| Intelsat Corp., 6.88%, 1/15/28                   | 210          | 177,450        |
| Interactive Data Corp., 10.25%, 8/01/18 (b)      | 170          | 176,375        |
| Liberty Global, Inc., 4.50%, 11/15/16 (b)(d)     | 70           | 85,750         |

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|   |     |           |
|---|-----|-----------|
| Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)     | 110 | 106,150   |
| McClatchy Co., 11.50%, 2/15/17 (b)                      | 355 | 366,537   |
| Nielsen Finance LLC, 10.00%, 8/01/14                    | 600 | 630,000   |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(d)(g)         | 414 | 393,352   |
| Rainbow National Services LLC (b):                      |     |           |
| 8.75%, 9/01/12  | 310 | 310,387   |
| 10.38%, 9/01/14   | 378 | 392,175   |
| Regal Entertainment Group, 9.13%, 8/15/18               | 55  | 56,375    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)              | 225 | 214,875   |
| Unitymedia Hessen GmbH & Co. KG, 8.13%,<br>12/01/17 (b) | 400 | 411,000   |
| UPC Holding BV, 9.88%, 4/15/18 (b)                      | 100 | 104,125   |
|   |     | 5,970,161 |

**Metals & Mining 3.1%**

|                                    |     |         |
|------------------------------------|-----|---------|
| AK Steel Corp., 7.63%, 5/15/20     | 10  | 10,075  |
| Aleris International, Inc. (a)(g): |     |         |
| 9.00%, 12/15/14                    | 120 | 240     |
| 10.00%, 12/15/16                   | 125 | 48      |
| Drummond Co., Inc.:                |     |         |
| 9.00%, 10/15/14 (b)                | 150 | 156,937 |
| 7.38%, 2/15/16                     | 40  | 40,050  |
| FMG Finance Property Ltd. (b):     |     |         |
| 10.00%, 9/01/13                    | 85  | 93,606  |
| 10.63%, 9/01/16                    | 185 | 214,369 |
| Goldcorp, Inc., 2.00%, 8/01/14 (d) | 80  | 97,300  |

**Corporate Bonds**

Par  
(000)

Value

**Metals & Mining (concluded)**

|   |        |           |
|---|--------|-----------|
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) | \$ 110 | \$ 97,075 |
| Murray Energy Corp., 10.25%, 10/15/15 (b)   | 90     | 92,025    |
| Novelis, Inc., 11.50%, 2/15/15              | 110    | 121,000   |
| Ryerson, Inc.:                              |        |           |
| 7.84%, 11/01/14 (f)                         | 60     | 55,650    |
| 12.00%, 11/01/15                            | 70     | 72,012    |
| Steel Dynamics, Inc., 7.38%, 11/01/12       | 65     | 69,063    |
| United States Steel Corp., 7.38%, 4/01/20   | 90     | 91,125    |
| Vedanta Resources Plc, 9.50%, 7/18/18 (b)   | 105    | 110,250   |
|   |        | 1,320,825 |

**Multiline Retail 2.8%**

|                       |     |           |
|-----------------------|-----|-----------|
| Dollar General Corp.: |     |           |
| 10.63%, 7/15/15       | 132 | 144,870   |
| 11.88%, 7/15/17 (e)   | 929 | 1,068,350 |
|                       |     | 1,213,220 |

**Oil, Gas & Consumable Fuels 8.2%**

|                                      |     |         |
|--------------------------------------|-----|---------|
| Arch Coal, Inc.:                     |     |         |
| 8.75%, 8/01/16                       | 10  | 10,825  |
| 7.25%, 10/01/20                      | 145 | 147,175 |
| Atlas Energy Operating Co. LLC:      |     |         |
| 12.13%, 8/01/17                      | 80  | 91,900  |
| 10.75%, 2/01/18                      | 45  | 49,613  |
| Berry Petroleum Co., 8.25%, 11/01/16 | 80  | 80,800  |
| Bill Barrett Corp., 9.88%, 7/15/16   | 5   | 5,425   |



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|  |     |           |
|--|-----|-----------|
| Chesapeake Energy Corp.:                         |     |           |
| 6.50%, 8/15/17                                   | 250 | 253,750   |
| 6.63%, 8/15/20                                   | 185 | 185,694   |
| 2.25%, 12/15/38 (d)                              | 125 | 93,594    |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b)    | 50  | 51,375    |
| Connacher Oil and Gas Ltd. (b):                  |     |           |
| 11.75%, 7/15/14                                  | 30  | 32,550    |
| 10.25%, 12/15/15                                 | 170 | 170,000   |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)          | 335 | 355,519   |
| Crosstex Energy LP, 8.88%, 2/15/18               | 70  | 72,275    |
| Denbury Resources, Inc.:                         |     |           |
| 7.50%, 12/15/15                                  | 30  | 30,900    |
| 8.25%, 2/15/20                                   | 119 | 127,032   |
| Frontier Oil Corp., 6.63%, 10/01/11              | 65  | 65,162    |
| Linn Energy LLC, 8.63%, 4/15/20 (b)              | 50  | 52,750    |
| Massey Energy Co., 6.88%, 12/15/13               | 155 | 156,937   |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)     | 320 | 336,800   |
| OPTI Canada, Inc. (b):                           |     |           |
| 9.00%, 12/15/12                                  | 290 | 290,725   |
| 9.75%, 8/15/13                                   | 150 | 148,125   |
| Overseas Shipholding Group, Inc., 7.50%, 2/15/24 | 350 | 301,437   |
| Patriot Coal Corp., 8.25%, 4/30/18               | 70  | 69,475    |
| Peabody Energy Corp., 6.50%, 9/15/20             | 140 | 147,175   |
| Petrohawk Energy Corp.:                          |     |           |
| 10.50%, 8/01/14                                  | 100 | 111,750   |
| 7.88%, 6/01/15                                   | 15  | 15,563    |
| QEP Resources, Inc., 6.88%, 3/01/21              | 70  | 72,975    |
|  |     | 3,527,301 |

**Paper & Forest Products 2.7%**

|   |     |           |
|---|-----|-----------|
| Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(e) | 20  | 17,313    |
| Boise Paper Holdings LLC:                         |     |           |
| 9.00%, 11/01/17                                   | 55  | 57,888    |
| 8.00%, 4/01/20                                    | 30  | 30,525    |
| Clearwater Paper Corp., 10.63%, 6/15/16           | 70  | 78,750    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)           | 285 | 312,075   |
| Glatfelter, 7.13%, 5/01/16 (b)                    | 35  | 35,219    |
| NewPage Corp., 11.38%, 12/31/14                   | 535 | 434,687   |
| Norske Skog Canada Ltd., 7.38%, 3/01/14           | 120 | 48,000    |
| Verso Paper Holdings LLC, 11.50%, 7/01/14         | 150 | 158,250   |
|   |     | 1,172,707 |

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>Pharmaceuticals 0.4%</b>                                  |              |            |
| Angiotech Pharmaceuticals, Inc., 4.29%, 12/01/13 (f)         | \$ 195       | \$ 157,463 |
| <b>Professional Services 0.2%</b>                            |              |            |
| FTI Consulting, Inc., 7.75%, 10/01/16                        | 100          | 103,750    |
| <b>Road &amp; Rail 0.2%</b>                                  |              |            |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18                   | 85           | 88,825     |
| <b>Semiconductors &amp; Semiconductor<br/>Equipment 0.2%</b> |              |            |
| Advanced Micro Devices, Inc.:                                |              |            |
| 6.00%, 5/01/15 (d)   | 16           | 15,660     |
| 7.75%, 8/01/20 (b)   | 50           | 49,500     |
|  |              | 65,160     |
| <b>Software 0.0%</b>   |              |            |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(e)(f)                 | 87           | 1,733      |
| <b>Specialty Retail 1.2%</b>                                 |              |            |
| Asbury Automotive Group, Inc., 7.63%, 3/15/17                | 60           | 57,300     |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (d)(h)              | 25           | 19,031     |
| Limited Brands, Inc., 8.50%, 6/15/19                         | 140          | 158,200    |
| Sonic Automotive, Inc., 9.00%, 3/15/18                       | 65           | 66,138     |
| Toys R Us-Delaware, Inc., 7.38%, 9/01/16 (b)                 | 70           | 70,700     |
| United Auto Group, Inc., 7.75%, 12/15/16                     | 165          | 157,575    |
|  |              | 528,944    |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>             |              |            |
| Quiksilver, Inc., 6.88%, 4/15/15                             | 100          | 92,500     |
| <b>Tobacco 0.1%</b>  |              |            |
| Vector Group Ltd., 11.00%, 8/15/15                           | 55           | 56,031     |
| <b>Trading Companies &amp; Distributors 0.3%</b>             |              |            |
| Russel Metals, Inc., 6.38%, 3/01/14                          | 125          | 123,125    |
| <b>Wireless Telecommunication Services 4.1%</b>              |              |            |
| Cricket Communications, Inc.:                                |              |            |
| 10.00%, 7/15/15  | 225          | 235,687    |
| 7.75%, 5/15/16   | 270          | 278,775    |
| Digicel Group Ltd. (b):                                      |              |            |
| 9.13%, 1/15/15 (e)   | 294          | 295,470    |

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|  |     |            |
|--|-----|------------|
| 8.25%, 9/01/17                           | 130 | 135,038    |
| iPCS, Inc., 2.59%, 5/01/13 (f)           | 110 | 102,850    |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14 | 415 | 431,600    |
| Nextel Communications, Inc.:             |     |            |
| Series E, 6.88%, 10/31/13                | 130 | 129,675    |
| Series F, 5.95%, 3/15/14                 | 20  | 19,325     |
| Sprint Capital Corp., 6.88%, 11/15/28    | 180 | 150,300    |
|  |     | 1,778,720  |
| <b>Total Corporate Bonds 96.3%</b>       |     | 41,385,217 |

**Floating Rate Loan Interests (f)**

**Auto Components 1.6%**

|   |     |         |
|---|-----|---------|
| Affinion Group Holdings, Inc., Loan, 8.51%, 3/01/12 (e) | 370 | 355,053 |
| Allison Transmission, Inc., Term Loan, 3.04%, 8/07/14   | 383 | 353,072 |
|   |     | 708,125 |

**Automobiles 1.4%**

|  |     |         |
|--|-----|---------|
| Ford Motor Co., Tranche B-1 Term Loan, 3.03%, 12/15/13 | 602 | 579,487 |
|--|-----|---------|

**Chemicals 0.7%**

|  |     |         |
|--|-----|---------|
| Tronox Worldwide LLC:                  |     |         |
| Tranche B-1 Term Loan, 11.25%, 9/20/10 | 236 | 238,392 |
| Tranche B-2 Term Loan, 11.25%, 9/20/10 | 64  | 64,045  |
|  |     | 302,437 |

| <b>Floating Rate Loan Interests (f)</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Commercial Services &amp; Supplies 1.2%</b>  |                      |              |
| AWAS Finance Luxembourg Sarl, Term Loan B, 7.75%, 6/10/16                             | \$ 250               | \$ 251,458   |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16                                     | 100                  | 100,542      |
| International Lease Finance Corp. (Delos Aircraft, Inc.), Term Loan 1, 6.75%, 3/17/15 | 150                  | 151,187      |
|   |                      | 503,187      |

**Construction & Engineering 0.6%**

|   |     |         |
|---|-----|---------|
| Safeway Services, LLC, Last Out Term Loan, 15.63%, 12/14/17 | 250 | 250,000 |
|---|-----|---------|

**Consumer Finance 1.7%**

|   |     |         |
|---|-----|---------|
| AGFS Funding Co., Term Loan, 7.25%, 4/21/15 | 750 | 741,094 |
|---|-----|---------|

**Electric Utilities 0.5%**

|   |     |         |
|---|-----|---------|
| New Development Holdings LLC, Term Loan, 7.00%, 7/03/17 | 225 | 227,250 |
|---|-----|---------|

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**Health Care Providers & Services 0.9%**

|  |     |         |
|--|-----|---------|
| Harden Healthcare, Term Loan A:                  |     |         |
| Add-on Term Loan, 7.75%, 3/02/15                 | 100 | 98,000  |
| Tranche A Term Loan, 8.50%, 3/02/15              | 84  | 82,543  |
| inVentiv Health, Inc. (FKA Ventive Health Inc.), |     |         |
| Term Loan B, 6.50%, 7/31/16                      | 200 | 199,625 |
|  |     | <hr/>   |
|  |     | 380,168 |

**Hotels, Restaurants & Leisure 1.2%**

|  |     |         |
|--|-----|---------|
| Travelport LLC (FKA Travelport, Inc.), Loan, 8.37%,<br>3/27/12 (e) | 532 | 494,551 |
|--|-----|---------|

**IT Services 0.5%**

|   |     |         |
|---|-----|---------|
| First Data Corp.:                             |     |         |
| First Lien Term Loan, 3.01%, 9/24/14          | 29  | 24,603  |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14 | 67  | 57,339  |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14 | 177 | 151,268 |
|   |     | <hr/>   |
|   |     | 233,210 |

**Independent Power Producers & Energy Traders 0.9%**

|   |     |         |
|---|-----|---------|
| Texas Competitive Electric Holdings Co., LLC (TXU):     |     |         |
| Initial Tranche B-2 Term Loan, 3.79% 4.03%,<br>10/10/14 | 142 | 107,683 |
| Initial Tranche B-3 Term Loan, 3.79% 4.03%,<br>10/10/14 | 387 | 291,521 |
|   |     | <hr/>   |
|   |     | 399,204 |

**Media 1.8%**

|   |     |         |
|---|-----|---------|
| Cengage Learning Acquisitions, Inc. (Thomson Learning), |     |         |
| Tranche 1 Incremental Term Loan, 7.50%, 7/03/14         | 245 | 244,184 |
| HMH Publishing Co., Ltd. (FKA Education Media),         |     |         |
| Tranche A Term Loan, 5.80%, 6/12/14 (e)                 | 150 | 136,223 |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13     | 375 | 397,969 |
|   |     | <hr/>   |
|   |     | 778,376 |

**Paper & Forest Products 0.3%**

|  |     |         |
|--|-----|---------|
| Verso Paper Finance Holdings LLC, Term Loan with<br>PIK option, 7.44%, 2/01/13 (e) | 205 | 123,227 |
|--|-----|---------|

**Real Estate Management & Development 0.4%**

|   |     |         |
|---|-----|---------|
| Realogy Corp., Second Lien Term Facility, 13.50%,<br>10/15/17 | 175 | 184,625 |
|---|-----|---------|

**Specialty Retail 0.1%**

|   |    |        |
|---|----|--------|
| Claire's Stores, Inc., Term Loan B, 3.05%,<br>5/29/14 | 30 | 25,258 |
|---|----|--------|

**Wireless Telecommunication Services 0.6%**

|   |     |         |
|---|-----|---------|
| Vodafone Group Plc, Revolving Credit, 6.88%,<br>7/30/15 | 250 | 250,000 |
|---|-----|---------|

|   |  |           |
|---|--|-----------|
| <b>Total Floating Rate Loan Interests 14.4%</b> |  | <hr/>     |
|   |  | 6,180,199 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

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

| Other Interests (i)   | Beneficial<br>Interest<br>(000) | Value          |
|---|---------------------------------|----------------|
| <b>Auto Components 1.8%</b>   |                                 |                |
| Delphi Debtor-in-Possession Holding Co. LLP, Class B,<br>Membership Interests | \$                              | (j) \$ 766,857 |
| <b>Health Care Providers &amp; Services 0.0%</b>                              |                                 |                |
| Critical Care Systems International, Inc.                                     | 5                               | 953            |
| <b>Total Other Interests 1.8%</b>   |                                 | 767,810        |

**Preferred Securities**

| Preferred Stocks  | Shares |         |
|---|--------|---------|
| <b>Diversified Financial Services 0.4%</b>              |        |         |
| Ally Financial Inc., 7.00% (b)                          | 231    | 190,813 |
| <b>Media 0.0%</b>                                       |        |         |
| CMP Susquehanna Radio Holdings Corp.<br>0.00% (a)(b)(f) | 5,410  |         |
| <b>Specialty Retail 0.2%</b>                            |        |         |
| Lazydays RV Center, Inc. 0.00% (a)                      | 72     | 85,806  |
| <b>Total Preferred Securities 0.6%</b>                  |        | 276,619 |

**Warrants (k)**

|   |        |   |
|---|--------|---|
| <b>Diversified Telecommunication Services 0.0%</b>            |        |   |
| NEON Communications, Inc. (Expires 12/02/12)                  | 53,622 | 1 |
| <b>Media 0.0%</b>   |        |   |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b) | 6,182  |   |

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|   |  |       |
|---|--|-------|
| <b>Software 0.0%</b>                    |  |       |
| HMH Holdings/EduMedia (Expires 3/09/17) |  | 1,184 |

|                            |  |   |
|----------------------------|--|---|
| <b>Total Warrants 0.0%</b> |  | 1 |
|----------------------------|--|---|

|                                    |  |            |
|------------------------------------|--|------------|
| <b>Total Long-Term Investments</b> |  |            |
| (Cost \$50,436,893) 113.8%         |  | 48,894,660 |

**Short-Term Securities**

|   |           |           |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (1)(m) | 1,573,222 | 1,573,222 |
|---|-----------|-----------|

|                                    |  |           |
|------------------------------------|--|-----------|
| <b>Total Short-Term Securities</b> |  |           |
| (Cost \$1,573,222) 3.6%            |  | 1,573,222 |

**Options Purchased**

**Contracts**

|  |  |   |
|--|--|---|
| <b>Over-the-Counter Call Options 0.0%</b>  |  |   |
| Marsico Parent Superholdco LLC, Strike Price<br>\$942.86, expires 12/01/19, Broker<br>Goldman Sachs Bank USA |  | 3 |

|                                |  |  |
|--------------------------------|--|--|
| <b>Total Options Purchased</b> |  |  |
| (Cost \$2,933) 0.0%            |  |  |

|   |  |            |
|---|--|------------|
| <b>Total Investments Before Options Written</b> |  |            |
| (Cost \$52,013,048*) 117.4%                     |  | 50,467,882 |

| Options Written   | Notional<br>Amount<br>(000) | Value    |
|---|-----------------------------|----------|
| <b>Over-the-Counter Call Swaptions 0.0%</b>   |                             |          |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Index Series 14 Volume 1,<br>Strike Price \$96.00, Expires 9/15/10, Broker<br>Credit Suisse International | \$ 550                      | \$ (528) |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 14 Volume 1,<br>Strike Price \$100.00, Expires 9/15/10, Broker<br>Credit Suisse International      | 950                         | (6,172)  |
|   |                             | (6,700)  |

|  |  |  |
|--|--|--|
| <b>Over-the-Counter Put Swaptions 0.0%</b> |  |  |
|--|--|--|

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Sold credit default protection on Dow Jones CDX  
North America High Yield Series 14 Volume 1,  
Strike Price \$87.00, Expires 9/15/10, Broker  
Credit Suisse International

550 (9)

**Total Options Written (Premium Received \$19,050) 0.0%** (6,709)

**Total Investments, Net of Options Written 117.4%** 50,461,173  
**Liabilities in Excess of Other Assets (17.4)%** (7,481,041)

**Net Assets 100.0%** \$ 42,980,132

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 52,071,646  |
| Gross unrealized appreciation | \$ 2,282,625   |
| Gross unrealized depreciation | (3,886,389)    |
| Net unrealized depreciation   | \$ (1,603,764) |

- (a) Non-income producing security.
- (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 zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) Convertible security.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Issuer filed for bankruptcy and/or is in default of interest payments.
- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (i) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (j) Amount is less than \$1,000.
- (k) 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, if any.
- (l) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:



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| Affiliate  | Shares Held at<br>at August 31,<br>2009 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income   |
|--|---|-----------------|--------------------------------------|----------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 2,180,193                               | (606,971)       | 1,573,222                            | \$ 2,723 |

(m) Represents the current yield as of report date.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

## BlackRock High Yield Trust (BHY)

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer          | Pay Fixed Rate | Counterparty                | Expiration     | Notional Amount (000) | Unrealized Depreciation |
|-----------------|----------------|-----------------------------|----------------|-----------------------|-------------------------|
| Brunswick Corp. | 5.00%          | Credit Suisse International | September 2014 | \$ 70                 | \$ (3,699)              |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer             | Receive Fixed Rate | Counterparty     | Expiration | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation |
|--------------------|--------------------|------------------|------------|----------------------------|------------------------------------|-------------------------|
| Levi Strauss & Co. | 5.00%              | Deutsche Bank AG | June 2015  | B+                         | \$ 55                              | \$ 168                  |

<sup>1</sup> Using S&P's ratings of the issuer.

<sup>2</sup> The maximum potential amount the Trust may pay should a negative credit event take place as defined under the terms of the agreement.

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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

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refer to Note 1 of the Notes to Financial Statements.

The following tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs             | Level 1             | Level 2              | Level 3             | Total                |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Assets:</b>               |                     |                      |                     |                      |
| Investments in Securities:   |                     |                      |                     |                      |
| Long-Term Investments:       |                     |                      |                     |                      |
| Common Stocks                | \$ 177,634          | \$ 21,170            | \$ 86,010           | \$ 284,814           |
| Corporate Bonds              |                     | 39,870,340           | 1,514,877           | 41,385,217           |
| Floating Rate Loan Interests |                     | 4,635,461            | 1,544,738           | 6,180,199            |
| Other Interests              |                     | 766,857              | 953                 | 767,810              |
| Preferred Securities         | 190,813             |                      | 85,806              | 276,619              |
| Warrants                     |                     |                      | 1                   | 1                    |
| Short-Term Securities        | 1,573,222           |                      |                     | 1,573,222            |
| <b>Liabilities:</b>          |                     |                      |                     |                      |
| Unfunded loan commitments    |                     |                      | (4,001)             | (4,001)              |
| <b>Total</b>                 | <b>\$ 1,941,669</b> | <b>\$ 45,293,828</b> | <b>\$ 3,228,384</b> | <b>\$ 50,463,881</b> |

### Derivative Financial Instruments<sup>1</sup>

| Valuation Inputs    | Level 1 | Level 2            | Level 3 | Total              |
|---------------------|---------|--------------------|---------|--------------------|
| <b>Assets:</b>      |         |                    |         |                    |
| Credit contracts    |         | \$ 168             |         | \$ 168             |
| <b>Liabilities:</b> |         |                    |         |                    |
| Credit contracts    |         | (10,408)           |         | (10,408)           |
| <b>Total</b>        |         | <b>\$ (10,240)</b> |         | <b>\$ (10,240)</b> |

<sup>1</sup> Derivative financial instruments are swaps and options. Swaps are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|  | Common<br>Stocks | Corporate<br>Bonds | Floating Rate<br>Loan Interests | Other<br>Interests | Preferred<br>Securities | Warrants | Unfunded<br>Loan<br>Commitments | Total        |
|--|------------------|--------------------|---------------------------------|--------------------|-------------------------|----------|---------------------------------|--------------|
| <b>Assets/Liabilities:</b>   |                  |                    |                                 |                    |                         |          |                                 |              |
| Balance, as of August 31,<br>2009                                  |                  | \$ 1,149,295       | \$ 2,581,647                    | \$ 953             |                         | \$ 1     |                                 | \$ 3,731,896 |
| Accrued<br>discounts/premiums                                      |                  | 5,159              | 5,282                           |                    |                         |          |                                 | 10,441       |
| Net realized gain (loss)   | \$ (957,501)     | (208,002)          | (557,300)                       |                    |                         |          |                                 | (1,722,803)  |
| Net change in unrealized<br>appreciation/depreciation <sup>2</sup> | 957,501          | 1,278,827          | 1,633,274                       |                    |                         |          | \$ (4,001)                      | 3,865,601    |
| Purchases  |                  | 27,502             | 3,200,033                       |                    |                         |          |                                 | 3,227,535    |
| Sales  |                  | (1,318,110)        | (4,862,218)                     |                    |                         |          |                                 | (6,180,328)  |

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|                            |                  |                     |                     |               |                  |             |                   |                     |
|----------------------------|------------------|---------------------|---------------------|---------------|------------------|-------------|-------------------|---------------------|
| Transfers in <sup>3</sup>  | 86,010           | 663,793             | 680,543             |               | \$ 85,806        |             |                   | 1,516,152           |
| Transfers out <sup>3</sup> |                  | (83,587)            | (1,136,523)         |               |                  |             |                   | (1,220,110)         |
| <b>Total</b>               | <b>\$ 86,010</b> | <b>\$ 1,514,877</b> | <b>\$ 1,544,738</b> | <b>\$ 953</b> | <b>\$ 85,806</b> | <b>\$ 1</b> | <b>\$ (4,001)</b> | <b>\$ 3,228,384</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$606,667.

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments August 31, 2010

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

| Asset-Backed Securities   | Par<br>(000) | Value        |
|---|--------------|--------------|
| 321 Henderson Receivables I LLC, Series 2010-1A, Class B, 9.31%, 7/15/61 (a)                        | USD 1,150    | \$ 1,337,369 |
| Ameriquest Mortgage Securities, Inc., Series 2004-R11, Class A1, 0.57%, 11/25/34 (b)                | 819          | 745,745      |
| Chase Issuance Trust, Series 2009-A7, Class A7, 0.73%, 9/17/12 (b)                                  | 3,375        | 3,375,485    |
| Ford Credit Auto Owner Trust, Series 2009-A, Class A3B, 2.78%, 5/15/13 (b)                          | 5,700        | 5,784,628    |
| Globaldrive BV, Series 2008-2, Class A, 4.00%, 10/20/16   | EUR 699      | 899,422      |
| Home Equity Asset Trust, Series 2007-2, Class 2A1, 0.37%, 7/25/37 (b)                               | USD 318      | 308,499      |
| Maryland Insurance Backed Securities Trust, Series 2006-1A, Class A, 5.55%, 12/10/65                | 2,500        | 875,000      |
| Nelnet Student Loan Trust, Series 2008-3, Class A4, 4.61%, 11/25/24 (b)                             | 650          | 674,375      |
| SLM Student Loan Trust, Series 2008-5 (b):  |              |              |
| Class A2, 1.60%, 10/25/16   | 3,300        | 3,348,061    |
| Class A3, 1.80%, 1/25/18  | 1,170        | 1,206,282    |
| Class A4, 2.20%, 7/25/23  | 2,400        | 2,504,838    |
| Santander Drive Auto Receivables Trust, Series 2010-2:  |              |              |
| Class B, 2.24%, 12/15/14  | 870          | 869,870      |
| Class C, 3.89%, 7/17/17   | 1,020        | 1,020,000    |
| Small Business Administration Participation Certificates, Series 1996-20K, Class 1, 6.95%, 11/01/16 | 367          | 392,288      |
|   |              | 23,341,862   |
| <b>Interest Only 0.3%</b>   |              |              |
| Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (a)                                  | 5,154        | 272,208      |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29  | 7,549        | 771,402      |
|   |              | 1,043,610    |
| <b>Total Asset-Backed Securities 6.4%</b>   |              | 24,385,472   |

## Common Stocks

## Shares

## Specialty Retail 0.0%

|                              |       |        |
|------------------------------|-------|--------|
| Lazydays RV Center, Inc. (c) | 2,590 | 13,235 |
|------------------------------|-------|--------|

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|                            |             |  |  |  |        |
|----------------------------|-------------|--|--|--|--------|
| <b>Total Common Stocks</b> | <b>0.0%</b> |  |  |  | 13,235 |
|----------------------------|-------------|--|--|--|--------|

| Corporate Bonds   |  | Par<br>(000) |       |              |
|---|--|--------------|-------|--------------|
| <b>Aerospace &amp; Defense 0.6%</b>                         |  |              |       |              |
| United Technologies Corp.:                                  |  |              |       |              |
| 4.88%, 5/01/15  |  | USD          | 1,250 | \$ 1,423,486 |
| 6.13%, 7/15/38  |  |              | 750   | 923,300      |
|   |  |              |       | 2,346,786    |
| <b>Airlines 0.2%</b>  |  |              |       |              |
| United Air Lines, Inc., 12.75%, 7/15/12                     |  |              |       |              |
|   |  |              | 793   | 884,150      |
| <b>Beverages 1.0%</b>                                       |  |              |       |              |
| Anheuser-Busch InBev Worldwide, Inc., 7.75%,<br>1/15/19 (a) |  |              |       |              |
|   |  |              | 3,050 | 3,906,345    |
| <b>Building Products 0.1%</b>                               |  |              |       |              |
| CPG International I, Inc., 10.50%, 7/01/13                  |  |              |       |              |
|   |  |              | 230   | 229,713      |

| Corporate Bonds  |  | Par<br>(000) |       | Value        |
|--|--|--------------|-------|--------------|
| <b>Capital Markets 4.8%</b>                              |  |              |       |              |
| CDP Financial, Inc. (a):                                 |  |              |       |              |
| 3.00%, 11/25/14 (d)                                      |  | USD          | 1,950 | \$ 2,013,330 |
| 5.60%, 11/25/39  |  |              | 2,955 | 3,367,352    |
| Credit Suisse, Inc. (USA):                               |  |              |       |              |
| 6.13%, 11/15/11  |  |              | 700   | 742,373      |
| 7.13%, 7/15/32   |  |              | 1,000 | 1,288,678    |
| The Goldman Sachs Group, Inc.:                           |  |              |       |              |
| 6.60%, 1/15/12   |  |              | 1,000 | 1,068,391    |
| 3.70%, 8/01/15   |  |              | 800   | 809,874      |
| 5.38%, 3/15/20 (d)                                       |  |              | 1,200 | 1,238,501    |
| 6.00%, 6/15/20   |  |              | 1,750 | 1,885,142    |
| Lehman Brothers Holdings, Inc., 6.50%,<br>7/19/17 (c)(e) |  |              |       |              |
|  |  |              | 225   | 70           |
| Morgan Stanley:  |  |              |       |              |
| 2.88%, 5/14/13 (b)                                       |  |              | 1,880 | 1,899,146    |
| 4.20%, 11/20/14  |  |              | 1,620 | 1,668,276    |
| 4.00%, 7/24/15   |  |              | 400   | 401,855      |
| 6.25%, 8/28/17   |  |              | 900   | 979,742      |
| 5.63%, 9/23/19   |  |              | 760   | 773,422      |
|  |  |              |       | 18,136,152   |

|  |  |  |       |           |
|--|--|--|-------|-----------|
| <b>Chemicals 1.1%</b>                      |  |  |       |           |
| American Pacific Corp., 9.00%, 2/01/15     |  |  |       |           |
|  |  |  | 280   | 276,850   |
| Ames True Temper, Inc., 4.53%, 1/15/12 (b) |  |  |       |           |
|  |  |  | 720   | 718,200   |
| CF Industries, Inc., 7.13%, 5/01/20        |  |  |       |           |
|  |  |  | 1,750 | 1,876,875 |
| Innophos, Inc., 8.88%, 8/15/14             |  |  |       |           |
|  |  |  | 975   | 999,375   |
| NOVA Chemicals Corp.:                      |  |  |       |           |

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|                     |     |           |
|---------------------|-----|-----------|
| 6.50%, 1/15/12      | 115 | 117,588   |
| 3.75%, 11/15/13 (b) | 275 | 256,781   |
|                     |     | 4,245,669 |

**Commercial Banks 3.6%**

|   |       |            |
|---|-------|------------|
| DEPFA ACS Bank, 5.13%, 3/16/37 (a)            | 4,150 | 3,273,441  |
| Dexia Credit Local SA, 2.00%, 3/05/13 (a)     | 1,060 | 1,067,137  |
| Eksporthfinans ASA:                           |       |            |
| 1.88%, 4/02/13                                | 2,815 | 2,869,118  |
| 3.00%, 11/17/14                               | 1,490 | 1,568,460  |
| 5.50%, 6/26/17                                | 1,000 | 1,186,294  |
| HSBC Bank Plc, 3.50%, 6/28/15 (a)             | 780   | 813,212    |
| HSBC Holdings Plc, 6.50%, 5/02/36             | 1,275 | 1,453,568  |
| The Toronto-Dominion Bank, 2.20%, 7/29/15 (a) | 1,325 | 1,349,706  |
|   |       | 13,580,936 |

**Commercial Services & Supplies 0.4%**

|                  |       |           |
|------------------|-------|-----------|
| West Corp.:      |       |           |
| 9.50%, 10/15/14  | 310   | 316,200   |
| 11.00%, 10/15/16 | 1,100 | 1,155,000 |
|                  |       | 1,471,200 |

**Consumer Finance 0.4%**

|   |     |           |
|---|-----|-----------|
| Ford Motor Credit Co. LLC:              |     |           |
| 3.28%, 1/13/12 (b)                      | 120 | 117,600   |
| 7.80%, 6/01/12                          | 380 | 399,890   |
| 6.63%, 8/15/17                          | 380 | 386,221   |
| SLM Corp., Series A, 0.80%, 1/27/14 (b) | 600 | 489,703   |
|   |     | 1,393,414 |

**Containers & Packaging 1.1%**

|                     |     |         |
|---------------------|-----|---------|
| Ball Corp.:         |     |         |
| 7.13%, 9/01/16      | 275 | 294,937 |
| 7.38%, 9/01/19      | 275 | 294,938 |
| Crown Americas LLC: |     |         |
| 7.75%, 11/15/15     | 150 | 155,625 |
| 7.63%, 5/15/17 (a)  | 817 | 872,147 |
| 7.63%, 5/15/17      | 157 | 167,598 |

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>Containers &amp; Packaging (concluded)</b>              |     |              |            |
| Impress Holdings BV, 3.65%, 9/15/13 (a)(b)                 | USD | 330          | \$ 311,850 |
| Owens-Brockway Glass Container, Inc., 7.38%,<br>5/15/16    |     | 1,435        | 1,542,625  |
| Pregis Corp., 12.38%, 10/15/13                             |     | 535          | 535,000    |
|  |     |              | 4,174,720  |
| <b>Diversified Financial Services 3.9%</b>                 |     |              |            |
| Ally Financial Inc., 8.30%, 2/12/15 (a)                    |     | 2,000        | 2,080,000  |
| Bank of America Corp.:                                     |     |              |            |
| 7.63%, 6/01/19   |     | 500          | 585,229    |
| 5.63%, 7/01/20   |     | 1,310        | 1,349,588  |
| Citigroup, Inc., 5.38%, 8/09/20                            |     | 840          | 847,747    |
| FCE Bank Plc, 7.88%, 2/15/11                               | GBP | 550          | 854,050    |
| General Electric Capital Corp.:                            |     |              |            |
| 5.50%, 1/08/20 (d)   | USD | 2,150        | 2,352,939  |
| 6.75%, 3/15/32 (f)   |     | 3,000        | 3,391,821  |
| JPMorgan Chase & Co., 6.30%, 4/23/19                       |     | 1,375        | 1,580,165  |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (a)     |     | 1,000        | 1,007,500  |
| Reynolds Group Issuer, Inc., 7.75%,<br>10/15/16 (a)        | EUR | 550          | 707,436    |
|  |     |              | 14,756,475 |
| <b>Diversified Telecommunication Services 6.1%</b>         |     |              |            |
| AT&T Inc., 6.55%, 2/15/39 (d)                              | USD | 4,075        | 4,829,087  |
| BellSouth Telecommunications, Inc., 8.18%,<br>12/15/95 (g) |     | 1,700        | 1,256,917  |
| Frontier Communications Corp., 8.25%, 4/15/17              |     | 1,810        | 1,914,075  |
| GCI, Inc., 8.63%, 11/15/19                                 |     | 1,000        | 1,050,000  |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (a)   |     | 145          | 152,250    |
| Qwest Communications International, Inc.:                  |     |              |            |
| 7.50%, 2/15/14   |     | 15           | 15,281     |
| Series B, 7.50%, 2/15/14                                   |     | 10           | 10,188     |
| Qwest Corp.:   |     |              |            |
| 8.88%, 3/15/12   |     | 120          | 132,000    |
| 8.38%, 5/01/16   |     | 170          | 198,050    |
| Telecom Italia Capital SA, 4.95%, 9/30/14                  |     | 4,375        | 4,598,409  |
| Telefonica Emisiones SAU, 7.05%, 6/20/36                   |     | 1,000        | 1,202,853  |
| Verizon Communications, Inc.:                              |     |              |            |
| 6.40%, 2/15/38 (d)   |     | 2,100        | 2,457,546  |
| 8.95%, 3/01/39   |     | 1,125        | 1,670,434  |
| Verizon Global Funding Corp., 7.75%, 6/15/32               |     | 575          | 752,543    |
| Verizon Maryland, Inc.:                                    |     |              |            |



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|   |       |            |
|---|-------|------------|
| Series A, 6.13%, 3/01/12                          | 1,355 | 1,444,457  |
| Series B, 5.13%, 6/15/33                          | 540   | 499,645    |
| Verizon Virginia, Inc., Series A, 4.63%, 3/15/13  | 750   | 798,640    |
| Wind Acquisition Finance SA, 12.00%, 12/01/15 (a) | 85    | 89,675     |
| Windstream Corp.:                                 |       |            |
| 8.13%, 8/01/13                                    | 50    | 53,313     |
| 8.63%, 8/01/16                                    | 100   | 103,250    |
| 7.88%, 11/01/17                                   | 50    | 50,750     |
|   |       | 23,279,363 |

**Electric Utilities 3.9%**

|   |       |           |
|---|-------|-----------|
| Alabama Power Co., 6.00%, 3/01/39                 | 550   | 658,209   |
| Commonwealth Edison Co., 4.00%, 8/01/20           | 480   | 506,574   |
| Duke Energy Carolinas LLC:                        |       |           |
| 6.10%, 6/01/37                                    | 325   | 389,069   |
| 6.00%, 1/15/38                                    | 850   | 1,028,831 |
| EDF SA, 5.60%, 1/27/40 (a)                        | 1,400 | 1,532,030 |
| E.ON International Finance BV, 6.65%, 4/30/38 (a) | 1,575 | 2,014,108 |
| Elwood Energy LLC, 8.16%, 7/05/26                 | 145   | 132,946   |

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

**Electric Utilities (concluded)**

|  |     |       |    |            |
|--|-----|-------|----|------------|
| Florida Power & Light Co., 4.95%, 6/01/35      | USD | 575   | \$ | 605,825    |
| Florida Power Corp.:                           |     |       |    |            |
| 6.35%, 9/15/37                                 |     | 1,450 |    | 1,817,923  |
| 6.40%, 6/15/38                                 |     | 800   |    | 1,004,586  |
| PacifiCorp., 6.25%, 10/15/37                   |     | 650   |    | 805,236    |
| Public Service Co. of Colorado, 6.25%, 9/01/37 |     | 1,350 |    | 1,696,039  |
| Southern California Edison Co.:                |     |       |    |            |
| 5.63%, 2/01/36                                 |     | 675   |    | 779,691    |
| Series 05-E, 5.35%, 7/15/35                    |     | 150   |    | 166,912    |
| Series 08-A, 5.95%, 2/01/38                    |     | 1,100 |    | 1,332,906  |
| The Toledo Edison Co., 6.15%, 5/15/37          |     | 350   |    | 398,501    |
|  |     |       |    | 14,869,386 |

**Energy Equipment & Services 0.6%**

|  |  |       |  |           |
|--|--|-------|--|-----------|
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (a) |  | 2,480 |  | 2,318,800 |
|--|--|-------|--|-----------|

**Food & Staples Retailing 0.9%**

|                        |  |       |  |           |
|------------------------|--|-------|--|-----------|
| Wal-Mart Stores, Inc.: |  |       |  |           |
| 6.50%, 8/15/37         |  | 1,975 |  | 2,543,923 |
| 6.20%, 4/15/38         |  | 850   |  | 1,047,543 |
|                        |  |       |  | 3,591,466 |

**Food Products 0.5%**

|                                   |  |       |  |           |
|-----------------------------------|--|-------|--|-----------|
| Kraft Foods, Inc., 7.00%, 8/11/37 |  | 1,670 |  | 2,077,497 |
|-----------------------------------|--|-------|--|-----------|

**Health Care Equipment & Supplies 0.3%**

|  |  |     |  |           |
|--|--|-----|--|-----------|
| Covidien International Finance SA, 2.80%,<br>6/15/15 |  | 230 |  | 237,382   |
| DJO Finance LLC, 10.88%, 11/15/14                    |  | 900 |  | 964,125   |
|  |  |     |  | 1,201,507 |

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|  |       |           |
|--|-------|-----------|
| <b>Health Care Providers &amp; Services 1.2%</b>             |       |           |
| HCA, Inc., 8.50%, 4/15/19                                    | 1,700 | 1,863,625 |
| Tenet Healthcare Corp.:                                      |       |           |
| 9.00%, 5/01/15   | 1,200 | 1,278,000 |
| 10.00%, 5/01/18  | 280   | 315,000   |
| 8.88%, 7/01/19   | 1,150 | 1,243,437 |
|  |       | 4,700,062 |
| <b>Hotels, Restaurants &amp; Leisure 0.3%</b>                |       |           |
| McDonald's Corp., 5.70%, 2/01/39                             | 850   | 1,018,794 |
| <b>Household Durables 0.6%</b>                               |       |           |
| Irwin Land LLC (a):  |       |           |
| Series A-1, 5.03%, 12/15/25                                  | 575   | 550,126   |
| Series A-2, 5.30%, 12/15/35                                  | 780   | 681,408   |
| Standard Pacific Corp., 10.75%, 9/15/16                      | 1,000 | 1,052,500 |
|  |       | 2,284,034 |
| <b>Household Products 0.3%</b>                               |       |           |
| Kimberly-Clark, Corp., 6.63%, 8/01/37                        | 975   | 1,300,083 |
| <b>IT Services 0.2%</b>                                      |       |           |
| iPayment, Inc., 9.75%, 5/15/14                               | 270   | 244,013   |
| iPayment Investors LP, 12.75%, 7/15/14 (a)(h)                | 815   | 696,770   |
|  |       | 940,783   |
| <b>Independent Power Producers &amp; Energy Traders 0.0%</b> |       |           |
| NRG Energy, Inc.:  |       |           |
| 7.25%, 2/01/14   | 30    | 30,600    |
| 7.38%, 2/01/16   | 5     | 5,038     |
| 7.38%, 1/15/17   | 10    | 10,075    |
|  |       | 45,713    |
| <b>Industrial Conglomerates 0.5%</b>                         |       |           |
| Sequa Corp. (a):   |       |           |
| 11.75%, 12/01/15   | 760   | 782,800   |
| 13.50%, 12/01/15 (h)   | 927   | 964,580   |
|  |       | 1,747,380 |

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>Insurance 2.1%</b>   |              |                  |
| Chubb Corp., 6.00%, 5/11/37   | USD 1,415    | \$ 1,635,954     |
| Metropolitan Life Global Funding I (a):                                     |              |                  |
| 2.50%, 1/11/13  | 2,550        | 2,606,253        |
| 5.13%, 6/10/14  | 775          | 858,529          |
| Prudential Financial, Inc.:   |              |                  |
| 4.75%, 9/17/15  | 1,220        | 1,308,667        |
| 5.70%, 12/14/36   | 950          | 970,820          |
| Teachers Insurance & Annuity Association of<br>America, 6.85%, 12/16/39 (a) | 505          | 632,242          |
|   |              | <u>8,012,465</u> |
| <b>Machinery 0.4%</b>   |              |                  |
| AGY Holding Corp., 11.00%, 11/15/14   | 340          | 289,000          |
| Navistar International Corp., 8.25%, 11/01/21                               | 1,200        | 1,257,000        |
|   |              | <u>1,546,000</u> |
| <b>Marine 0.3%</b>  |              |                  |
| Nakilat, Inc., Series A, 6.07%, 12/31/33 (a)                                | 1,100        | 1,210,066        |
| <b>Media 5.4%</b>   |              |                  |
| Affinion Group, Inc., 10.13%, 10/15/13                                      | 740          | 758,500          |
| CCH II LLC, 13.50%, 11/30/16  | 1,815        | 2,150,302        |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (a)(b)                                | 55           | 1,100            |
| Clear Channel Worldwide Holdings, Inc.:                                     |              |                  |
| 9.25%, 12/15/17   | 318          | 329,925          |
| Series B, 9.25%, 12/15/17   | 1,272        | 1,334,010        |
| Comcast Cable Communications Holdings, Inc.,<br>9.46%, 11/15/22             | 2,000        | 2,810,936        |
| Comcast Cable Communications LLC, 6.75%,<br>1/30/11                         | 1,000        | 1,024,259        |
| Comcast Corp., 6.40%, 3/01/40   | 350          | 399,363          |
| DIRECTV Holdings LLC, 6.00%, 8/15/40  | 230          | 242,069          |
| Discovery Communications LLC, 3.70%, 6/01/15                                | 470          | 494,427          |
| NBC Universal, Inc., 5.15%, 4/30/20 (a)                                     | 680          | 731,937          |
| News America Holdings, Inc.:  |              |                  |
| 8.45%, 8/01/34  | 2,475        | 3,333,003        |
| 8.15%, 10/17/36   | 145          | 186,081          |
| Nielsen Finance LLC, 10.00%, 8/01/14  | 1,060        | 1,113,000        |
| Rainbow National Services LLC (a):  |              |                  |
| 8.75%, 9/01/12  | 225          | 225,281          |
| 10.38%, 9/01/14   | 1,070        | 1,110,125        |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a)                                  | 1,310        | 1,251,050        |
| Time Warner Cable, Inc., 7.30%, 7/01/38                                     | 970          | 1,198,635        |
| Time Warner Cos., Inc., 7.57%, 2/01/24                                      | 1,635        | 2,045,774        |

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20,739,777

**Metals & Mining 0.6%**

|  |       |           |
|--|-------|-----------|
| AngloGold Ashanti Holdings Plc, 5.38%, 4/15/20 | 270   | 282,064   |
| Falconbridge Ltd., 6.20%, 6/15/35              | 1,550 | 1,572,486 |
| McJunkin Red Man Corp., 9.50%, 12/15/16 (a)    | 495   | 436,837   |

2,291,387

**Multi-Utilities 0.4%**

|   |       |           |
|---|-------|-----------|
| Dominion Resources, Inc., 6.00%, 11/30/17 | 1,135 | 1,356,809 |
|---|-------|-----------|

**Multiline Retail 0.4%**

|   |       |           |
|---|-------|-----------|
| Dollar General Corp., 11.88%, 7/15/17 (h) | 1,500 | 1,725,000 |
|---|-------|-----------|

**Oil, Gas & Consumable Fuels 6.4%**

|   |       |           |
|---|-------|-----------|
| BP Capital Markets Plc, 3.13%, 3/10/12 (d)        | 1,505 | 1,507,601 |
| Berry Petroleum Co., 8.25%, 11/01/16              | 160   | 161,600   |
| Burlington Resources Finance Co., 7.40%, 12/01/31 | 950   | 1,243,198 |
| Canadian Natural Resources, Ltd.:                 |       |           |
| 6.50%, 2/15/37                                    | 430   | 514,390   |
| 6.25%, 3/15/38                                    | 500   | 571,164   |
| 6.75%, 2/01/39                                    | 950   | 1,177,972 |
| Cenovus Energy, Inc., 6.75%, 11/15/39             | 565   | 693,274   |

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

**Oil, Gas & Consumable Fuels (concluded)**

|   |     |       |    |           |
|---|-----|-------|----|-----------|
| Chesapeake Energy Corp., 6.63%, 8/15/20               | USD | 1,280 | \$ | 1,284,800 |
| Conoco Funding Co., 7.25%, 10/15/31                   |     | 150   |    | 196,518   |
| ConocoPhillips Canada Funding Co., 5.95%,<br>10/15/36 |     | 150   |    | 176,264   |
| Consol Energy, Inc. (a):                              |     |       |    |           |
| 8.00%, 4/01/17  |     | 1,139 |    | 1,201,645 |
| 8.25%, 4/01/20  |     | 861   |    | 913,736   |
| Devon Energy Corp., 7.95%, 4/15/32                    |     | 650   |    | 894,072   |
| EnCana Corp.:   |     |       |    |           |
| 6.50%, 8/15/34  |     | 70    |    | 80,122    |
| 6.63%, 8/15/37  |     | 775   |    | 929,632   |
| Enterprise Products Operating LLC:                    |     |       |    |           |
| 6.13%, 2/01/13  |     | 710   |    | 772,184   |
| 6.13%, 10/15/39                                       |     | 700   |    | 748,222   |
| Kinder Morgan Energy Partners LP, 5.30%, 9/15/20      |     | 510   |    | 545,626   |
| MidAmerican Energy Co., 5.80%, 10/15/36               |     | 800   |    | 926,882   |
| MidAmerican Energy Holdings Co.:                      |     |       |    |           |
| 5.95%, 5/15/37  |     | 950   |    | 1,076,793 |
| 6.50%, 9/15/37  |     | 2,115 |    | 2,569,886 |
| Nexen, Inc., 6.40%, 5/15/37                           |     | 750   |    | 823,130   |
| Peabody Energy Corp., 6.50%, 9/15/20                  |     | 1,220 |    | 1,282,525 |
| Petrobras International Finance Co.:                  |     |       |    |           |
| 5.88%, 3/01/18  |     | 80    |    | 86,884    |
| 5.75%, 1/20/20  |     | 1,760 |    | 1,886,504 |
| Rockies Express Pipeline LLC, 3.90%, 4/15/15 (a)      |     | 680   |    | 675,995   |
| Valero Energy Corp., 6.63%, 6/15/37                   |     | 1,300 |    | 1,317,012 |
| Whiting Petroleum Corp., 7.25%, 5/01/12               |     | 20    |    | 20,000    |

24,277,631

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|  |       |           |
|--|-------|-----------|
| <b>Paper &amp; Forest Products 1.1%</b>              |       |           |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (a)              | 1,650 | 1,806,750 |
| International Paper Co., 7.30%, 11/15/39             | 610   | 687,355   |
| NewPage Corp., 11.38%, 12/31/14                      | 2,005 | 1,629,062 |
|  |       | 4,123,167 |
| <b>Pharmaceuticals 2.3%</b>                          |       |           |
| GlaxoSmithKline Capital, Inc., 6.38%, 5/15/38        | 1,500 | 1,903,332 |
| Roche Holdings, Inc., 7.00%, 3/01/39 (a)             | 900   | 1,233,876 |
| Schering-Plough Corp., 6.55%, 9/15/37                | 1,250 | 1,644,859 |
| Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36      | 1,475 | 1,811,636 |
| Wyeth, 5.95%, 4/01/37 (d)                            | 1,775 | 2,137,215 |
|  |       | 8,730,918 |
| <b>Professional Services 0.0%</b>                    |       |           |
| FTI Consulting, Inc., 7.75%, 10/01/16                | 125   | 129,688   |
| <b>Road &amp; Rail 0.6%</b>                          |       |           |
| Burlington Northern Santa Fe LLC, 5.75%, 5/01/40 (d) | 940   | 1,056,242 |
| Canadian National Railway Co., 6.38%, 10/15/11       | 1,000 | 1,062,017 |
|  |       | 2,118,259 |
| <b>Software 0.2%</b>                                 |       |           |
| BMS Holdings, Inc., 8.59%, 2/15/12 (a)(h)            | 145   | 2,895     |
| Oracle Corp., 5.38%, 7/15/40 (a)                     | 885   | 959,329   |
|  |       | 962,224   |
| <b>Specialty Retail 0.1%</b>                         |       |           |
| General Nutrition Centers, Inc., 10.75%, 3/15/15     | 405   | 414,113   |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>     |       |           |
| Quiksilver, Inc., 6.88%, 4/15/15                     | 250   | 231,250   |
| <b>Thrifts &amp; Mortgage Finance 0.4%</b>           |       |           |
| Achmea Hypotheekbank NV, 3.20%, 11/03/14 (a)         | 1,325 | 1,399,615 |
| <b>Tobacco 0.2%</b>                                  |       |           |
| Philip Morris International, Inc., 4.50%, 3/26/20    | 650   | 709,057   |

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>Wireless Telecommunication Services</b>                | <b>2.7%</b>  |              |    |             |
| Cricket Communications, Inc.:                             |              |              |    |             |
| 10.00%, 7/15/15   |              | USD 105      | \$ | 109,988     |
| 7.75%, 5/15/16  |              | 1,452        |    | 1,499,190   |
| Crown Castle Towers LLC, 6.11%, 1/15/40 (a)               |              | 1,595        |    | 1,774,618   |
| Digicel Group Ltd., 8.25%, 9/01/17 (a)                    |              | 150          |    | 155,812     |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14                  |              | 60           |    | 62,400      |
| Nextel Communications, Inc., Series E, 6.88%,<br>10/31/13 |              | 410          |    | 408,975     |
| Rogers Communications, Inc., 7.50%, 8/15/38               |              | 1,175        |    | 1,561,281   |
| SBA Tower Trust, 4.25%, 4/15/40 (a)                       |              | 950          |    | 1,013,716   |
| Sprint Capital Corp.:                                     |              |              |    |             |
| 6.88%, 11/15/28   |              | 780          |    | 651,300     |
| 8.75%, 3/15/32  |              | 350          |    | 337,312     |
| Vodafone Group Plc, 4.15%, 6/10/14                        |              | 2,500        |    | 2,685,585   |
|   |              |              |    | 10,260,177  |
| <b>Total Corporate Bonds</b>                              | <b>56.3%</b> |              |    | 214,738,031 |

## Foreign Agency Obligations

|   |             |         |  |           |
|---|-------------|---------|--|-----------|
| Hellenic Republic Government Bond, 4.60%,<br>9/20/40    |             | EUR 160 |  | 105,934   |
| Italy Government International Bond, 5.38%,<br>6/15/33  |             | USD 470 |  | 488,228   |
| Japan Finance Corp., 2.00%, 6/24/11                     |             | 880     |  | 889,520   |
| Kreditanstalt fuer Wiederaufbau, 1.38%, 7/15/13         |             | 655     |  | 663,653   |
| Landwirtschaftliche Rentenbank:                         |             |         |  |           |
| 4.13%, 7/15/13  |             | 120     |  | 130,225   |
| Series E, 5.25%, 7/02/12                                |             | 405     |  | 437,179   |
| Series E, 4.38%, 1/15/13                                |             | 260     |  | 281,620   |
| Series E, 4.00%, 2/02/15                                |             | 235     |  | 260,304   |
| Mexico Government International Bond, 5.63%,<br>1/15/17 |             | 370     |  | 415,325   |
| Province of Ontario Canada:                             |             |         |  |           |
| 4.10%, 6/16/14  |             | 1,235   |  | 1,358,626 |
| Series 1, 1.88%, 11/19/12                               |             | 1,180   |  | 1,207,031 |
| Qatari Diar Finance QSC, 3.50%, 7/21/15 (a)             |             | 915     |  | 932,385   |
| Russian Foreign Bond Eurobond, 7.50%, 3/31/30           |             | 1,371   |  | 1,627,962 |
| United Mexican States, Series A, 5.13%, 1/15/20         |             | 215     |  | 233,275   |
| <b>Total Foreign Agency Obligations</b>                 | <b>2.4%</b> |         |  | 9,031,267 |

**Non-Agency Mortgage-Backed Securities****Collateralized Mortgage Obligations 4.6%**

|   |       |           |
|---|-------|-----------|
| Banc of America Funding Corp., Series 2007-2,<br>Class 1A2, 6.00%, 3/25/37        | 1,100 | 878,827   |
| Collateralized Mortgage Obligation Trust, Series 40,<br>Class R, 580.50%, 4/01/18 | (j)   | 81        |
| Countrywide Alternative Loan Trust:   |       |           |
| Series 2005-64CB, Class 1A15, 5.50%,<br>12/25/35                                  | 1,700 | 1,394,411 |
| Series 2006-0A21, Class A1, 0.46%,<br>3/20/47 (b)                                 | 955   | 501,495   |
| Series 2006-41CB, Class 1A4, 5.75%, 1/25/37                                       | 800   | 579,452   |
| Countrywide Home Loan Mortgage Pass-Through<br>Trust:                             |       |           |
| Series 2006-0A5, Class 2A1, 0.46%,<br>4/25/46 (b)                                 | 387   | 218,908   |
| Series 2007-10, Class A22, 6.00%, 7/25/37   | 864   | 695,901   |

**Non-Agency Mortgage-Backed Securities**

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Collateralized Mortgage Obligations (concluded)</b>   |              |            |
| Deutsche ALT-A Securities, Inc. Alternate Loan Trust,<br>Series 2006-0A1, Class A1, 0.46%, 2/25/47 (b) | USD 309      | \$ 185,937 |
| GSR Mortgage Loan Trust (b):   |              |            |
| Series 2005-AR4, Class 6A1, 5.25%, 7/25/35   | 3,183        | 2,974,567  |
| Series 2006-AR1, Class 2A1, 5.00%, 1/25/36   | 804          | 636,959    |
| Harborview Mortgage Loan Trust, Series 2005-8,<br>Class 1A2A, 0.60%, 9/19/35 (b)                       | 103          | 63,200     |
| Homebanc Mortgage Trust, Series 2006-2,<br>Class A1, 0.44%, 12/25/36 (b)                               | 798          | 568,564    |
| IndyMac IMJA Mortgage Loan Trust, Series 2007-A1,<br>Class A4, 6.00%, 8/25/37                          | 1,100        | 885,120    |
| JPMorgan Mortgage Trust, Series 2007-S1,<br>Class 2A22, 5.75%, 3/25/37                                 | 755          | 638,681    |
| Merrill Lynch Mortgage Investors, Inc., Series<br>2006-A3, Class 3A1, 5.64%, 5/25/36 (b)               | 805          | 547,267    |
| Residential Funding Securities LLC, Series<br>2003-RM2, Class AI5, 8.50%, 5/25/33                      | 3,460        | 3,607,044  |
| Station Place Securitization Trust, Series 2009-1,<br>Class A, 1.76%, 1/25/40 (a)(b)                   | 1,580        | 1,580,000  |
| WaMu Mortgage Pass-Through Certificates, Series<br>2007-0A4, Class 1A, 1.18%, 5/25/47 (b)              | 436          | 274,613    |
| Wells Fargo Mortgage-Backed Securities Trust:  |              |            |
| Series 2006-3, Class A9, 5.50%, 3/25/36  | 590          | 573,615    |
| Series 2006-AR4, Class 2A4, 5.69%,<br>4/25/36 (b)  | 300          | 265,480    |
| Series 2007-10, Class 1A21, 6.00%, 7/25/37   | 523          | 445,587    |
|  |              | 17,515,709 |

**Commercial Mortgage-Backed Securities 12.8%**

|  |       |           |
|--|-------|-----------|
| CS First Boston Mortgage Securities Corp.,<br>Series 2002-CP5, Class A2, 4.94%, 12/15/35 | 2,970 | 3,149,190 |
|--|-------|-----------|

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|   |        |            |
|---|--------|------------|
| Citigroup Commercial Mortgage Trust, Series 2008-C7, Class A4, 6.29%, 12/10/49 (b)            | 2,020  | 2,155,403  |
| Commercial Mortgage Loan Trust, Series 2008-LS1, Class A4B, 6.02%, 12/10/49 (b)               | 1,515  | 1,569,447  |
| Commercial Mortgage Pass-Through Certificates, Series 2004-LB3A, Class A3, 5.09%, 7/10/37 (b) | 990    | 1,011,361  |
| DLJ Commercial Mortgage Corp., Series 2000-CKP1, Class A1B, 7.18%, 11/10/33                   | 3      | 2,790      |
| First Union-Lehman Brothers-Bank of America, Series 1998-C2, Class D, 6.78%, 11/18/35         | 2,630  | 2,789,945  |
| GE Capital Commercial Mortgage Corp., Series 2002-1A, Class A3, 6.27%, 12/10/35               | 2,310  | 2,441,978  |
| GMAC Commercial Mortgage Securities, Inc.:  |        |            |
| Series 2002-C3, Class A2, 4.93%, 7/10/39  | 2,580  | 2,732,885  |
| Series 2004-C3, Class A4, 4.55%, 12/10/41   | 2,475  | 2,523,990  |
| JPMorgan Chase Commercial Mortgage Securities Corp.:  |        |            |
| Series 2001-C1, Class A3, 5.86%, 10/12/35   | 1,966  | 2,037,976  |
| Series 2004-CBX, Class A4, 4.53%, 1/12/37   | 2,380  | 2,429,775  |
| LB-UBS Commercial Mortgage Trust, Series 2004-C4, Class A3, 5.29%, 6/15/29 (b)                | 2,530  | 2,660,267  |
| Merrill Lynch Mortgage Trust, Series 2004BPC1, Class A3, 4.47%, 10/12/41 (b)                  | 4,280  | 4,365,337  |
| Morgan Stanley Capital I, Series 2005-T17, Class A4, 4.52%, 12/13/41                          | 2,663  | 2,731,714  |
| Wachovia Bank Commercial Mortgage Trust:  |        |            |
| Series 2005-C21, Class A3, 5.38%, 10/15/44 (b)  | 644    | 645,136    |
| Series 2006-C28, Class A2, 5.50%, 10/15/48 (i)  | 14,000 | 14,389,848 |
| Series 2007-C33, Class A4, 6.10%, 2/15/51 (b)   | 1,105  | 1,122,181  |
|   |        | 48,759,223 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

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

| Non-Agency Mortgage-Backed Securities   | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Interest Only Collateralized Mortgage Obligations 0.0%</b>                               |              |                   |
| Collateralized Mortgage Obligation Trust, Series 42, Class R, 6,000.00%, 10/01/14           | USD          | (j) \$ 399        |
| GSMPS Mortgage Loan Trust, Series 1998-5, Class IO, 0.63%, 6/19/27 (a)(b)                   | 2,776        | 55,527            |
| Salomon Brothers Mortgage Securities VII, Inc., Series 2000-1, Class IO, 0.42%, 3/25/22 (b) | 591          | 1                 |
|   |              | <u>55,927</u>     |
| <b>Interest Only Commercial Mortgage-Backed Securities 0.0%</b>                             |              |                   |
| Morgan Stanley Capital I, Series 1997-HF1, Class X, 2.23%, 7/15/29 (a)(b)                   | 10           |                   |
| <b>Total Non-Agency Mortgage-Backed Securities 17.4%</b>                                    |              | <b>66,330,859</b> |

| Other Interests (k)                              | Beneficial<br>Interest<br>(000) | Value      |
|--|---------------------------------|------------|
| <b>Health Care Providers &amp; Services 0.0%</b> |                                 |            |
| Critical Care Systems International, Inc.        | 2                               | 381        |
| <b>Total Other Interests 0.0%</b>                |                                 | <b>381</b> |

## Preferred Securities

| Capital Trusts                                   | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Insurance 1.0%</b>                            |              |                  |
| The Allstate Corp., 6.50%, 5/15/67 (b)           | 2,150        | 1,956,500        |
| The Lincoln National Corp., 6.05%, 4/20/67 (b)   | 750          | 630,000          |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (b)     | 750          | 719,405          |
| ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(b) | 575          | 520,375          |
| <b>Total Capital Trusts 1.0%</b>                 |              | <b>3,826,280</b> |

| Preferred Stocks   | Shares |           |
|--|--------|-----------|
| <b>Media 0.0%</b>  |        |           |
| CMP Susquehanna Radio Holdings Corp.,<br>0.00% (a)(b)(c) | 12,873 |           |
| <b>Specialty Retail 0.0%</b>                             |        |           |
| Lazydays RV Center, Inc., 0.00% (c)                      | 55     | 65,455    |
| <b>Thrifts &amp; Mortgage Finance 0.0%</b>               |        |           |
| Fannie Mae, Series O, 0.00% (c)                          | 40,000 | 16,400    |
| Freddie Mac, Series Z, 8.38% (c)                         | 94,539 | 31,198    |
|  |        | 47,598    |
| <b>Total Preferred Stocks 0.0%</b>                       |        | 113,053   |
| <b>Total Preferred Securities 1.0%</b>                   |        | 3,939,333 |

| Taxable Municipal Bonds   | Par<br>(000) |              |    |           |
|---|--------------|--------------|----|-----------|
| The Board of Trustees of The Leland Stanford Junior<br>University, 4.25%, 5/01/16           | USD          | 470          |    | 530,621   |
| City of Chicago Illinois, RB, Build America Bonds,<br>6.40%, 1/01/40                        |              | 250          |    | 276,510   |
| Dallas Area Rapid Transit, RB, Build America Bonds,<br>6.00%, 12/01/44                      |              | 260          |    | 312,629   |
| Taxable Municipal Bonds   |              | Par<br>(000) |    | Value     |
| East Bay Municipal Utility District, RB, Build<br>America Bonds, 5.87%, 6/01/40             | USD          | 950          | \$ | 1,105,619 |
| Indianapolis Local Public Improvement Bond Bank,<br>RB, Build America Bonds, 6.12%, 1/15/40 |              | 1,260        |    | 1,455,161 |
| Metropolitan Transportation Authority, RB, Build<br>America Bonds, 7.34%, 11/15/39          |              | 670          |    | 860,649   |
| New York City Municipal Water Finance Authority,<br>RB, Build America Bonds, 5.72%, 6/15/42 |              | 690          |    | 771,441   |
| New York State Dormitory Authority, RB,<br>Build America Bonds:<br>5.63%, 3/15/39           |              | 550          |    | 590,123   |
| 5.60%, 3/15/40  |              | 950          |    | 1,035,918 |
| Port Authority of New York & New Jersey, RB,<br>Consolidated, 159th Series, 6.04%, 12/01/29 |              | 395          |    | 450,138   |
| Princeton University, 5.70%, 3/01/39  |              | 575          |    | 697,866   |
| State of California, GO:<br>Build America Bonds, 7.30%, 10/01/39                            |              | 1,100        |    | 1,212,684 |
| Build America Bonds, 7.35%, 11/01/39  |              | 540          |    | 622,409   |
| Build America Bonds, Various Purpose,<br>7.50%, 4/01/34                                     |              | 360          |    | 408,798   |

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|  |       |                   |
|--|-------|-------------------|
| Various Purpose, Series 3, 5.45%, 4/01/15      | 2,475 | 2,648,448         |
| State of Illinois, GO, Pension, 5.10%, 6/01/33 | 960   | 818,438           |
| <b>Total Taxable Municipal Bonds 3.6%</b>      |       | <b>13,797,452</b> |

**U.S. Government Sponsored Agency Securities**

**Agency Obligations 7.6%**

|   |       |                   |
|---|-------|-------------------|
| Fannie Mae:   |       |                   |
| 6.45%, 10/09/19 (f)(l)  | 6,125 | 4,037,784         |
| 7.13%, 1/15/30 (f)  | 4,000 | 5,810,888         |
| 5.63%, 7/15/37 (d)  | 825   | 1,042,898         |
| Federal Home Loan Banks:  |       |                   |
| 5.38%, 9/30/22 (f)  | 5,600 | 6,758,690         |
| 5.25%, 12/09/22 (m)   | 700   | 835,298           |
| 5.37%, 9/09/24 (m)  | 1,100 | 1,329,565         |
| Federal Housing Administration, Merrill Projects:                   |       |                   |
| Series 29, 7.43%, 10/01/20  | 43    | 42,852            |
| Series 42, 7.43%, 9/25/22   | 42    | 41,968            |
| Federal Housing Administration, Westmore Project,<br>7.25%, 4/01/21 | 1,428 | 1,414,135         |
| Freddie Mac:  |       |                   |
| 1.75%, 6/15/12 (f)  | 1,200 | 1,224,450         |
| 5.50%, 7/18/16  | 210   | 252,044           |
| 5.00%, 2/16/17  | 420   | 493,369           |
| Resolution Funding Corp., 8.55%, 4/15/30 (l)                        | 6,055 | 2,830,791         |
| Tennessee Valley Authority, 5.25%, 9/15/39                          | 2,405 | 2,852,183         |
|   |       | <b>28,966,915</b> |

**Collateralized Mortgage Obligations 0.4%**

|   |       |                  |
|---|-------|------------------|
| Fannie Mae Mortgage-Backed Securities:          |       |                  |
| Series 1991-46, Class S, 2,454.59%, 5/25/21 (b) | (j)   | 3,263            |
| Series 1991-87, Class S, 25.94%, 8/25/21 (b)    | 32    | 51,057           |
| Series 2005-5, Class PK, 5.00%, 12/25/34        | 1,341 | 1,466,120        |
| Series G-7, Class S, 1,112.85%, 3/25/21 (b)     | (j)   | 2,209            |
| Series G-17, Class S, 1,051.96%, 6/25/21 (b)    | (j)   | 3,223            |
| Series G-49, Class S, 1,005.55%, 12/25/21 (b)   | (j)   | 1,242            |
| Freddie Mac Mortgage-Backed Securities:         |       |                  |
| Series 19, Class R, 16,113.87%, 3/15/20 (b)     | (j)   | 815              |
| Series 75, Class R, 9.50%, 1/15/21              | (j)   | 1                |
| Series 75, Class RS, 21.65%, 1/15/21 (b)        | (j)   | 1                |
| Series 173, Class R, 9.00%, 11/15/21            | (j)   | 8                |
| Series 173, Class RS, 9.18%, 11/15/21 (b)       | (j)   | 8                |
| Series 1057, Class J, 1,008.00%, 3/15/21        | (j)   | 1,215            |
|   |       | <b>1,529,162</b> |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| U.S. Government Sponsored Agency Securities      | Par<br>(000) | Value            |
|--|--------------|------------------|
| <b>Federal Deposit Insurance Corporation</b>     |              |                  |
| <b>Guaranteed 1.8%</b>                           |              |                  |
| Citigroup Funding, Inc. (f):                     |              |                  |
| 2.13%, 7/12/12                                   | USD 1,460    | \$ 1,500,652     |
| 1.88%, 10/22/12                                  | 2,900        | 2,970,952        |
| General Electric Capital Corp.:                  |              |                  |
| 2.00%, 9/28/12                                   | 1,850        | 1,900,300        |
| 2.13%, 12/21/12                                  | 525          | 541,324          |
|  |              | <u>6,913,228</u> |
| <b>Interest Only Collateralized Mortgage</b>     |              |                  |
| <b>Obligations 0.2%</b>                          |              |                  |
| Fannie Mae Mortgage-Backed Securities:           |              |                  |
| Series 7, Class 2, 8.50%, 4/01/17                | 3            | 477              |
| Series 89, Class 2, 8.00%, 10/01/18              | 5            | 744              |
| Series 94, Class 2, 9.50%, 8/01/21               | 2            | 354              |
| Series 1990-123, Class M, 1,009.50%,<br>10/25/20 | (j)          | 355              |
| Series 1990-136, Class S, 19.80%, 11/25/20 (b)   | 8            | 12,227           |
| Series 1991-38, Class N, 1,008.50%, 4/25/21      | (j)          | 9                |
| Series 1991-99, Class L, 930.00%, 8/25/21        | (j)          | 1,444            |
| Series 1991-139, Class PT, 648.35%, 10/25/21     | (j)          | 2,125            |
| Series 1997-50, Class SI, 1.20%, 4/25/23 (b)     | 209          | 7,400            |
| Series G-10, Class S, 1,076.50%, 5/25/21 (b)     | (j)          | 7,830            |
| Series G-12, Class S, 1,142.80%, 5/25/21 (b)     | (j)          | 4,905            |
| Series G-33, Class PV, 1,078.40%, 10/25/21       | (j)          | 4,285            |
| Series G92-5, Class H, 9.00%, 1/25/22            | 44           | 7,985            |
| Freddie Mac Mortgage-Backed Securities:          |              |                  |
| Series 176, Class M, 1,010.00%, 7/15/21          | (j)          | 362              |
| Series 192, Class U, 1,009.03%, 2/15/22 (b)      | (j)          | 322              |
| Series 200, Class R, 194,822.03%, 12/15/22 (b)   | (j)          | 7                |
| Series 1043, Class H, 43.59%, 2/15/21 (b)        | 4            | 9,715            |
| Series 1054, Class I, 854.20%, 3/15/21 (b)       | (j)          | 723              |
| Series 1056, Class KD, 1,084.50%, 3/15/21        | (j)          | 1,001            |
| Series 1148, Class E, 1,160.00%, 10/15/21 (b)    | (j)          | 2,692            |
| Series 1254, Class Z, 8.50%, 4/15/22             | 91           | 22,624           |
| Series 1831, Class PG, 6.50%, 3/15/11            | 9            | 95               |
| Series 2611, Class QI, 5.50%, 9/15/32            | 3,074        | 366,192          |
|  |              | <u>453,873</u>   |
| <b>Mortgage-Backed Securities 24.7%</b>          |              |                  |
| Fannie Mae Mortgage-Backed Securities (n):       |              |                  |
| 4.00%, 4/01/25 9/15/40 (f)                       | 9,004        | 9,445,469        |
| 4.50%, 9/15/40                                   | 8,500        | 8,925,000        |
| 5.00%, 2/01/39 9/15/40 (f)                       | 23,390       | 24,857,372       |

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|  |        |            |
|--|--------|------------|
| 5.50%, 12/01/13 9/15/40 (f)                    | 11,344 | 12,132,706 |
| 6.00%, 3/01/16 9/15/40 (f)                     | 13,136 | 14,211,489 |
| <b>Freddie Mac Mortgage-Backed Securities:</b> |        |            |
| 4.00%, 3/01/25 6/01/25 (f)                     | 16,453 | 17,329,762 |
| 4.50%, 4/01/40 9/15/40 (f)(n)                  | 6,088  | 6,397,463  |
| 5.50%, 6/01/40                                 | 1,008  | 1,076,749  |
| 8.00%, 4/15/24 6/15/25                         | 68     | 78,935     |
|  |        | 94,454,945 |

**Principal Only Collateralized Mortgage Obligations 0.0%**

|   |    |        |
|---|----|--------|
| <b>Fannie Mae Mortgage-Backed Securities:</b>         |    |        |
| Series 203, Class 1, 2/01/23                          | 12 | 10,255 |
| Series 228, Class 1, 6/01/23                          | 8  | 6,954  |
| Series 1993-51, Class E, 2/25/23                      | 39 | 34,414 |
| Series 1993-70, Class A, 5/25/23                      | 6  | 5,440  |
| <b>Freddie Mac Mortgage-Backed Securities, Series</b> |    |        |
| 1739, Class B, 2/15/24                                | 32 | 30,812 |
|   |    | 87,875 |

**Total U.S. Government Sponsored Agency Securities 34.7%** 132,405,998

| U.S. Treasury Obligations                    | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>U.S. Treasury Bonds:</b>                  |              |              |
| 8.13%, 8/15/21                               | USD 1,550    | \$ 2,361,086 |
| 8.00%, 11/15/21 (f)                          | 12,255       | 18,583,556   |
| <b>U.S. Treasury Notes:</b>                  |              |              |
| 1.75%, 7/31/15 (f)                           | 8,175        | 8,346,184    |
| 1.25%, 8/31/15                               | 12,180       | 12,124,809   |
| 2.63%, 8/15/20 (f)                           | 42,707       | 43,254,186   |
| 4.25%, 5/15/39 (f)                           | 2,770        | 3,128,802    |
| 4.50%, 8/15/39 (d)                           | 2,520        | 2,963,364    |
| 4.63%, 2/15/40 (f)                           | 2,745        | 3,293,144    |
| 4.38%, 5/15/40                               | 4,685        | 5,406,051    |
| 3.88%, 8/15/40                               | 1,700        | 1,807,047    |
| <b>Total U.S. Treasury Obligations 26.6%</b> |              | 101,268,229  |

|   |               |
|---|---------------|
| <b>Warrants (o)</b>   | <b>Shares</b> |
| <b>Media 0.0%</b>   |               |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (a) | 14,710        |
| <b>Total Warrants 0.0%</b>                                    |               |

**Total Long-Term Investments**  
(Cost \$540,226,878) 148.4% 565,910,257

| Short-Term Securities                    | Par<br>(000) |                |
|--|--------------|----------------|
| <b>Borrowed Bond Agreement 0.1%</b>      |              |                |
| JPMorgan Securities Inc., 0.13%, 9/02/10 | USD          | 295 \$ 294,606 |
| <b>Total Short-Term Securities</b>       |              |                |
| <b>(Cost \$294,606) 0.1%</b>             |              | 294,606        |

| Options Purchased   | Contracts |        |
|---|-----------|--------|
| <b>Exchange-Traded Call Options 0.0%</b>  |           |        |
| Five-Year U.S. Treasury Note Future, Strike Price<br>USD 121.00, Expires 11/26/10 | 21        | 12,469 |
| <b>Exchange-Traded Put Options 0.0%</b>   |           |        |
| Five-Year U.S. Treasury Note Future, Strike Price<br>USD 117.00, Expires 11/26/10 | 21        | 3,445  |

|   | Notional<br>Amount<br>(000) |                  |
|---|-----------------------------|------------------|
| <b>Over-the-Counter Call Swaptions 1.7%</b>   |                             |                  |
| Receive a fixed rate of 4.22% and pay a floating rate<br>based on 3-month LIBOR, Expires 4/29/11,<br>Broker Credit Suisse International | USD                         | 4,500 614,002    |
| Receive a fixed rate of 3.65% and pay a floating rate<br>based on 3-month LIBOR, Expires 5/05/11,<br>Broker Credit Suisse International |                             | 5,600 507,035    |
| Receive a fixed rate of 4.01% and pay a floating rate<br>based on 3-month LIBOR, Expires 5/16/11,<br>Broker Goldman Sachs Bank USA      |                             | 6,000 709,542    |
| Receive a fixed rate of 3.86% and pay a floating rate<br>based on 3-month LIBOR, Expires 5/19/11,<br>Broker JPMorgan Chase Bank NA      |                             | 10,700 1,133,055 |
| Receive a fixed rate of 4.39% and pay a floating rate<br>based on 3-month LIBOR, Expires 5/08/12,<br>Broker Citibank NA                 |                             | 2,300 295,992    |
| Receive a fixed rate of 3.89% and pay a floating rate<br>based on 3-month LIBOR, Expires 7/09/12,<br>Broker Goldman Sachs Bank USA      |                             | 4,200 382,460    |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Options Purchased   | Notional<br>Amount<br>(000) | Value      |
|---|-----------------------------|------------|
| <b>Over-the-Counter Call Swaptions (concluded)</b>  |                             |            |
| Receive a fixed rate of 3.93% and pay a floating rate based on 3-month LIBOR, Expires 7/16/12, Broker Goldman Sachs Bank USA      | USD 4,700                   | \$ 439,135 |
| Receive a fixed rate of 3.70% and pay a floating rate based on 3-month LIBOR, Expires 8/03/12, Broker Credit Suisse International | 4,700                       | 370,111    |
| Receive a fixed rate of 3.72% and pay a floating rate based on 3-month LIBOR, Expires 8/06/12, Broker Deutsche Bank AG            | 5,000                       | 397,700    |
| Receive a fixed rate of 4.21% and pay a floating rate based on 3-month LIBOR, Expires 4/22/13, Broker JPMorgan Chase Bank NA      | 5,300                       | 210,739    |
| Receive a fixed rate of 5.20% and pay a floating rate based on 3-month LIBOR, Expires 4/28/15, Broker Citibank NA                 | 9,300                       | 1,371,610  |
|   |                             | 6,431,381  |
| <b>Over-the-Counter Put Swaptions 0.2%</b>  |                             |            |
| Pay a fixed rate of 2.02% and receive a floating rate based on 3-month LIBOR, Expires 11/10/10, Broker Bank of America NA         | 5,700                       | 17,972     |
| Pay a fixed rate of 4.22% and receive a floating rate based on 3-month LIBOR, Expires 4/29/11, Broker Credit Suisse International | 4,500                       | 13,648     |
| Pay a fixed rate of 4.02% and receive a floating rate based on 3-month LIBOR, Expires 5/05/11, Broker Credit Suisse International | 9,100                       | 39,694     |
| Pay a fixed rate of 4.01% and receive a floating rate based on 3-month LIBOR, Expires 5/16/11, Broker Goldman Sachs Bank USA      | 6,000                       | 28,938     |
| Pay a fixed rate of 3.86% and receive a floating rate based on 3-month LIBOR, Expires 5/19/11, Broker JPMorgan Chase Bank NA      | 10,700                      | 66,843     |
| Pay a fixed rate of 4.39% and receive a floating rate based on 3-month LIBOR, Expires 5/08/12, Broker Citibank NA                 | 2,300                       | 30,059     |
| Pay a fixed rate of 3.89% and receive a floating rate based on 3-month LIBOR, Expires 7/09/12, Broker Goldman Sachs Bank USA      | 4,200                       | 99,229     |
| Pay a fixed rate of 3.93% and receive a floating rate based on 3-month LIBOR, Expires 7/16/12, Broker Goldman Sachs Bank USA      | 4,700                       | 108,490    |
| Pay a fixed rate of 3.70% and receive a floating rate based on 3-month LIBOR, Expires 8/03/12, Broker Credit Suisse International | 4,700                       | 136,070    |

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Pay a fixed rate of 3.72% and receive a floating rate based on 3-month LIBOR, Expires 8/06/12,

Broker Deutsche Bank AG 5,000 143,730

Pay a fixed rate of 4.21% and receive a floating rate based on 3-month LIBOR, Expires 4/22/13,

Broker JPMorgan Chase Bank NA 5,300 19,059

Pay a fixed rate of 5.20% and receive a floating rate based on 3-month LIBOR, Expires 4/28/15,

Broker Citibank NA 9,300 248,301

952,033

**Total Options Purchased**

(Cost \$5,760,853) 1.9% 7,399,328

**Total Investments Before Borrowed Bonds,  
TBA Sale Commitments and Options Written**

(Cost \$546,282,337\*) 150.4% 573,604,191

| Borrowed Bonds                      | Par<br>(000) | Value        |
|-------------------------------------|--------------|--------------|
| U.S. Treasury Notes, 2.63%, 8/15/20 | USD 290      | \$ (293,716) |
| <b>Total Borrowed Bonds</b>         |              | (293,716)    |
| <b>(Proceeds \$293,743) (0.1)%</b>  |              |              |

**TBA Sale Commitments (n)**

Fannie Mae Mortgage-Backed Securities:

|                         |        |              |
|-------------------------|--------|--------------|
| 4.00%, 4/01/25 9/15/40  | 5,900  | (6,196,841)  |
| 4.50%, 9/15/40          | 8,500  | (8,925,000)  |
| 5.00%, 2/01/39 9/15/40  | 17,900 | (19,007,563) |
| 5.50%, 12/01/13 9/15/40 | 800    | (857,297)    |
| 6.00%, 3/01/16 9/15/40  | 7,640  | (8,224,933)  |

Freddie Mac Mortgage-Backed Securities:

|                        |        |              |
|------------------------|--------|--------------|
| 4.00%, 3/01/25 6/01/25 | 16,400 | (17,214,883) |
| 4.50%, 4/01/40 9/15/40 | 6,000  | (6,292,500)  |

**Total TBA Sale Commitments**

(Proceeds \$66,590,987) (17.5%) (66,719,017)

| Options Written | Notional<br>Amount<br>(000) |
|-----------------|-----------------------------|
|-----------------|-----------------------------|



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**Over-the-Counter Call Swaptions (2.7)%**

|   |        |             |
|---|--------|-------------|
| Pay a fixed rate of 4.92% and receive a floating rate based on 3-month LIBOR, Expires 11/04/10,<br>Broker Barclays Bank Plc         | 15,000 | (3,202,425) |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 5/12/11,<br>Broker Royal Bank of Scotland Plc | 6,800  | (836,652)   |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 5/13/11,<br>Broker BNP Paribas SA             | 3,500  | (429,674)   |
| Pay a fixed rate of 3.86% and receive a floating rate based on 3-month LIBOR, Expires 6/02/11,<br>Broker UBS AG                     | 5,000  | (528,005)   |
| Pay a fixed rate of 4.14% and receive a floating rate based on 3-month LIBOR, Expires 6/15/12,<br>Broker Deutsche Bank AG           | 3,500  | (381,640)   |
| Pay a fixed rate of 4.05% and receive a floating rate based on 3-month LIBOR, Expires 6/18/12,<br>Broker Deutsche Bank AG           | 3,500  | (359,842)   |
| Pay a fixed rate of 3.83% and receive a floating rate based on 3-month LIBOR, Expires 7/30/12,<br>Broker Citibank NA                | 1,700  | (147,660)   |
| Pay a fixed rate of 4.90% and receive a floating rate based on 3-month LIBOR, Expires 3/04/13,<br>Broker Deutsche Bank AG           | 4,800  | (728,155)   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Options Written  | Notional<br>Amount<br>(000) | Value               |
|--|-----------------------------|---------------------|
| <b>Over-the-Counter Call Swaptions (concluded)</b>   |                             |                     |
| Pay a fixed rate of 4.92% and receive a floating rate based on 3-month LIBOR, Expires 3/05/13,<br>Broker Deutsche Bank AG            | USD 3,300                   | \$ (506,464)        |
| Pay a fixed rate of 5.00% and receive a floating rate based on 3-month LIBOR, Expires 4/22/13,<br>Broker JPMorgan Chase Bank NA      | 6,000                       | (942,624)           |
| Pay a fixed rate of 4.32% and receive a floating rate based on 3-month LIBOR, Expires 5/28/13,<br>Broker Royal Bank of Scotland Plc  | 500                         | (54,225)            |
| Pay a fixed rate of 4.07% and receive a floating rate based on 3-month LIBOR, Expires 7/08/13,<br>Broker Deutsche Bank AG            | 1,700                       | (156,432)           |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 7/15/13,<br>Broker Credit Suisse International | 2,600                       | (237,206)           |
| Pay a fixed rate of 5.33% and receive a floating rate based on 3-month LIBOR, Expires 7/17/13,<br>Broker JPMorgan Chase Bank NA      | 9,200                       | (1,021,044)         |
| Pay a fixed rate of 4.84% and receive a floating rate based on 3-month LIBOR, Expires 12/02/14,<br>Broker JPMorgan Chase Bank NA     | 2,600                       | (331,672)           |
| Pay a fixed rate of 4.21% and receive a floating rate based on 3-month LIBOR, Expires 8/06/15,<br>Broker Goldman Sachs Bank USA      | 3,800                       | (202,103)           |
| Pay a fixed rate of 3.97% and receive a floating rate based on 3-month LIBOR, Expires 8/11/15,<br>Broker Bank of America NA          | 2,800                       | (129,575)           |
| Pay a fixed rate of 4.76% and receive a floating rate based on 3-month LIBOR, Expires 5/30/17,<br>Broker JPMorgan Chase Bank NA      | 3,100                       | (351,543)           |
|  |                             | <u>(10,546,941)</u> |
| <b>Over-the-Counter Put Swaptions (0.4)%</b>   |                             |                     |
| Receive a fixed rate of 2.32% and pay a floating rate based on 3-month LIBOR, Expires 11/10/10,<br>Broker Bank of America NA         | 5,700                       | (7,393)             |
| Receive a fixed rate of 4.92% and pay a floating rate based on 3-month LIBOR, Expires 11/04/10,<br>Broker Barclays Bank Plc          | 15,000                      | (285)               |
| Receive a fixed rate of 2.10% and pay a floating rate based on 3-month LIBOR, Expires 12/02/10,<br>Broker Citibank NA                | 14,900                      | (1,058)             |
| Receive a fixed rate of 4.06% and pay a floating rate based on 3-month LIBOR, Expires 5/12/11,<br>Broker Royal Bank of Scotland Plc  | 6,800                       | (29,254)            |

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|   |       |          |
|---|-------|----------|
| Receive a fixed rate of 4.06% and pay a floating rate based on 3-month LIBOR, Expires 5/13/11,<br>Broker BNP Paribas SA   | 3,500 | (15,221) |
| Receive a fixed rate of 3.86% and pay a floating rate based on 3-month LIBOR, Expires 6/02/11,<br>Broker UBS AG           | 5,000 | (33,845) |
| Receive a fixed rate of 4.14% and pay a floating rate based on 3-month LIBOR, Expires 6/15/12,<br>Broker Deutsche Bank AG | 3,500 | (62,940) |
| Receive a fixed rate of 4.05% and pay a floating rate based on 3-month LIBOR, Expires 6/18/12,<br>Broker Deutsche Bank AG | 3,500 | (68,547) |

| Options Written  | Notional<br>Amount<br>(000) | Value       |
|--|-----------------------------|-------------|
| <b>Over-the-Counter Put Swaptions (concluded)</b>  |                             |             |
| Receive a fixed rate of 3.83% and pay a floating rate based on 3-month LIBOR, Expires 7/30/12,<br>Broker Citibank NA                           | USD 1,700                   | \$ (43,680) |
| Receive a fixed rate of 4.00% and pay a floating rate based on 3-month LIBOR, Expires 8/13/12,<br>Broker Morgan Stanley Capital Services, Inc. | 8,100                       | (183,668)   |
| Receive a fixed rate of 4.90% and pay a floating rate based on 3-month LIBOR, Expires 3/04/13,<br>Broker Deutsche Bank AG                      | 4,800                       | (74,894)    |
| Receive a fixed rate of 4.92% and pay a floating rate based on 3-month LIBOR, Expires 3/05/13,<br>Broker Deutsche Bank AG                      | 3,300                       | (50,642)    |
| Receive a fixed rate of 5.00% and pay a floating rate based on 3-month LIBOR, Expires 4/22/13,<br>Broker JPMorgan Chase Bank NA                | 6,000                       | (93,432)    |
| Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR, Expires 5/28/13,<br>Broker Royal Bank of Scotland Plc            | 500                         | (13,273)    |
| Receive a fixed rate of 4.07% and pay a floating rate based on 3-month LIBOR, Expires 7/08/13,<br>Broker Deutsche Bank AG                      | 1,700                       | (56,020)    |
| Pay a fixed rate of 4.06% and receive a floating rate based on 3-month LIBOR, Expires 7/15/13,<br>Broker Credit Suisse International           | 2,600                       | (86,830)    |
| Receive a fixed rate of 5.33% and pay a floating rate based on 3-month LIBOR, Expires 7/17/13,<br>Broker JPMorgan Chase Bank NA                | 9,200                       | (57,868)    |
| Receive a fixed rate of 4.84% and pay a floating rate based on 3-month LIBOR, Expires 12/02/14,<br>Broker JPMorgan Chase Bank NA               | 2,600                       | (78,049)    |
| Receive a fixed rate of 4.47% and pay a floating rate based on 3-month LIBOR, Expires 8/05/15,<br>Broker JPMorgan Chase Bank NA                | 7,900                       | (170,830)   |
| Receive a fixed rate of 4.21% and pay a floating rate based on 3-month LIBOR, Expires 8/06/15,<br>Broker Goldman Sachs Bank USA                | 3,800                       | (93,700)    |
| Receive a fixed rate of 3.97% and pay a floating rate based on 3-month LIBOR, Expires 8/11/15,<br>Broker Bank of America NA                    | 2,800                       | (78,221)    |
| Receive a fixed rate of 4.76% and pay a floating rate based on 3-month LIBOR, Expires 5/30/17,<br>Broker JPMorgan Chase Bank NA                | 3,100                       | (132,829)   |

|   |  |                       |
|---|--|-----------------------|
|   |  | (1,432,479)           |
| <hr/>   |  |                       |
| <b>Total Options Written</b>                              |  |                       |
| <b>(Premiums Received \$8,239,160) (3.1)%</b>             |  | (11,979,420)          |
| <hr/>   |  |                       |
| <b>Total Investments, Net of Borrowed Bonds, TBA Sale</b> |  |                       |
| <b>Commitments and Options Written 129.7%</b>             |  | 494,612,038           |
| <b>Liabilities in Excess of Other Assets (29.7)%</b>      |  | (113,232,562)         |
| <hr/>   |  |                       |
| <b>Net Assets 100.0%</b>                                  |  | <b>\$ 381,379,476</b> |
| <hr/>   |  |                       |

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 546,874,632 |
| Gross unrealized appreciation | \$ 37,100,850  |
| Gross unrealized depreciation | (10,371,291)   |
| Net unrealized appreciation   | \$ 26,729,559  |

- (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) Variable rate security. Rate shown is as of report date.
- (c) Non-income producing security.
- (d) All or a portion of security has been pledged as collateral in connection with swaps.
- (e) Issuer filed for bankruptcy and/or is in default of interest payments.
- (f) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (g) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown reflects the current yield as of report date.
- (h) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (i) All or a portion of security has been pledged as collateral in connection with Term Asset-Backed Securities Loan Facility ( TALF ) Program.
- (j) Amount is less than \$1,000.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (m) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (n) Represents or includes a to-be-announced ( TBA ) transaction. Unsettled TBA transactions as of report date were as follows:

| Counterparty                 | Value          | Unrealized<br>Appreciation<br>(Depreciation) |
|------------------------------|----------------|--|
| Credit Suisse Securities LLC | \$ (4,516,342) | \$ (10,748)                                  |

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|                                       |    |              |    |          |
|---------------------------------------|----|--------------|----|----------|
| Deutsche Bank Securities, Inc.        | \$ | (5,194,201)  | \$ | (52,467) |
| Goldman Sachs & Co.                   | \$ | 7,980,173    | \$ | 27,870   |
| Greenwich Financial Services          | \$ | (3,983,279)  | \$ | 12,775   |
| Morgan Stanley Capital Services, Inc. |    |              | \$ | 2,531    |
| Nomura Securities International, Inc. | \$ | 10,990,732   | \$ | 22,419   |
| UBS Securities                        | \$ | (7,867,126)  | \$ | (44,805) |
| Wells Fargo Bank, NA                  | \$ | (17,215,882) | \$ | (43,319) |

- (o) 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, if any.

Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at August 31, 2009 | Net Activity | Shares Held at August 31, 2010 | Income  |
|--|--------------------------------|--------------|--------------------------------|---------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 30,000,661                     | (30,000,661) |                                | \$4,942 |

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |          |              |
|--------------------|---------------|--------------|-----------------|--|----------|--------------|
| GBP                | 2,175,000     | USD          | 3,475,346       | Royal Bank of Scotland                 | 9/07/10  | \$ (139,814) |
| GBP                | 1,515,000     | USD          | 2,422,152       | UBS Securities                         | 9/07/10  | (98,782)     |
| USD                | 5,878,908     | GBP          | 3,690,000       | Goldman Sachs Bank USA                 | 9/07/10  | 220,007      |
| USD                | 1,776,552     | EUR          | 1,405,500       | Citibank NA                            | 9/15/10  | (4,530)      |
| EUR                | 3,205,000     | USD          | 4,092,112       | Goldman Sachs Bank USA                 | 10/14/10 | (30,801)     |
| USD                | 814,398       | GBP          | 533,500         | Citibank NA                            | 10/20/10 | (3,519)      |
| <b>Total</b>       |               |              |                 |  |          | \$ (57,439)  |

Reverse repurchase agreements outstanding as of August 31, 2010 were as follows:

| Counterparty | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount |
|--------------|---------------|------------|---------------|--------------------|-------------|
|--------------|---------------|------------|---------------|--------------------|-------------|

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|                                    |       |         |         |                       |                       |
|------------------------------------|-------|---------|---------|-----------------------|-----------------------|
| RBS Securities, Inc.               | 0.40% | 1/13/10 | Open    | \$ 2,914,883          | \$ 2,908,350          |
| Barclays Capital, Inc.             | 0.27% | 3/04/10 | Open    | 2,115,957             | 2,114,044             |
| Barclays Capital, Inc.             | 0.29% | 3/04/10 | Open    | 15,616,448            | 15,602,329            |
| Credit Suisse Securities (USA) LLC | 0.30% | 3/05/10 | Open    | 4,318,122             | 4,313,809             |
| Credit Suisse Securities (USA) LLC | 0.27% | 7/28/10 | Open    | 5,882,732             | 5,881,531             |
| Morgan Stanley & Co., Inc.         | 0.23% | 8/02/10 | 9/02/10 | 14,194,951            | 14,192,230            |
| Barclays Capital, Inc.             | 0.25% | 8/11/10 | Open    | 1,867,818             | 1,867,600             |
| Barclays Capital, Inc.             | 0.27% | 8/11/10 | 9/01/10 | 7,920,674             | 7,919,750             |
| BNP Paribas Securities Corp.       | 0.25% | 8/11/10 | 9/14/10 | 35,286,900            | 35,282,000            |
| JPMorgan Securities, Inc.          | 0.11% | 8/27/10 | Open    | 3,995,031             | 3,995,000             |
| JPMorgan Securities, Inc.          | 0.21% | 8/30/10 | Open    | 12,835,657            | 12,835,550            |
| <b>Total</b>                       |       |         |         | <b>\$ 106,949,173</b> | <b>\$ 106,912,193</b> |

Financial futures contracts purchased as of August 31, 2010 were as follows:

| Contracts    | Issue                            | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation |
|--------------|----------------------------------|--------------------|-----------------|----------------|-------------------------|
| 59           | 2-Year U.S. Treasury Bond        | Chicago Mercantile | September 2010  | \$ 12,929,154  | \$ 17,659               |
| 63           | 10-Year U.S. Treasury Bond       | Chicago Mercantile | September 2010  | \$ 7,953,749   | 15,751                  |
| 72           | EuroBund                         | Eurex              | September 2010  | \$ 12,122,084  | 143,582                 |
| 340          | 30-Year U.S. Treasury Bond       | Chicago Mercantile | December 2010   | \$ 45,456,879  | 453,746                 |
| 129          | 30-Year Ultra U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 18,628,256  | 24,338                  |
| <b>Total</b> |                                  |                    |                 |                | <b>\$ 655,076</b>       |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts    | Issue                      | Exchange           | Expiration Date | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|--------------------|-----------------|----------------|-------------------------|
| 3            | 2-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 657,229     | \$ (193)                |
| 654          | 5-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 78,471,718  | (217,767)               |
| 204          | 10-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 25,524,501  | (102,999)               |
| 60           | Euro Dollars               | Chicago Mercantile | December 2011   | \$ 14,836,350  | (40,650)                |
| <b>Total</b> |                            |                    |                 |                | <b>\$ (361,609)</b>     |

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2010 were as follows:

| Issuer  | Received Rate | Counterparty | Expiration | Notional Amount (000) | Unrealized Appreciation |
|---|---------------|--------------|------------|-----------------------|-------------------------|
| Dow Jones CDX North America Investment Grade Index 14         | 1.00%         | Citibank NA  | June 2015  | \$ 3,300              | \$ 3,636                |
| Dow Jones CDX North America Investment Grade Volatility Index | 1.00%         | Citibank NA  | June 2015  | \$ 3,300              | 640                     |
| <b>Total</b>  |               |              |            |                       | <b>\$ 4,276</b>         |

Credit default swaps on traded indexes sold protection outstanding as of August 31, 2010 were as follows:

| Issuer | Received Rate | Counterparty | Expiration | Average Credit | Notional Amount | Unrealized Appreciation |
|--------|---------------|--------------|------------|----------------|-----------------|-------------------------|
|--------|---------------|--------------|------------|----------------|-----------------|-------------------------|



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|   |       |                                |           | Rating <sup>1</sup> | (000) <sup>2</sup> |                   |
|---|-------|--------------------------------|-----------|---------------------|--------------------|-------------------|
| Dow Jones<br>CDX North<br>America<br>High Yield | 5.00% | Credit Suisse<br>International | June 2015 | B                   | \$ 13,400          | \$ 119,048        |
| Dow Jones<br>CDX North<br>America<br>High Yield | 5.00% | Credit Suisse<br>International | June 2015 | B                   | \$ 1,500           | 4,343             |
| <b>Total</b>                                    |       |                                |           |                     |                    | <b>\$ 123,391</b> |

<sup>1</sup> Using S&P's rating.

<sup>2</sup> The maximum potential amount the Trust may pay should a negative event take place as defined under the terms of agreement.

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                  | Received<br>Rate | Counterparty                                | Expiration        | Notional<br>Amount<br>(000) | Unrealized<br>Appreciation |
|-------------------------|------------------|---|-------------------|-----------------------------|----------------------------|
| NOVA<br>Chemicals Corp. | 5.00%            | Citibank NA                                 | March 2012        | \$ 50                       | \$ (956)                   |
| Macy's, Inc.            | 7.50%            | Morgan<br>Stanley Capital<br>Services, Inc. | June 2012         | \$ 425                      | (46,299)                   |
| Macy's, Inc.            | 8.00%            | Morgan<br>Stanley Capital<br>Services, Inc. | June 2012         | \$ 150                      | (17,683)                   |
| NOVA<br>Chemicals Corp. | 5.00%            | JPMorgan<br>Chase Bank NA                   | June 2012         | \$ 65                       | (902)                      |
| NOVA<br>Chemicals Corp. | 5.00%            | Goldman Sachs<br>Bank USA                   | December<br>2013  | \$ 275                      | (8,960)                    |
| Macy's, Inc.            | 1.00%            | Morgan Stanley<br>International             | September<br>2014 | \$ 155                      | (443)                      |
| <b>Total</b>            |                  |   |                   |                             | <b>\$ (75,243)</b>         |

Interest rate swaps outstanding as of August 31, 2010 were as follows:

| Fixed<br>Rate | Floating<br>Rate | Counterparty | Expiration | Notional<br>Amount | Unrealized<br>Appreciation |
|---------------|------------------|--------------|------------|--------------------|----------------------------|
|---------------|------------------|--------------|------------|--------------------|----------------------------|

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|           |               |                                       |             | (000)     | (Depreciation) |
|-----------|---------------|---------------------------------------|-------------|-----------|----------------|
| 0.79% (a) | 3-month LIBOR | Deutsche Bank AG                      | July 2012   | \$ 11,700 | \$ (31,458)    |
| 0.81% (a) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | July 2012   | \$ 11,600 | (35,899)       |
| 0.85% (a) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | July 2012   | \$ 11,700 | (43,794)       |
| 0.65% (a) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2012 | \$ 1,900  | 179            |
| 0.68% (b) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2012 | \$ 8,700  | 4,435          |
| 0.76% (a) | 3-month LIBOR | Credit Suisse International           | August 2012 | \$ 7,800  | (16,103)       |
| 3.66% (b) | 3-month LIBOR | Citibank NA                           | April 2013  | \$ 5,500  | 401,039        |
| 1.72% (b) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | June 2013   | \$ 9,200  | 210,174        |
| 4.28% (b) | 3-month LIBOR | Credit Suisse International           | July 2013   | \$ 47,800 | 4,529,444      |
| 1.94% (b) | 3-month LIBOR | Royal Bank of Scotland Plc            | July 2015   | \$ 2,700  | 51,070         |
| 1.59% (a) | 3-month LIBOR | Deutsche Bank AG                      | August 2015 | \$ 600    | (785)          |
| 1.62% (a) | 3-month LIBOR | Deutsche Bank AG                      | August 2015 | \$ 9,100  | (27,004)       |
| 1.64% (a) | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2015 | \$ 9,300  | (38,334)       |
| 1.66% (a) | 3-month LIBOR | Royal Bank of Scotland Plc            | August 2015 | \$ 8,200  | (39,811)       |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

Interest rate swaps outstanding as of August 31, 2010 were as follows (concluded):

| Fixed Rate | Floating Rate | Counterparty                          | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|------------|---------------|---------------------------------------|----------------|-----------------------|--|
| 1.67% (a)  | 3-month LIBOR | Bank of America NA                    | August 2015    | \$ 2,800              | \$ (15,446)                            |
| 1.69% (a)  | 3-month LIBOR | Royal Bank of Scotland Plc            | August 2015    | \$ 2,300              | (14,669)                               |
| 1.57% (b)  | 3-month LIBOR | JPMorgan Chase Bank NA                | September 2015 | \$ 1,000              |  |
| 2.13% (a)  | 3-month LIBOR | Barclays Bank Plc                     | August 2017    | \$ 2,100              | (12,154)                               |
| 3.34% (b)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | June 2020      | \$ 6,000              | 467,049                                |
| 3.05% (b)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | July 2020      | \$ 2,300              | 118,983                                |
| 3.05% (a)  | 3-month LIBOR | UBS AG                                | July 2020      | \$ 2,100              | (108,509)                              |
| 2.50% (a)  | 3-month LIBOR | Deutsche Bank AG                      | August 2020    | \$ 11,800             | (12,266)                               |
| 2.56% (a)  | 3-month LIBOR | Citibank NA                           | August 2020    | \$ 400                | (2,679)                                |
| 2.56% (b)  | 3-month LIBOR | Credit Suisse International           | August 2020    | \$ 900                | 5,922                                  |
| 2.57% (b)  | 3-month LIBOR | Deutsche Bank AG                      | August 2020    | \$ 1,200              | 9,690                                  |
| 2.68% (b)  | 3-month LIBOR | Citibank NA                           | August 2020    | \$ 1,500              | 26,728                                 |
| 2.70% (a)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2020    | \$ 1,800              | (35,708)                               |
| 2.88% (b)  | 3-month LIBOR | Bank of America NA                    | August 2020    | \$ 800                | 28,790                                 |
| 2.76% (a)  | 3-month LIBOR | Royal Bank of Scotland Plc            | August 2020    | \$ 1,300              | (32,633)                               |

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|              |               |   |                 |          |                     |
|--------------|---------------|---|-----------------|----------|---------------------|
| 2.92% (a)    | 3-month LIBOR | Barclays<br>Bank Plc                        | August 2020     | \$ 1,500 | (59,243)            |
| 4.84% (a)    | 3-month LIBOR | Morgan<br>Stanley Capital<br>Services, Inc. | January<br>2038 | \$ 4,400 | (1,418,003)         |
| 4.44% (a)    | 3-month LIBOR | JPMorgan<br>Chase Bank NA                   | April 2040      | \$ 1,400 | (358,199)           |
| <b>Total</b> |               |   |                 |          | <b>\$ 3,550,806</b> |

(a) Pays fixed interest rate and receives floating rate.

(b) Pays floating interest rate and receives fixed rate.

Total return swaps outstanding as of August 31, 2010 were as follows:

| Interest<br>Receivable<br>Rate | Counterparty                             | Expiration<br>Date | Notional<br>Value | Unrealized<br>Appreciation |
|--------------------------------|--|--------------------|-------------------|----------------------------|
| 2.52%                          | Deutsche Bank AG                         | May 2020           | \$ 4,300          | \$ 207,062 <sup>(a)</sup>  |
| 2.62%                          | Morgan Stanley<br>Capital Services, Inc. | May 2020           | \$ 7,100          | \$ 410,465 <sup>(a)</sup>  |
| <b>Total</b>                   |  |                    |                   | <b>\$ 617,527</b>          |

(a) Based on the change in return of the Consumer Price Index for All Urban Consumers and pays at maturity.

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

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| Valuation Inputs                            | Level 1          | Level 2               | Level 3             | Total                 |
|---|------------------|-----------------------|---------------------|-----------------------|
| <b>Assets:</b>                              |                  |                       |                     |                       |
| Investments in Securities:                  |                  |                       |                     |                       |
| Long-Term Investments:                      |                  |                       |                     |                       |
| Asset-Backed Securities                     |                  | \$ 19,239,623         | \$ 5,145,849        | \$ 24,385,472         |
| Common Stocks                               |                  |                       | 13,235              | 13,235                |
| Corporate Bonds                             |                  | 214,736,931           | 1,100               | 214,738,031           |
| Foreign Agency Obligations                  |                  | 9,031,267             |                     | 9,031,267             |
| Non-Agency Mortgage-Backed Securities       |                  | 63,998,951            | 2,331,908           | 66,330,859            |
| Other Interests                             |                  |                       | 381                 | 381                   |
| Preferred Securities                        | \$ 47,598        | 3,826,280             | 65,455              | 3,939,333             |
| Taxable Municipal Bonds                     |                  | 13,797,452            |                     | 13,797,452            |
| U.S. Government Sponsored Agency Securities |                  | 130,906,203           | 1,499,795           | 132,405,998           |
| U.S. Treasury Obligations                   |                  | 101,268,229           |                     | 101,268,229           |
| Short-Term Securities                       |                  | 294,606               |                     | 294,606               |
| <b>Liabilities:</b>                         |                  |                       |                     |                       |
| Investments in Securities:                  |                  |                       |                     |                       |
| Long-Term Investments:                      |                  |                       |                     |                       |
| Borrowed Bonds                              |                  | (293,716)             |                     | (293,716)             |
| TBA Sale Commitments                        |                  | (66,719,017)          |                     | (66,719,017)          |
| TALF Loans                                  |                  | (11,763,225)          |                     | (11,763,225)          |
| <b>Total</b>                                | <b>\$ 47,598</b> | <b>\$ 478,323,584</b> | <b>\$ 9,057,723</b> | <b>\$ 487,428,905</b> |

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock Income Opportunity Trust, Inc. (BNA)

| Valuation Inputs                    | Derivative Financial Instruments <sup>1</sup> |              |         |              |
|-------------------------------------|---|--------------|---------|--------------|
|                                     | Level 1                                       | Level 2      | Level 3 | Total        |
| <b>Assets:</b>                      |   |              |         |              |
| Credit contracts                    |   | \$ 127,667   |         | \$ 127,667   |
| Foreign currency exchange contracts |   | 220,007      |         | 220,007      |
| Interest rate contracts             | \$ 670,990                                    | 13,236,917   |         | 13,907,907   |
| Other contracts                     |   | 617,527      |         | 617,527      |
| <b>Liabilities:</b>                 |   |              |         |              |
| Credit contracts                    |   | (75,243)     |         | (75,243)     |
| Foreign currency exchange contracts |   | (277,446)    |         | (277,446)    |
| Interest rate contracts             | (361,609)                                     | (14,282,117) |         | (14,643,726) |
| <b>Total</b>                        | \$ 309,381                                    | \$ (432,688) |         | \$ (123,307) |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|   | Asset-Backed Securities | Common Stocks | Corporate Bonds | Non-Agency Mortgage-Backed Securities | Other Interests | Preferred Securities | U.S. Government Sponsored Agency Securities | Total         |
|---|-------------------------|---------------|-----------------|---------------------------------------|-----------------|----------------------|---|---------------|
| <b>Assets:</b>  |                         |               |                 |                                       |                 |                      |   |               |
| Balance, as of August 31, 2009                                  | \$ 1,229,483            |               | \$ 1,073,273    | \$ 6,225,096                          | \$ 381          |                      | \$ 11,194,451                               | \$ 19,722,684 |
| Accrued discounts/premiums                                      | (234,456)               |               | 6,872           | (17,469)                              |                 |                      | (453,019)                                   | (698,072)     |
| Net realized gain (loss)  |                         |               | (98,527)        | (105,079)                             |                 |                      | 1,432,224                                   | 1,228,618     |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 48,583                  |               | 1,251,947       | 664,082                               |                 |                      | (987,862)                                   | 976,750       |
| Purchases   |                         |               | 91,852          |                                       |                 |                      |   | 91,852        |
| Sales   |                         |               | (1,627,547)     | (1,532,677)                           |                 |                      | (9,685,999)                                 | (12,846,223)  |
| Transfers in <sup>3</sup>                                       | 4,102,239               | \$ 13,235     |                 | 1,579,999                             |                 | \$ 65,455            |   | 5,760,928     |
| Transfers out <sup>3</sup>                                      |                         |               | (696,770)       | (4,482,044)                           |                 |                      |   | (5,178,814)   |
| <b>Balance, as of August 31, 2010</b>                           | \$ 5,145,849            | \$ 13,235     | \$ 1,100        | \$ 2,331,908                          | \$ 381          | \$ 65,455            | \$ 1,499,795                                | \$ 9,057,723  |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$103,970.

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- <sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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## Schedule of Investments August 31, 2010

**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<br>Certificates, Series 2005-FF2, Class M2, 0.70%,<br>3/25/35 (a) | \$ 5,890     | \$ 5,319,088      |
| Freddie Mac Mortgage-Backed Securities, Series T-11,<br>Class A9, 2.36%, 1/25/28 (a)                        | 2,776        | 2,833,723         |
| GSAA Home Equity Trust, Series 2005-1, Class AF2,<br>4.32%, 11/25/34 (a)                                    | 1,244        | 1,198,353         |
| Securitized Asset-Backed Receivables LLC Trust,<br>Series 2005-OP2, Class M1, 0.69%, 10/25/35 (a)           | 1,875        | 818,396           |
| Small Business Administration Participation<br>Certificates, Class 1:                                       |              |                   |
| Series 1996-20E, 7.60%, 5/01/16   | 287          | 308,277           |
| Series 1996-20G, 7.70%, 7/01/16   | 259          | 282,578           |
| Series 1996-20H, 7.25%, 8/01/16   | 394          | 429,759           |
| Series 1996-20K, 6.95%, 11/01/16  | 695          | 742,769           |
| Series 1997-20C, 7.15%, 3/01/17   | 287          | 312,553           |
| Small Business Administration, Series 1,<br>1.00%, 4/01/15  | 2,294        | 23,110            |
|   |              | <u>12,268,606</u> |
| <b>Interest Only 0.2%</b>   |              |                   |
| Sterling Bank Trust, Series 2004-2, Class Note,<br>2.08%, 3/30/30 (b)                                       | 5,273        | 278,487           |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29  | 9,394        | 959,967           |
|   |              | <u>1,238,454</u>  |
| <b>Total Asset-Backed Securities 2.7%</b>   |              | <u>13,507,060</u> |

**Non-Agency Mortgage-Backed Securities****Collateralized Mortgage Obligations 3.0%**

|  |       |           |
|--|-------|-----------|
| Collateralized Mortgage Obligation Trust, Series 40,<br>Class R, 580.50%, 4/01/18                    | (c)   | 174       |
| Countrywide Alternative Loan Trust, Series 2005-28CB,<br>Class 1A5, 5.50%, 8/25/35                   | 1,741 | 1,697,927 |
| Deutsche ALT-A Securities, Inc. Alternate Loan Trust,<br>Series 2006-AR5, Class 22A, 5.50%, 10/25/21 | 1,432 | 1,263,863 |
| Homebanc Mortgage Trust, Series 2005-4, Class A1,<br>0.53%, 10/25/35 (a)                             | 3,429 | 2,500,674 |
| JPMorgan Mortgage Trust, Series 2006-A7, Class 2A2,<br>5.76%, 1/25/37 (a)                            | 629   | 500,260   |



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|  |       |                   |
|--|-------|-------------------|
| Kidder Peabody Acceptance Corp., Series 1993-1,<br>Class A6, 16.13%, 8/25/23 (a)               | 95    | 99,146            |
| Residential Funding Securities LLC, Series 2003-RM2,<br>Class A15, 8.50%, 5/25/33              | 4,844 | 5,049,861         |
| Structured Adjustable Rate Mortgage Loan Trust,<br>Series 2004-11, Class A, 2.83%, 8/25/34 (a) | 1,555 | 1,320,380         |
| WaMu Mortgage Pass-Through Certificates,<br>Series 2006-AR1, Class 2A1C, 1.46%, 1/25/46 (a)    | 5,586 | 2,400,705         |
|  |       | <u>14,832,990</u> |

**Commercial Mortgage-Backed Securities 4.5%**

|  |        |                   |
|--|--------|-------------------|
| Credit Suisse Mortgage Capital Certificates:   |        |                   |
| Series 2006-C5, Class A2, 5.25%, 12/15/39 (d)  | 14,000 | 14,437,543        |
| Series 2007-C2, Class A3, 5.54%, 1/15/49 (a)   | 2,420  | 2,406,134         |
| First Union-Lehman Brothers Commercial Mortgage,<br>Series 1997-C2, Class D, 7.12%, 11/18/29 | 2,875  | 3,065,969         |
| Wachovia Bank Commercial Mortgage Trust,<br>Series 2007-C32, Class A2, 5.93%, 6/15/49 (a)    | 2,200  | 2,289,102         |
|  |        | <u>22,198,748</u> |

**Interest Only Collateralized Mortgage Obligations 1.3%**

|  |         |         |
|--|---------|---------|
| Bank of America Mortgage Securities Inc.,<br>Series 2003-3, Class 1AIO, 0.28%, 5/25/18 (a) | 123,991 | 439,150 |
| CitiMortgage Alternative Loan Trust, Series 2007-A5,<br>Class 1A7, 6.00%, 5/25/37          | 1,115   | 125,461 |

|  |                      |              |
|--|----------------------|--------------|
| <b>Non-Agency Mortgage-Backed Securities</b> | <b>Par<br/>(000)</b> | <b>Value</b> |
|--|----------------------|--------------|

**Interest Only Collateralized Mortgage Obligations (concluded)**

|  |    |      |                     |
|--|----|------|---------------------|
| Collateralized Mortgage Obligation Trust, Series 42,<br>Class R, 6,000.00%, 10/01/14 | \$ | (\$) | 856                 |
| First Boston Mortgage Securities Corp., Series C,<br>Class I-O, 10.97%, 4/25/17      |    |      | 35<br>5,315         |
| GSMPs Mortgage Loan Trust, Series 1998-5, Class IO,<br>0.63%, 6/19/27 (a)(b)         |    |      | 5,519<br>110,384    |
| IndyMac INDX Mortgage Loan Trust, Series 2006-AR33,<br>Class 4AX, 0.17%, 1/25/37     |    |      | 120,588<br>528,177  |
| Kidder Peabody Mortgage Assets Trust, Series B,<br>Class A2, 9.50%, 4/22/18          |    |      | 32<br>5,528         |
| MASTR Adjustable Rate Mortgages Trust,<br>Series 2004-3, Class 3AX, 0.98%, 4/25/34   |    |      | 14,009<br>157,598   |
| MASTR Alternative Loans Trust, Series 2003-9,<br>Class 15X2, 6.00%, 1/25/19          |    |      | 732<br>101,507      |
| Morgan Stanley Mortgage Loan Trust, Series 2004-3,<br>Class 1AX, 5.00%, 5/25/19      |    |      | 816<br>57,152       |
| Sequoia Mortgage Trust, Series 2005-2, Class XA,<br>1.11%, 3/20/35 (a)               |    |      | 40,296<br>654,802   |
| Structured Adjustable Rate Mortgage Loan Trust:                                      |    |      |                     |
| Series 2005-18, Class 7AX, 5.50%, 9/25/35 (a)  |    |      | 1,200<br>134,987    |
| Series 2005-20, Class 3AX, 5.50%, 10/25/35   |    |      | 2,566<br>304,528    |
| Series 2006-2, Class 4AX, 5.50%, 3/25/36 (a)   |    |      | 561<br>67,371       |
| Series 2006-7, Class 3AS, 6.28%, 8/25/36 (a)   |    |      | 31,666<br>3,562,450 |
| Vendee Mortgage Trust, Series 1999-2, Class IIO,<br>0.05%, 5/15/29 (a)               |    |      | 62,908<br>131,711   |

6,386,977

**Interest Only Commercial Mortgage-Backed****Securities 0.0%**

CS First Boston Mortgage Securities Corp.,

Series 1997-C1, Class AX, 1.65%, 6/20/29 (a)(b)

4,248

135,743

Morgan Stanley Capital I, Series 1997-HF1, Class X,

2.23%, 7/15/29 (a)(b)

32

2

135,745

**Principal Only Collateralized Mortgage****Obligations 1.0%**

Countrywide Home Loan Mortgage Pass-Through Trust:

Series 2003-26, Class PO, 8/25/33

2,724

1,875,752

Series 2003-J4, Class PO, 6/25/33

453

434,413

Series 2003-J5, Class PO, 7/25/33

889

672,181

Series 2003-J8, Class PO, 9/25/23

653

513,543

Drexel Burnham Lambert CMO Trust:

Series K, Class 1, 9/23/17

13

11,924

Series V, Class 1, 9/01/18

71

69,166

MASTR Asset Securitization Trust, Series 2004-3,

Class 4A15, 3/25/34

247

198,605

Residential Asset Securitization Trust, Series 2005-A15,

Class 1A8, 2/25/36

983

760,361

Structured Mortgage Asset Residential Trust,

Series 1993-3C, Class CX, 4/25/24

8

5,679

Washington Mutual Alternative Mortgage Pass-Through

Certificates, Series 2005-9, Class CP, 11/25/35

668

491,012

5,032,636

**Total Non-Agency Mortgage-Backed Securities 9.8%**

48,587,096

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| U.S. Government Sponsored Agency Securities  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Agency Obligations 2.6%</b>   |              |            |
| Federal Housing Administration, General Motors Acceptance Corp. Projects, Series 56, 7.43%, 11/01/22 | \$ 233       | \$ 230,768 |
| Federal Housing Administration, Merrill Projects, Series 54, 7.43%, 5/15/23                          | 2            | 2,085      |
| Federal Housing Administration, Reilly Project, Series 41, 8.28%, 3/01/20                            | 622          | 616,190    |
| Federal Housing Administration, USGI Projects:   |              |            |
| Series 87, 7.43%, 12/01/22   | 70           | 69,207     |
| Series 99, 7.43%, 6/01/21  | 4,708        | 4,660,875  |
| Series 99, 7.43%, 10/01/23   | 43           | 42,926     |
| Series 99, 7.43%, 10/01/23   | 128          | 126,826    |
| Freddie Mac:   |              |            |
| 5.50%, 7/18/16 (f)   | 280          | 336,058    |
| 5.00%, 2/16/17   | 570          | 669,572    |
| Resolution Funding Corp., 9.88%, 4/15/30 (e)   | 13,000       | 6,077,669  |
|  |              | 12,832,176 |
| <b>Collateralized Mortgage Obligations 14.4%</b>   |              |            |
| Fannie Mae Mortgage-Backed Securities:   |              |            |
| Series 1991-38, Class F, 8.33%, 4/25/21 (a)  | 9            | 8,744      |
| Series 1991-38, Class SA, 10.19%, 4/25/21 (a)  | 9            | 8,782      |
| Series 1991-46, Class S, 2,454.59%, 5/25/21 (a)  | (c)          | 7,006      |
| Series 1991-87, Class S, 25.94%, 8/25/21 (a)   | 70           | 111,559    |
| Series 1993-247, Class SN, 10.00%, 12/25/23 (a)  | 515          | 608,081    |
| Series 2003-32, Class VT, 6.00%, 9/25/15   | 4,914        | 5,067,666  |
| Series 2003-135, Class PB, 6.00%, 1/25/34  | 12,264       | 13,936,806 |
| Series 2004-29, Class HC, 7.50%, 7/25/30   | 1,123        | 1,172,619  |
| Series 2004-31, Class ZG, 7.50%, 5/25/34   | 2,943        | 3,615,045  |
| Series 2005-68, Class PC, 5.50%, 7/25/35   | 1,197        | 1,327,805  |
| Series 2005-73, Class DS, 16.86%, 8/25/35 (a)  | 3,656        | 4,620,255  |
| Series 2006-2, Class KP, 0.00%, 2/25/35 (a)  | 679          | 632,485    |
| Series G-7, Class S, 1,112.85%, 3/25/21 (a)  | (c)          | 4,742      |
| Series G-17, Class S, 1,051.96%, 6/25/21 (a)   | (c)          | 6,920      |
| Series G-49, Class S, 1,005.55%, 12/25/21 (a)  | (c)          | 2,665      |
| Freddie Mac Mortgage-Backed Securities:  |              |            |
| Series 19, Class F, 8.50%, 3/15/20   | 113          | 123,505    |
| Series 19, Class R, 16,113.87%, 3/15/20 (a)  | (c)          | 1,784      |
| Series 40, Class K, 6.50%, 8/17/24   | 433          | 488,398    |
| Series 75, Class R, 9.50%, 1/15/21   | (c)          | 3          |
| Series 75, Class RS, 21.65%, 1/15/21 (a)   | (c)          | 3          |
| Series 173, Class R, 9.00%, 11/15/21   | (c)          | 16         |
| Series 173, Class RS, 9.18%, 11/15/21 (a)  | (c)          | 16         |
| Series 1057, Class J, 1,008.00%, 3/15/21   | (c)          | 2,609      |

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|   |        |            |
|---|--------|------------|
| Series 1160, Class F, 38.83%, 10/15/21 (a)    | 23     | 43,927     |
| Series 1961, Class H, 6.50%, 5/15/12          | 21     | 20,803     |
| Series 2218, Class Z, 8.50%, 3/15/30          | 6,244  | 7,515,065  |
| Series 2542, Class UC, 6.00%, 12/15/22        | 10,200 | 11,098,875 |
| Series 2758, Class KV, 5.50%, 5/15/23         | 10,025 | 11,299,113 |
| Series 2765, Class UA, 4.00%, 3/15/11         | 476    | 482,782    |
| Series 2861, Class AX, 10.39%, 9/15/34 (a)    | 332    | 371,765    |
| Series 2927, Class BZ, 5.50%, 2/15/35         | 2,806  | 3,209,548  |
| <b>Ginnie Mae Mortgage-Backed Securities:</b> |        |            |
| Series 1996-5, Class Z, 7.00%, 5/16/26        | 662    | 704,033    |
| Series 2001-33, Class PB, 6.50%, 7/20/31      | 1,078  | 1,151,735  |
| Series 2004-89, Class PE, 6.00%, 10/20/34     | 3,392  | 3,804,411  |
|   |        | 71,449,571 |

**Federal Deposit Insurance Corporation  
Guaranteed 0.8%**

|  |       |           |
|--|-------|-----------|
| Citigroup Funding, Inc., 1.88%, 10/22/12 | 3,800 | 3,892,971 |
|--|-------|-----------|

| U.S. Government Sponsored Agency Securities                   | Par<br>(000) | Value     |
|---|--------------|-----------|
| <b>Interest Only Collateralized Mortgage Obligations 9.3%</b> |              |           |
| <b>Fannie Mae Mortgage-Backed Securities:</b>                 |              |           |
| Series 7, Class 2, 8.50%, 4/01/17 (a)                         | \$ 6         | \$ 1,025  |
| Series 89, Class 2, 8.00%, 10/01/18                           | 10           | 1,598     |
| Series 94, Class 2, 9.50%, 8/01/21                            | 4            | 759       |
| Series 348, Class 25, 4.50%, 1/01/19                          | 12,044       | 1,118,445 |
| Series 1990-123, Class M, 1,009.50%, 10/25/20                 | (c)          | 762       |
| Series 1990-136, Class S, 19.80%, 11/25/20 (a)                | 17           | 26,252    |
| Series 1991-38, Class N, 1,008.50%, 4/25/21                   | (c)          | 18        |
| Series 1991-99, Class L, 930.00%, 8/25/21                     | (c)          | 3,100     |
| Series 1991-139, Class PT, 648.35%, 10/25/21                  | (c)          | 4,562     |
| Series 1993-199, Class SB, 2.63%, 10/25/23 (a)                | 1,086        | 103,106   |
| Series 1996-68, Class SC, 2.26%, 1/25/24 (a)                  | 736          | 51,834    |
| Series 1997-50, Class SI, 1.20%, 4/25/23 (a)                  | 418          | 14,800    |
| Series 1997-90, Class M, 6.00%, 1/25/28                       | 7,699        | 1,058,046 |
| Series 1999-W4, Class IO, 6.50%, 12/25/28                     | 426          | 84,953    |
| Series 2003-122, Class IC, 5.00%, 9/25/18                     | 18           | 3         |
| Series 2005-43, Class IC, 6.00%, 3/02/34                      | 12           |           |
| Series 2005-45, Class EW, 6.37%, 6/25/35 (a)                  | 39,745       | 6,481,567 |
| Series 2006-70, Class JI, 6.37%, 6/25/36 (a)                  | 24,614       | 3,500,077 |
| Series 2008-73, Class SA, 5.84%, 8/25/38 (a)                  | 21,837       | 2,224,050 |
| Series 2009-3, Class JI, 6.00%, 1/25/49                       | 15,306       | 1,529,642 |
| Series 2009-43, Class SA, 6.07%, 6/25/39 (a)                  | 34,814       | 3,554,629 |
| Series G-10, Class S, 1,076.59%, 5/25/21 (a)                  | (c)          | 16,811    |
| Series G-12, Class S, 1,142.80%, 5/25/21 (a)                  | (c)          | 10,530    |
| Series G-33, Class PV, 1,078.40%, 10/25/21                    | (c)          | 9,200     |
| Series G-50, Class G, 1,158.63%, 12/25/21                     | (c)          | 1,174     |
| Series G92-5, Class H, 9.00%, 1/25/22                         | 113          | 20,533    |
| Series G92-12, Class C, 1,016.90%, 2/25/22                    | (c)          | 6,926     |
| Series G92-60, Class SB, 1.60%, 10/25/22 (a)                  | 318          | 14,424    |
| <b>Freddie Mac Mortgage-Backed Securities:</b>                |              |           |
| Series 176, Class M, 1,010.00%, 7/15/21                       | (c)          | 782       |
| Series 192, Class U, 1,009.03%, 2/15/22 (a)                   | (c)          | 70        |
| Series 200, Class R, 194,822.03%, 12/15/22 (a)                | (c)          | 16        |
| Series 1043, Class H, 43.59%, 2/15/21 (a)                     | 9            | 20,857    |
| Series 1054, Class I, 854.20%, 3/15/21 (a)                    | (c)          | 1,553     |
| Series 1056, Class KD, 1,084.80%, 3/15/21                     | (c)          | 2,150     |
| Series 1148, Class E, 1,160.00%, 10/15/21 (a)                 | (c)          | 5,780     |

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|   |        |            |
|---|--------|------------|
| Series 1914, Class PC, 0.75%, 12/15/11        | 402    | 1,267      |
| Series 2545, Class NI, 5.50%, 3/15/22         | 602    | 21,641     |
| Series 2559, Class IO, 0.50%, 8/15/30 (a)     | 267    | 3,909      |
| Series 2611, Class QI, 5.50%, 9/15/32         | 5,610  | 668,350    |
| Series 2687, Class IL, 5.00%, 9/15/18         | 22     | 6          |
| Series 2694, Class LI, 4.50%, 7/15/19         | 473    | 6,210      |
| Series 2949, Class IO, 5.50%, 3/15/35         | 964    | 69,268     |
| Series 3437, Class SD, 6.52%, 4/15/38 (a)     | 33,770 | 4,070,300  |
| <b>Ginnie Mae Mortgage-Backed Securities:</b> |        |            |
| Series 2005-31, Class SA, 5.87%, 4/16/35 (a)  | 23,655 | 3,313,273  |
| Series 2006-49, Class SA, 6.19%, 2/20/36 (a)  | 5,767  | 459,816    |
| Series 2007-23, Class ST, 5.93%, 4/20/37 (a)  | 4,994  | 486,922    |
| Series 2008-1, Class AS, 6.23%, 1/20/38 (a)   | 7,842  | 803,755    |
| Series 2009-88, Class ES, 6.07%, 10/16/39 (a) | 11,525 | 1,380,565  |
| Series 2009-92, Class SC, 5.92%, 10/16/39 (a) | 14,577 | 1,371,330  |
| Series 2010-4, Class SJ, 6.32%, 5/16/34 (a)   | 33,955 | 6,696,808  |
| Series 2010-47, Class BX, 6.27%, 8/16/34 (a)  | 24,062 | 3,997,051  |
| Series 2010-101, Class YT, 2.00%, 8/16/13     | 67,517 | 2,785,083  |
|   |        | 46,005,588 |

**Interest Only Mortgage-Backed Securities 0.0%**

|   |     |         |
|---|-----|---------|
| Freddie Mac Mortgage-Backed Securities, 2.73%,<br>1/01/35 (a) | 208 | 216,782 |
|---|-----|---------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| U.S. Government Sponsored Agency Securities                    | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Mortgage-Backed Securities 148.5%</b>                       |              |              |
| Fannie Mae Mortgage-Backed Securities:                         |              |              |
| 4.00%, 9/15/40 (g)   | \$ 9,000     | \$ 9,319,221 |
| 4.50%, 1/01/39 11/15/40 (f)(g)                                 | 157,883      | 166,093,720  |
| 5.00%, 1/01/23 9/15/40 (f)(g)                                  | 157,921      | 167,821,851  |
| 5.50%, 9/15/25 10/15/40 (f)(g)                                 | 241,357      | 258,019,251  |
| 5.97%, 8/01/16   | 3,091        | 3,590,006    |
| 6.00%, 9/15/40 (g)   | 38,900       | 41,878,262   |
| 6.50%, 10/15/40 (g)  | 41,300       | 44,868,568   |
| 7.50%, 2/01/22   | (d)          | 157          |
| 9.50%, 1/01/19 9/01/19   | 3            | 3,595        |
| Freddie Mac Mortgage-Backed Securities:                        |              |              |
| 4.51%, 11/01/17 (a)  | 20           | 21,019       |
| 4.98%, 10/01/34 (a)  | 546          | 569,260      |
| 5.00%, 2/01/22 4/01/22 (f)                                     | 1,776        | 1,893,891    |
| 5.50%, 9/15/25 (g)   | 7,000        | 7,520,625    |
| 6.50%, 9/15/40 (g)   | 100          | 108,672      |
| 9.00%, 9/01/20 (f)   | 67           | 73,837       |
| Ginnie Mae Mortgage-Backed Securities:                         |              |              |
| 5.00%, 9/15/40 (g)   | 23,900       | 25,681,291   |
| 6.50%, 9/15/40 (g)   | 8,500        | 9,332,737    |
| 7.50%, 8/15/21 12/15/23  | 274          | 312,797      |
| 8.00%, 10/15/22 2/15/29  | 95           | 110,068      |
| 9.00%, 6/15/18 9/15/21   | 9            | 10,512       |
|  |              | 737,229,340  |
| <b>Principal Only Collateralized Mortgage Obligations 0.6%</b> |              |              |
| Fannie Mae Mortgage-Backed Securities:                         |              |              |
| Series 203, Class 1, 2/01/23                                   | 25           | 22,016       |
| Series 228, Class 1, 6/01/23                                   | 17           | 14,931       |
| Series 1991-7, Class J, 2/25/21                                | 27           | 24,232       |
| Series 1993-51, Class E, 2/25/23                               | 84           | 74,624       |
| Series 1993-70, Class A, 5/25/23                               | 13           | 11,679       |
| Series 1999-W4, Class PO, 2/25/29                              | 219          | 201,672      |
| Series 2002-13, Class PR, 3/25/32                              | 494          | 447,731      |
| Series G93-2, Class KB, 1/25/23                                | 195          | 171,802      |
| Freddie Mac Mortgage-Backed Securities:                        |              |              |
| Series 1418, Class M, 11/15/22                                 | 89           | 79,823       |
| Series 1571, Class G, 8/15/23                                  | 522          | 465,192      |
| Series 1691, Class B, 3/15/24                                  | 1,221        | 1,086,689    |
| Series 1739, Class B, 2/15/24                                  | 71           | 69,050       |
| Series T-8, Class A10, 11/15/28                                | 155          | 153,962      |
|  |              | 2,823,403    |

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**Total U.S. Government Sponsored Agency Securities** 176.2% 874,449,831

**U.S. Treasury Obligations**

|   |        |            |
|---|--------|------------|
| U.S. Treasury Bonds, 8.00%, 11/15/21 (f)(h) | 3,450  | 5,231,601  |
| U.S. Treasury Notes:                        |        |            |
| 2.63%, 8/15/20 (i)                          | 60,498 | 61,273,133 |
| 4.50%, 8/15/39 (f)                          | 330    | 388,059    |
| 4.63%, 2/15/40 (f)(h)                       | 2,885  | 3,461,100  |
| 4.38%, 5/15/40 (i)                          | 32,935 | 38,003,904 |
| 3.88%, 8/15/40                              | 2,835  | 3,013,517  |

**Total U.S. Treasury Obligations** 22.4% 111,371,314

**Total Long-Term Investments**

(Cost \$1,033,517,088) 211.1% 1,047,915,301

**Short-Term Securities**

Shares

Value

|   |         |            |
|---|---------|------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (j)(k) | 857,657 | \$ 857,657 |
|---|---------|------------|

**Total Short-Term Securities**

(Cost \$857,657) 0.2% 857,657

**Options Purchased**

Contracts

**Exchange-Traded Call Options** 0.0%

|   |    |        |
|---|----|--------|
| Five-Year U.S. Treasury Note Future, Strike Price<br>\$121.00, Expires 11/26/10 | 29 | 17,218 |
|---|----|--------|

**Exchange-Traded Put Options** 0.0%

|   |    |       |
|---|----|-------|
| Five-Year U.S. Treasury Note Future, Strike Price<br>\$117.00, Expires 11/26/10 | 29 | 4,758 |
|---|----|-------|

Notional  
Amount  
(000)

**Over-the-Counter Call Swaptions** 0.3%

|  |          |           |
|--|----------|-----------|
| Receive a fixed rate of 5.47% and pay a floating rate<br>based on 3-month LIBOR, Expires 5/08/12,<br>Broker Bank of America NA | \$ 6,200 | 1,325,989 |
|--|----------|-----------|

**Over-the-Counter Put Swaptions** 0.0%

|  |       |        |
|--|-------|--------|
| Pay a fixed rate of 5.47% and receive a floating rate<br>based on 3-month LIBOR, Expires 5/08/12,<br>Broker Bank of America NA | 6,200 | 29,729 |
|--|-------|--------|

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|                                |           |
|--------------------------------|-----------|
| <b>Total Options Purchased</b> | 1,377,694 |
| (Cost \$512,420) 0.3%          |           |

|  |               |
|--|---------------|
| <b>Total Investments Before TBA Sale Commitments and Options Written</b> | 1,050,150,652 |
| (Cost \$1,034,887,165*) 211.6%   |               |

| TBA Sale Commitments (g)               | Par<br>(000)        |
|--|---------------------|
| Fannie Mae Mortgage-Backed Securities: |                     |
| 4.50%, 1/01/39 11/15/40                | 11,300 (11,865,000) |
| 5.00%, 1/01/23 9/15/40                 | 48,300 (51,294,502) |
| 5.50%, 9/15/25 10/15/40                | 87,000 (93,022,053) |
| 6.00%, 9/15/40                         | 2,700 (2,906,717)   |
| <b>Total TBA Sale Commitments</b>      |                     |
| (Proceeds \$158,720,620) (32.0)%       | (159,088,272)       |

| Options Written  | Notional<br>Amount<br>(000) |
|--|-----------------------------|
| <b>Over-the-Counter Call Swaptions (0.4)%</b>  |                             |
| Pay a fixed rate of 3.43% and receive a floating rate based on 3-month LIBOR, Expires 3/24/11, Broker JPMorgan Chase Bank NA | 7,000 (524,944)             |
| Pay a fixed rate of 5.33% and receive a floating rate based on 3-month LIBOR, Expires 7/17/13, Broker JPMorgan Chase Bank NA | 11,100 (1,231,911)          |
|  | <u>(1,756,855)</u>          |

See Notes to Financial Statements.



Schedule of Investments (continued)

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

| Options Written  | Notional<br>Amount<br>(000) | Value                 |
|--|-----------------------------|-----------------------|
| <b>Over-the-Counter Put Swaptions (0.0)%</b>   |                             |                       |
| Receive a fixed rate of 3.43% and pay a floating rate based on 3-month LIBOR, Expires 3/24/11, Broker JPMorgan Chase Bank NA | \$ 7,000                    | \$ (60,221)           |
| Receive a fixed rate of 5.33% and pay a floating rate based on 3-month LIBOR, Expires 7/17/13, Broker JPMorgan Chase Bank NA | 11,100                      | (69,819)              |
|  |                             | <u>(130,040)</u>      |
| <b>Total Options Written</b><br><b>(Premiums Received \$1,358,915) (0.4)%</b>  |                             | <u>(1,886,895)</u>    |
| <b>Total Investments, Net of TBA Sale Commitments and Outstanding Options Written 179.2%</b>                                 |                             | 889,175,485           |
| <b>Liabilities in Excess of Other Assets (79.2)%</b>   |                             | <u>(392,915,632)</u>  |
| <b>Net Assets 100.0%</b>   |                             | <u>\$ 496,259,853</u> |

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |                      |
|-------------------------------|----------------------|
| Aggregate cost                | \$ 1,035,164,339     |
| Gross unrealized appreciation | \$ 38,286,881        |
| Gross unrealized depreciation | (23,300,568)         |
| Net unrealized appreciation   | <u>\$ 14,986,313</u> |

(a) Variable rate security. Rate shown is as of report date.

(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) Amount is less than \$1,000.

(d) All or a portion of security has been pledged as collateral in connection with Term Asset-Backed Securities Loan Facility ( TALF ) Program.

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- (e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (f) All or a portion of security has been pledged as collateral in connection with swaps.
- (g) Represents or includes a to-be-announced ( TBA ) transaction. Unsettled TBA transactions as of report date were as follows:

| Counterparty                         | Value          | Unrealized<br>Appreciation<br>(Depreciation) |
|--------------------------------------|----------------|--|
| Citigroup Global Markets, Inc.       | \$ 37,518,568  | \$ 46,693                                    |
| Credit Suisse Securities LLC         | \$ 88,837,365  | \$ (199,916)                                 |
| Deutsche Bank Securities, Inc.       | \$ 82,808,984  | \$ (393,006)                                 |
| Goldman Sachs & Co.                  | \$ 44,388,152  | \$ (88,057)                                  |
| Greenwich Financial Services         | \$ 4,532,883   | \$ 32,779                                    |
| JPMorgan Chase Securities, Inc.      | \$ 25,632,482  | \$ 62,036                                    |
| Morgan Stanley & Co., Inc.           | \$ (1,699,000) |  |
| Nomura Securities International Inc. | \$ 15,471,840  | \$ 28,278                                    |

- (h) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (i) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (j) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate   | Shares Held at<br>August 31,<br>2009 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income     |
|---|--------------------------------------|-----------------|--------------------------------------|------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class | 178,238,591                          | (177,380,934)   | 857,657                              | \$ 222,652 |

- (k) Represents the current yield as of report date.

Interest rate floors outstanding as of August 31, 2010 were as follows:

|  | Notional<br>Amount<br>(000) | Value          | Unrealized<br>Depreciation |
|--|-----------------------------|----------------|----------------------------|
| Pay to broker the difference between 3-month LIBOR and a floor of<br>4.80% |                             |                |                            |
| Broker Goldman Sachs Bank USA expires 3/25/11                              | \$ 65,000                   | \$ (1,937,455) | \$ (1,218,122)             |
| Pay to broker the difference between 3-month LIBOR and a floor of<br>5.50% |                             |                |                            |
| Broker Citibank NA expires 9/15/11   | \$ 24,000                   | \$ (1,508,568) | (1,048,568)                |
| <b>Total</b>   |                             | \$ (3,446,023) | \$ (2,266,690)             |

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Reverse repurchase agreements outstanding as of August 31, 2010 were as follows:

| Counterparty                       | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount   |
|------------------------------------|---------------|------------|---------------|--------------------|---------------|
| Barclays Capital, Inc.             | 0.27%         | 8/04/10    | Open          | \$ 12,767,482      | \$ 12,765,000 |
| Credit Suisse Securities (USA) LLC | 0.26%         | 8/25/10    | Open          | 9,340,454          | 9,340,000     |
| JPMorgan Securities, Inc.          | 0.11%         | 8/27/10    | Open          | 21,473,292         | 21,473,125    |
| <b>Total</b>                       |               |            |               | \$ 43,581,228      | \$ 43,578,125 |

Financial futures contracts purchased as of August 31, 2010 were as follows:

| Contracts    | Issue                      | Exchange           | Expiration Date | Unrealized Notional Value | Appreciation (Depreciation) |
|--------------|----------------------------|--------------------|-----------------|---------------------------|-----------------------------|
| 78           | 2-Year U.S. Treasury Bond  | Chicago Mercantile | September 2010  | \$ 17,092,764             | \$ 23,361                   |
| 52           | 30-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 7,520,761              | (1,886)                     |
| 25           | Euro Dollars               | Chicago Mercantile | December 2010   | \$ 6,215,669              | 8,394                       |
| 8            | Euro Dollars               | Chicago Mercantile | June 2013       | \$ 1,952,422              | 10,778                      |
| <b>Total</b> |                            |                    |                 |                           | \$ 40,647                   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Income Trust, Inc. (BKT)

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts    | Issue                      | Exchange           | Expiration Date | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|--------------------|-----------------|----------------|-------------------------|
| 5            | 2-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 1,094,756   | \$ (947)                |
| 664          | 5-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 79,835,303  | (57,385)                |
| 17           | 10-Year U.S. Treasury Bond | Chicago Mercantile | September 2010  | \$ 2,143,296   | (7,204)                 |
| 1,214        | 10-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 151,854,035 | (654,715)               |
| 48           | 30-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 6,389,909   | (91,591)                |
| 151          | Euro Dollars               | Chicago Mercantile | September 2010  | \$ 37,537,307  | (94,724)                |
| 132          | Euro Dollars               | Chicago Mercantile | March 2011      | \$ 32,833,536  | (9,714)                 |
| 107          | Euro Dollars               | Chicago Mercantile | June 2011       | \$ 26,551,229  | (48,971)                |
| 110          | Euro Dollars               | Chicago Mercantile | September 2011  | \$ 27,214,737  | (101,013)               |
| 368          | Euro Dollars               | Chicago Mercantile | December 2011   | \$ 90,954,214  | (291,386)               |
| 62           | Euro Dollars               | Chicago Mercantile | March 2012      | \$ 15,345,520  | (2,580)                 |
| 39           | Euro Dollars               | Chicago Mercantile | June 2012       | \$ 9,611,093   | (26,295)                |
| 24           | Euro Dollars               | Chicago Mercantile | September 2012  | \$ 5,897,634   | (23,166)                |
| 24           | Euro Dollars               | Chicago Mercantile | December 2012   | \$ 5,884,133   | (25,567)                |
| 24           | Euro Dollars               | Chicago Mercantile | March 2013      | \$ 5,872,434   | (27,966)                |
| <b>Total</b> |                            |                    |                 |                | \$ (1,463,224)          |

Interest rate swaps outstanding as of August 31, 2010 were as follows:

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| Fixed Rate | Floating Rate | Counterparty                          | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|------------|---------------|---------------------------------------|----------------|-----------------------|--|
| 4.32% (a)  | 3-month LIBOR | UBS AG                                | September 2010 | \$ 12,000             | \$ 3,057                               |
| 1.45% (b)  | 3-month LIBOR | JPMorgan Chase Bank NA                | July 2011      | \$ 20,000             | (180,398)                              |
| 0.83% (b)  | 3-month LIBOR | Deutsche Bank AG                      | July 2012      | \$ 34,800             | (115,187)                              |
| 0.65% (b)  | 3-month LIBOR | Morgan Stanley Capital Services, Inc. | August 2012    | \$ 2,600              | 245                                    |
| 4.88% (a)  | 3-month LIBOR | UBS AG                                | March 2015     | \$ 25,000             | 3,816,218                              |
| 1.59% (b)  | 3-month LIBOR | Deutsche Bank AG                      | August 2015    | \$ 800                | (1,046)                                |
| 4.87% (a)  | 3-month LIBOR | Goldman Sachs Bank USA                | January 2016   | \$ 5,500              | 911,774                                |

Interest rate swaps outstanding as of August 31, 2010 were as follows (concluded):

| Fixed Rate | Floating Rate | Counterparty           | Expiration     | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|------------|---------------|------------------------|----------------|-----------------------|--|
| 2.81% (a)  | 3-month LIBOR | Citibank NA            | February 2016  | \$ 20,000             | \$ 1,172,137                           |
| 5.72% (a)  | 3-month LIBOR | JPMorgan Chase Bank NA | July 2016      | \$ 5,400              | 1,191,695                              |
| 5.51% (a)  | 3-month LIBOR | Bank of America NA     | August 2017    | \$ 159,147            | 36,209,744                             |
| 5.88% (b)  | 3-month LIBOR | Deutsche Bank AG       | June 2018      | \$ 31,930             | (8,059,914)                            |
| 4.55% (b)  | 3-month LIBOR | Citibank NA            | September 2018 | \$ 98,400             | (17,057,208)                           |
| 4.31% (b)  | 3-month LIBOR | Deutsche Bank AG       | October 2018   | \$ 66,000             | (10,286,405)                           |
| 3.09% (b)  | 3-month LIBOR | Deutsche Bank AG       | March 2019     | \$ 25,700             | (1,599,874)                            |
| 3.17% (a)  | 3-month LIBOR | Bank of America NA     | March 2019     | \$ 4,700              | 318,696                                |
| 2.88% (a)  | 3-month LIBOR | Deutsche Bank AG       | April 2019     | \$ 39,700             | 1,777,529                              |
| 3.23% (b)  | 3-month LIBOR | Deutsche Bank AG       | May 2019       | \$ 2,800              | (201,967)                              |
| 3.90% (b)  | 3-month LIBOR | Barclays Bank Plc      | June 2019      | \$ 20,000             | (2,535,758)                            |
| 3.55% (b)  | 3-month LIBOR | Deutsche Bank AG       | August 2019    | \$ 15,000             | (1,614,387)                            |
| 5.49% (b)  | 3-month LIBOR | JPMorgan Chase Bank NA | October 2019   | \$ 5,400              | (1,217,269)                            |
| 3.67% (a)  | 3-month LIBOR | Deutsche Bank AG       | December 2019  | \$ 4,600              | 494,388                                |
| 5.67% (b)  | 3-month LIBOR | Citibank NA            | January 2020   | \$ 12,400             | (2,855,252)                            |
| 3.88% (a)  | 3-month LIBOR | Morgan                 | January        | \$ 7,600              | 954,075                                |

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|              |               | Stanley Capital<br>Services, Inc.           | 2020             |    |        |                  |
|--------------|---------------|---|------------------|----|--------|------------------|
| 3.71% (b)    | 3-month LIBOR | Deutsche<br>Bank AG                         | February<br>2020 | \$ | 9,200  | (1,015,827)      |
| 3.73% (a)    | 3-month LIBOR | Morgan<br>Stanley Capital<br>Services, Inc. | May 2020         | \$ | 28,000 | 3,135,378        |
| 2.56% (b)    | 3-month LIBOR | Citibank NA                                 | August 2020      | \$ | 600    | (4,018)          |
| 5.41% (a)    | 3-month LIBOR | JPMorgan<br>Chase Bank NA                   | August 2022      | \$ | 9,565  | 2,750,663        |
| <b>Total</b> |               |   |                  |    | \$     | <b>5,991,089</b> |

(a) Pays floating interest rate and receives fixed rate.

(b) Pays fixed interest rate and receives floating rate.

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 such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock Income Trust, Inc. (BKT)

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs                            | Level 1 | Level 2       | Level 3      | Total         |
|---|---------|---------------|--------------|---------------|
| <b>Assets:</b>                              |         |               |              |               |
| Investments in Securities:                  |         |               |              |               |
| Long-Term Investments:                      |         |               |              |               |
| Asset-Backed Securities                     |         | \$ 12,245,496 | \$ 1,261,564 | \$ 13,507,060 |
| Non-Agency Mortgage-Backed Securities       |         | 40,501,465    | 8,085,631    | 48,587,096    |
| U.S. Government Sponsored Agency Securities |         | 868,699,116   | 5,750,715    | 874,449,831   |

| Valuation Inputs           | Level 1    | Level 2        | Level 3       | Total          |
|----------------------------|------------|----------------|---------------|----------------|
| <b>Assets (concluded):</b> |            |                |               |                |
| U.S. Treasury Obligations  |            | \$ 111,371,314 |               | \$ 111,371,314 |
| Short-Term Securities      | \$ 857,657 |                |               | 857,657        |
| <b>Liabilities:</b>        |            |                |               |                |
| Investments in Securities: |            |                |               |                |
| Long-Term Investments:     |            |                |               |                |
| TBA Sale Commitments       |            | (159,088,272)  |               | (159,088,272)  |
| TALF Loans                 |            | (11,739,534)   |               | (11,739,534)   |
| <b>Total</b>               | \$ 857,657 | \$ 861,989,585 | \$ 15,097,910 | \$ 877,945,152 |

| Derivative Financial Instruments <sup>1</sup> |                |               |                |               |
|---|----------------|---------------|----------------|---------------|
| Valuation Inputs                              | Level 1        | Level 2       | Level 3        | Total         |
| <b>Assets:</b>                                |                |               |                |               |
| Interest rate contracts                       | \$ 64,509      | \$ 54,091,317 |                | \$ 54,155,826 |
| <b>Liabilities:</b>                           |                |               |                |               |
| Interest rate contracts                       | (1,465,110)    | (48,631,405)  | \$ (3,446,023) | (53,542,538)  |
| <b>Total</b>                                  | \$ (1,400,601) | \$ 5,459,912  | \$ (3,446,023) | \$ 613,288    |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, interest rate floors and options. Financial futures contracts and swaps are valued at the unrealized appreciation/depreciation on the instrument and interest rate floors and options are shown at value.

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|   | Asset-Backed Securities | Corporate Bonds | Non-Agency Mortgage-Backed Securities | U.S. Government Sponsored Agency Securities | Total                |
|---|-------------------------|-----------------|---------------------------------------|---|----------------------|
| <b>Assets:</b>  |                         |                 |                                       |   |                      |
| Balance, as of August 31, 2009                                  | \$ 3,536,160            | \$ 582,709      | \$ 21,006,613                         | \$ 14,122,541                               | \$ 39,248,023        |
| Accrued discounts/premiums                                      | (285,413)               |                 | (1,829,207)                           | (185,468)                                   | (2,300,088)          |
| Net realized gain (loss)  |                         |                 |                                       | 1,311,671                                   | 1,311,671            |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 3,329,905               | 17,640          | 1,009,436                             | (977,634)                                   | 3,379,347            |
| Purchases   |                         | (2,447,899)     |                                       |   | (2,447,899)          |
| Sales   |                         | 1,847,550       | (3,335,945)                           | (8,520,395)                                 | (10,008,790)         |
| Transfers in <sup>3</sup>                                       |                         |                 | 5,679                                 |   | 5,679                |
| Transfers out <sup>3</sup>                                      | (5,319,088)             |                 | (8,770,945)                           |   | (14,090,033)         |
| <b>Balance, as of August 31, 2010</b>                           | <b>\$ 1,261,564</b>     |                 | <b>\$ 8,085,631</b>                   | <b>\$ 5,750,715</b>                         | <b>\$ 15,097,910</b> |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$(1,017,399).

The following table is a reconciliation of Level 3 derivative financial instruments for which significant unobservable inputs were used to determine fair value:

|   | Interest Rate Contracts |
|---|-------------------------|
| <b>Liabilities:</b>   |                         |
| Balance, as of August 31, 2009                                  | \$ (7,202,331)          |
| Accrued discounts/premiums                                      |                         |
| Net realized gain (loss)  | 278,833                 |
| Net change in unrealized appreciation/depreciation <sup>4</sup> | 3,477,475               |
| Purchases   |                         |
| Sales   |                         |
| Transfers in <sup>3</sup>                                       |                         |
| Transfers out <sup>3</sup>                                      |                         |
| <b>Balance, as of August 31, 2010</b>                           | <b>\$ (3,446,023)</b>   |

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

<sup>4</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$3,477,475.



See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2010

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Schedule of Investments August 31, 2010

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

| Common Stocks                      | Shares         | Value      |
|------------------------------------|----------------|------------|
| <b>Building Products 0.2%</b>      |                |            |
| Masonite Worldwide Holdings (a)    | 4,486          | \$ 170,468 |
| <b>Construction Materials 0.0%</b> |                |            |
| Nortek, Inc. (a)                   | 450            | 18,675     |
| <b>Machinery 0.0%</b>              |                |            |
| Accuride Corp. (a)                 | 18,000         | 19,800     |
| <b>Media 0.0%</b>                  |                |            |
| Adelphia Recovery Trust (a)        | 396,568        | 8,328      |
| <b>Specialty Retail 0.0%</b>       |                |            |
| Lazydays RV Center, Inc. (a)       | 2,590          | 13,235     |
| <b>Total Common Stocks 0.2%</b>    | <b>230,506</b> |            |

| Corporate Bonds   | Par<br>(000) | Value          |
|---|--------------|----------------|
| <b>Airlines 0.4%</b>  |              |                |
| American Airlines Pass-Through Trust,<br>Series 2001-02, 7.86%, 4/01/13 | USD 190      | 198,835        |
| Delta Air Lines, Inc., Series B, 9.75%, 12/17/16                        | 190          | 199,550        |
|   |              | <u>398,385</u> |
| <b>Auto Components 0.8%</b>   |              |                |
| Delphi International Holdings Unsecured,<br>12.00%, 10/06/14            | 17           | 16,653         |
| The Goodyear Tire & Rubber Co., 8.75%, 8/15/20                          | 60           | 63,450         |
| Icahn Enterprises LP, 8.00%, 1/15/18                                    | 670          | 666,650        |
|   |              | <u>746,753</u> |
| <b>Automobiles 1.1%</b>   |              |                |
| DaimlerChrysler NA Holding Corp., 7.30%, 1/15/12                        | 1,000        | 1,076,254      |
| <b>Beverages 0.1%</b>   |              |                |
| Crown European Holdings SA, 7.13%, 8/15/18 (b)                          | EUR 90       | 116,904        |
| <b>Biotechnology 0.2%</b>   |              |                |

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|                                 |     |     |         |
|---------------------------------|-----|-----|---------|
| QHP Pharma, 10.25%, 3/15/15 (b) | USD | 225 | 229,082 |
|---------------------------------|-----|-----|---------|

**Building Products 1.4%**

|   |  |     |           |
|---|--|-----|-----------|
| Associated Materials LLC, 9.88%, 11/15/16                         |  | 170 | 180,200   |
| Building Materials Corp. of America (b):                          |  |     |           |
| 6.88%, 8/15/18  |  | 195 | 189,637   |
| 7.00%, 2/15/20  |  | 290 | 288,550   |
| CPG International I, Inc., 10.50%, 7/01/13                        |  | 150 | 149,813   |
| Momentive Performance Materials, Inc., Series WI, 9.75%, 12/01/14 |  | 265 | 258,706   |
| Ply Gem Industries, Inc., 11.75%, 6/15/13                         |  | 250 | 257,500   |
|   |  |     | 1,324,406 |

**Capital Markets 3.5%**

|  |  |     |         |
|--|--|-----|---------|
| Credit Suisse AG, 5.40%, 1/14/20                         |  | 480 | 505,336 |
| E*Trade Financial Corp., Series A, 0.00%, 8/31/19 (c)(d) |  | 100 | 120,000 |
| The Goldman Sachs Group, Inc.:                           |  |     |         |
| 6.15%, 4/01/18   |  | 25  | 27,304  |
| 7.50%, 2/15/19   |  | 675 | 787,162 |
| 5.38%, 3/15/20   |  | 225 | 232,219 |
| Marsico Parent Co., LLC, 10.63%, 1/15/16 (b)             |  | 306 | 113,220 |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(e)       |  | 140 | 12,559  |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(e)  |  | 91  | 8,192   |
| Merrill Lynch & Co., Inc., 6.05%, 5/16/16                |  | 325 | 344,262 |

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

**Capital Markets (concluded)**

|  |     |     |            |
|--|-----|-----|------------|
| Morgan Stanley:                                      |     |     |            |
| 5.63%, 9/23/19                                       | USD | 600 | \$ 610,596 |
| 5.50%, 1/26/20                                       |     | 425 | 430,374    |
| Offshore Group Investments Ltd., 11.50%, 8/01/15 (b) |     | 190 | 189,525    |
|  |     |     | 3,380,749  |

**Chemicals 3.4%**

|  |  |     |           |
|--|--|-----|-----------|
| American Pacific Corp., 9.00%, 2/01/15         |  | 180 | 177,975   |
| Ames True Temper, Inc., 4.53%, 1/15/12 (f)     |  | 350 | 349,125   |
| CF Industries, Inc.:                           |  |     |           |
| 6.88%, 5/01/18                                 |  | 160 | 168,400   |
| 7.13%, 5/01/20                                 |  | 280 | 300,300   |
| Chemtura Corp., 7.88%, 9/01/18 (b)             |  | 195 | 199,144   |
| Georgia Gulf Corp., 9.00%, 1/15/17 (b)         |  | 60  | 62,175    |
| Hexion U.S. Finance Corp.:                     |  |     |           |
| 9.75%, 11/15/14                                |  | 295 | 289,837   |
| 8.88%, 2/01/18                                 |  | 275 | 254,375   |
| Huntsman International LLC, 8.63%, 3/15/20 (b) |  | 85  | 84,256    |
| Ineos Finance Plc, 9.00%, 5/15/15 (b)          |  | 155 | 156,744   |
| Innophos, Inc., 8.88%, 8/15/14                 |  | 980 | 1,004,500 |
| OXEA Finance/Cy SCA, 9.50%, 7/15/17 (b)        |  | 205 | 216,275   |
|  |  |     | 3,263,106 |

**Commercial Banks 3.6%**

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|   |       |           |
|---|-------|-----------|
| CIT Group, Inc.:                            |       |           |
| 7.00%, 5/01/16                              | 409   | 388,085   |
| 7.00%, 5/01/17                              | 1,756 | 1,651,109 |
| HSBC Bank USA NA, 4.88%, 8/24/20            | 550   | 568,250   |
| Lloyds TSB Bank Plc, 5.80%, 1/13/20 (b)     | 300   | 309,171   |
| Standard Chartered Plc, 5.50%, 11/18/14 (b) | 450   | 496,186   |
|   |       | 3,412,801 |

|   |     |         |
|---|-----|---------|
| <b>Commercial Services &amp; Supplies 0.7%</b>  |     |         |
| ACCO Brands Corp., 10.63%, 3/15/15              | 95  | 104,500 |
| RSC Equipment Rental, Inc., 10.00%, 7/15/17 (b) | 240 | 261,600 |
| West Corp., 11.00%, 10/15/16                    | 300 | 315,000 |
|   |     | 681,100 |

|                                      |     |         |
|--------------------------------------|-----|---------|
| <b>Communications Equipment 0.2%</b> |     |         |
| Harris Corp., 6.38%, 6/15/19         | 175 | 205,373 |

|                                    |     |         |
|------------------------------------|-----|---------|
| <b>Construction Materials 0.5%</b> |     |         |
| Nortek, Inc., 11.00%, 12/01/13     | 452 | 476,294 |

|   |       |           |
|---|-------|-----------|
| <b>Consumer Finance 2.5%</b>                |       |           |
| Credit Acceptance Corp., 9.13%, 2/01/17 (b) | 260   | 269,425   |
| Ford Motor Credit Co. LLC:                  |       |           |
| 5.51%, 6/15/11 (f)                          | 1,600 | 1,628,000 |
| 7.80%, 6/01/12                              | 250   | 263,086   |
| 8.00%, 12/15/16                             | 240   | 260,624   |
|   |       | 2,421,135 |

|  |     |         |
|--|-----|---------|
| <b>Containers &amp; Packaging 3.3%</b>       |     |         |
| Ball Corp., 6.75%, 9/15/20                   | 180 | 189,450 |
| Berry Plastics Corp.:                        |     |         |
| 8.88%, 9/15/14                               | 305 | 290,512 |
| 8.25%, 11/15/15                              | 50  | 50,125  |
| 9.50%, 5/15/18 (b)                           | 220 | 202,400 |
| Berry Plastics Holding Corp., 8.88%, 9/15/14 | 660 | 628,650 |
| Crown Americas LLC, 7.75%, 11/15/15          | 250 | 259,375 |
| Graphic Packaging International, Inc.,       |     |         |
| 9.50%, 6/15/17                               | 250 | 266,250 |
| Impress Holdings BV, 3.65%, 9/15/13 (b)(f)   | 260 | 245,700 |
| Pregis Corp., 12.38%, 10/15/13               | 565 | 565,000 |

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>Containers &amp; Packaging (concluded)</b>            |              |            |
| Smurfit Kappa Acquisitions (b):                          |              |            |
| 7.25%, 11/15/17  | EUR 190      | \$ 245,593 |
| 7.75%, 11/15/19  | 180          | 233,808    |
|  |              | 3,176,863  |
| <b>Diversified Financial Services 5.6%</b>               |              |            |
| Ally Financial Inc.:                                     |              |            |
| 8.30%, 2/12/15 (b)                                       | USD 920      | 956,800    |
| 7.50%, 9/15/20 (b)                                       | 1,490        | 1,475,100  |
| 8.00%, 11/01/31  | 340          | 334,900    |
| Axcan Intermediate Holdings, Inc.,<br>12.75%, 3/01/16    | 265          | 265,331    |
| Bank of America Corp.:                                   |              |            |
| 4.50%, 4/01/15   | 375          | 388,608    |
| 6.50%, 8/01/16   | 410          | 458,052    |
| 5.75%, 12/01/17  | 340          | 359,890    |
| 7.63%, 6/01/19   | 45           | 52,671     |
| Citigroup, Inc., 8.13%, 7/15/39                          | 55           | 68,440     |
| GMAC, Inc.:  |              |            |
| 2.74%, 12/01/14 (f)                                      | 110          | 94,570     |
| 8.00%, 3/15/20 (b)                                       | 80           | 82,000     |
| Reynolds Group DL Escrow, Inc., 7.75%,<br>10/15/16 (b)   | 550          | 554,125    |
| Reynolds Group Issuer, Inc., 8.50%, 5/15/18 (b)          | 280          | 268,800    |
|  |              | 5,359,287  |
| <b>Diversified Telecommunication Services 5.6%</b>       |              |            |
| Broadview Networks Holdings, Inc.,<br>11.38%, 9/01/12    |              |            |
|  | 155          | 151,900    |
| Frontier Communications Corp.:                           |              |            |
| 7.88%, 4/15/15   | 150          | 158,250    |
| 8.25%, 4/15/17   | 150          | 158,625    |
| 8.50%, 4/15/20   | 140          | 148,575    |
| GCI, Inc., 8.63%, 11/15/19                               | 400          | 420,000    |
| Nordic Telephone Co. Holdings ApS, 8.88%,<br>5/01/16 (b) | 250          | 262,500    |
| Qwest Communications International, Inc.:                |              |            |
| 7.50%, 2/15/14   | 1,120        | 1,141,000  |
| Series B, 7.50%, 2/15/14                                 | 305          | 310,719    |
| Qwest Corp., 8.38%, 5/01/16                              | 270          | 314,550    |
| Verizon New England, Inc., 6.50%, 9/15/11                | 2,000        | 2,109,908  |
| Windstream Corp.:  |              |            |
| 8.13%, 8/01/13   | 45           | 47,981     |
| 8.63%, 8/01/16   | 70           | 72,275     |

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|                 |    |                  |
|-----------------|----|------------------|
| 7.88%, 11/01/17 | 45 | 45,675           |
|                 |    | <u>5,341,958</u> |

**Electric Utilities 1.4%**

|                                       |       |                  |
|---------------------------------------|-------|------------------|
| Elwood Energy LLC, 8.16%, 7/05/26     | 25    | 22,629           |
| Progress Energy, Inc., 7.75%, 3/01/31 | 1,000 | 1,349,313        |
|                                       |       | <u>1,371,942</u> |

**Energy Equipment & Services 2.2%**

|  |     |                  |
|--|-----|------------------|
| Compagnie Générale de Géophysique-Veritas:                 |     |                  |
| 7.50%, 5/15/15   | 470 | 465,300          |
| 7.75%, 5/15/17   | 70  | 69,475           |
| Expro Finance Luxembourg SCA, 8.50%,<br>12/15/16 (b)       | 740 | 691,900          |
| Global Geophysical Services, Inc., 10.50%,<br>5/01/17 (b)  | 110 | 108,900          |
| North American Energy Alliance LLC, 10.88%,<br>6/01/16 (b) | 255 | 275,400          |
| Thermon Industries, Inc., 9.50%, 5/01/17 (b)               | 195 | 199,875          |
| Transocean, Inc., 6.00%, 3/15/18                           | 300 | 300,010          |
|  |     | <u>2,110,860</u> |

| Corporate Bonds                          | Par<br>(000) | Value          |
|--|--------------|----------------|
| <b>Food &amp; Staples Retailing 0.3%</b> |              |                |
| Rite Aid Corp.:                          |              |                |
| 9.75%, 6/12/16                           | USD 45       | \$ 47,813      |
| 10.25%, 10/15/19                         | 195          | 200,362        |
|  |              | <u>248,175</u> |

**Food Products 1.5%**

|                    |       |                  |
|--------------------|-------|------------------|
| Kraft Foods, Inc.: |       |                  |
| 6.13%, 8/23/18     | 250   | 293,425          |
| 5.38%, 2/10/20     | 1,000 | 1,111,315        |
|                    |       | <u>1,404,740</u> |

**Health Care Equipment & Supplies 2.0%**

|   |     |                  |
|---|-----|------------------|
| CareFusion Corp., 6.38%, 8/01/19                  | 425 | 507,054          |
| DJO Finance LLC, 10.88%, 11/15/14                 | 880 | 942,700          |
| Fresenius US Finance II, Inc., 9.00%, 7/15/15 (b) | 410 | 459,200          |
|   |     | <u>1,908,954</u> |

**Health Care Providers & Services 4.6%**

|   |     |         |
|---|-----|---------|
| American Renal Holdings, 8.38%, 5/15/18 (b)           | 70  | 70,000  |
| Gentiva Health Services, Inc., 11.50%,<br>9/01/18 (b) | 180 | 186,300 |
| HCA, Inc.:  |     |         |
| 9.13%, 11/15/14                                       | 335 | 351,750 |
| 8.50%, 4/15/19  | 310 | 339,837 |

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|   |       |           |
|---|-------|-----------|
| 7.25%, 9/15/20                            | 610   | 637,450   |
| inVentiv Health Inc., 10.00%, 8/15/18 (b) | 150   | 146,625   |
| Omnicare, Inc., 7.75%, 6/01/20            | 95    | 95,000    |
| <b>Tenet Healthcare Corp.:</b>            |       |           |
| 9.00%, 5/01/15                            | 555   | 591,075   |
| 10.00%, 5/01/18                           | 625   | 703,125   |
| 8.88%, 7/01/19                            | 195   | 210,844   |
| WellPoint, Inc., 5.95%, 12/15/34          | 1,000 | 1,085,234 |

4,417,240

**Health Care Technology 0.8%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| IMS Health, Inc., 12.50%, 3/01/18 (b) | 660 | 764,775 |
|---------------------------------------|-----|---------|

**Hotels, Restaurants & Leisure 1.4%**

|   |     |         |
|---|-----|---------|
| Diamond Resorts Corp., 12.00%, 8/15/18 (b)                        | 310 | 292,950 |
| Harrah's Operating Co., Inc., 11.25%, 6/01/17                     | 135 | 144,450 |
| MGM Resorts International, 10.38%, 5/15/14                        | 750 | 817,500 |
| Marina District Finance Co., Inc., 9.88%,<br>8/15/18 (b)          | 100 | 99,750  |
| Tropicana Entertainment LLC, Series WI, 9.63%,<br>12/15/14 (a)(g) | 50  | 37      |

1,354,687

**Household Durables 2.4%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| <b>Beazer Homes USA, Inc.:</b>    |     |         |
| 6.88%, 7/15/15                    | 65  | 56,225  |
| 8.13%, 6/15/16                    | 50  | 43,750  |
| 12.00%, 10/15/17                  | 280 | 315,350 |
| 9.13%, 6/15/18                    | 840 | 743,400 |
| Ryland Group Inc., 6.63%, 5/01/20 | 250 | 234,375 |
| <b>Standard Pacific Corp.:</b>    |     |         |
| 9.25%, 4/15/12                    | 50  | 51,313  |
| 6.25%, 4/01/14                    | 40  | 37,300  |
| 7.00%, 8/15/15                    | 55  | 50,600  |
| 10.75%, 9/15/16                   | 565 | 594,662 |
| 8.38%, 5/15/18                    | 220 | 211,750 |

2,338,725

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>IT Services 0.7%</b>  |              |            |
| iPayment, Inc., 9.75%, 5/15/14                                   | USD 175      | \$ 158,156 |
| iPayment Investors LP, 12.75%, 7/15/14 (b)(e)                    | 217          | 185,893    |
| SunGard Data Systems, Inc., 10.63%, 5/15/15                      | 295          | 325,975    |
|  |              | 670,024    |
| <b>Independent Power Producers &amp;<br/>Energy Traders 1.8%</b> |              |            |
| AES Ironwood LLC, 8.86%, 11/30/25                                | 91           | 92,161     |
| Calpine Construction Finance Co. LP, 8.00%,<br>6/01/16 (b)       | 515          | 540,750    |
| Energy Future Holdings Corp., 10.00%, 1/15/20 (b)                | 1,005        | 967,818    |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20  | 28           | 26,907     |
| NRG Energy, Inc.:  |              |            |
| 7.25%, 2/01/14   | 75           | 76,500     |
| 7.38%, 2/01/16   | 15           | 15,113     |
| 7.38%, 1/15/17   | 25           | 25,187     |
|  |              | 1,744,436  |
| <b>Industrial Conglomerates 1.4%</b>                             |              |            |
| Sequa Corp. (b):   |              |            |
| 11.75%, 12/01/15   | 460          | 473,800    |
| 13.50%, 12/01/15 (e)   | 854          | 888,429    |
|  |              | 1,362,229  |
| <b>Insurance 1.8%</b>  |              |            |
| Lincoln National Corp., 8.75%, 7/01/19                           | 575          | 734,188    |
| MetLife, Inc., 4.75%, 2/08/21                                    | 300          | 313,682    |
| Metropolitan Life Global Funding I, 5.13%,<br>6/10/14 (b)        | 250          | 276,945    |
| Prudential Financial, Inc., 5.38%, 6/21/20                       | 400          | 430,801    |
|  |              | 1,755,616  |
| <b>Life Sciences Tools &amp; Services 0.2%</b>                   |              |            |
| Patheon, Inc., 8.63%, 4/15/17 (b)                                | 210          | 209,213    |
| <b>Machinery 1.2%</b>  |              |            |
| AGY Holding Corp., 11.00%, 11/15/14                              | 220          | 187,000    |
| Accuride Corp., 7.50%, 2/26/20 (c)(e)                            | 2            | 4,872      |
| Navistar International Corp.:                                    |              |            |



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|                     |     |           |
|---------------------|-----|-----------|
| 3.00%, 10/15/14 (c) | 470 | 512,888   |
| 8.25%, 11/01/21     | 400 | 419,000   |
|                     |     | 1,123,760 |

**Marine 0.5%**

|   |     |         |
|---|-----|---------|
| Horizon Lines, Inc., 4.25%, 8/15/12 (c) | 595 | 499,800 |
|---|-----|---------|

**Media 12.3%**

|  |       |           |
|--|-------|-----------|
| Affinion Group, Inc.:                                  |       |           |
| 10.13%, 10/15/13                                       | 750   | 768,750   |
| 10.13%, 10/15/13                                       | 155   | 158,488   |
| CCH II LLC, 13.50%, 11/30/16                           | 289   | 342,973   |
| Clear Channel Worldwide Holdings, Inc.:                |       |           |
| 9.25%, 12/15/17  | 144   | 149,400   |
| Series B, 9.25%, 12/15/17                              | 1,439 | 1,509,151 |
| CMP Susquehanna Corp., 3.64%, 5/15/14 (b)(f)           | 40    | 800       |
| DIRECTV Holdings LLC, 6.00%, 8/15/40                   | 175   | 184,183   |
| DISH DBS Corp., 7.00%, 10/01/13                        | 201   | 209,291   |
| Gannett Co., Inc., 9.38%, 11/15/17 (b)                 | 130   | 142,350   |
| Gray Television, Inc., 10.50%, 6/29/15                 | 15    | 14,438    |
| Interactive Data Corp., 10.25%, 8/01/18 (b)            | 380   | 394,250   |
| Live Nation Entertainment, Inc., 8.13%,<br>5/15/18 (b) | 165   | 159,225   |
| McClatchy Co., 11.50%, 2/15/17 (b)                     | 340   | 351,050   |

| Corporate Bonds                             | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Media (concluded)</b>                    |              |              |
| News America, Inc., 6.20%, 12/15/34         | USD 1,500    | \$ 1,641,763 |
| Nielsen Finance LLC, 10.00%, 8/01/14        | 435          | 456,750      |
| Rainbow National Services LLC (b):          |              |              |
| 8.75%, 9/01/12                              | 210          | 210,263      |
| 10.38%, 9/01/14                             | 1,455        | 1,509,562    |
| Regal Entertainment Group, 9.13%, 8/15/18   | 85           | 87,125       |
| Seat Pagine Gialle SpA, 10.50%, 1/31/17 (b) | EUR 66       | 77,784       |
| TCI Communications, Inc., 7.88%, 2/15/26    | USD 1,000    | 1,239,642    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)  | 490          | 467,950      |
| Time Warner Cable, Inc., 6.75%, 6/15/39     | 400          | 469,520      |
| UPC Germany GmbH (b):                       |              |              |
| 8.13%, 12/01/17                             | USD 200      | 205,500      |
| 8.13%, 12/01/17                             | EUR 210      | 271,445      |
| UPC Holding BV, 9.88%, 4/15/18 (b)          | USD 200      | 208,250      |
| Unitymedia Hessen GmbH & Co. KG:            |              |              |
| 9.63%, 12/01/19                             | EUR 50       | 66,372       |
| 9.63%, 12/01/19 (b)                         | 190          | 252,215      |
| Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)       | 165          | 212,233      |
|   |              | 11,760,723   |

**Metals & Mining 2.7%**

|   |        |         |
|---|--------|---------|
| AK Steel Corp., 7.63%, 5/15/20                      | USD 25 | 25,188  |
| Aleris International, Inc., 10.00%, 12/15/16 (a)(g) | 315    | 120     |
| Drummond Co., Inc.:                                 |        |         |
| 9.00%, 10/15/14 (b)                                 | 285    | 298,181 |
| 7.38%, 2/15/16                                      | 95     | 95,119  |
| FMG Finance Property Ltd., 10.63%, 9/01/16 (b)      | 390    | 451,912 |
| Goldcorp, Inc., 2.00%, 8/01/14 (c)                  | 245    | 297,981 |

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|   |         |           |
|---|---------|-----------|
| McJunkin Red Man Corp., 9.50%, 12/15/16 (b) | 225     | 198,562   |
| Murray Energy Corp., 10.25%, 10/15/15 (b)   | 200     | 204,500   |
| New World Resources NV:                     |         |           |
| 7.38%, 5/15/15                              | EUR 65  | 80,724    |
| 7.88%, 5/01/18 (b)                          | 76      | 97,274    |
| Newmont Mining Corp., 5.13%, 10/01/19       | USD 225 | 249,876   |
| Novelis, Inc., 11.50%, 2/15/15              | 275     | 302,500   |
| Steel Dynamics, Inc., 7.38%, 11/01/12       | 80      | 85,000    |
| United States Steel Corp., 7.38%, 4/01/20   | 190     | 192,375   |
|   |         | 2,579,312 |

**Multi-Utilities 0.4%**

|  |     |         |
|--|-----|---------|
| DTE Energy Co., 7.05%, 6/01/11           | 250 | 261,021 |
| Dominion Resources, Inc., 5.70%, 9/17/12 | 100 | 108,962 |
|  |     | 369,983 |

**Multiline Retail 1.4%**

|   |       |           |
|---|-------|-----------|
| Dollar General Corp., 11.88%, 7/15/17 (e) | 1,135 | 1,305,250 |
|---|-------|-----------|

**Oil, Gas & Consumable Fuels 8.0%**

|   |     |         |
|---|-----|---------|
| Anadarko Petroleum Corp., 5.95%, 9/15/16      | 365 | 361,495 |
| Arch Coal, Inc.:                              |     |         |
| 8.75%, 8/01/16                                | 25  | 27,063  |
| 7.25%, 10/01/20                               | 315 | 319,725 |
| Atlas Energy Operating Co. LLC:               |     |         |
| 12.13%, 8/01/17                               | 425 | 488,219 |
| 10.75%, 2/01/18                               | 25  | 27,563  |
| Berry Petroleum Co., 8.25%, 11/01/16          | 100 | 101,000 |
| Bill Barrett Corp., 9.88%, 7/15/16            | 20  | 21,700  |
| Chesapeake Energy Corp.:                      |     |         |
| 6.63%, 8/15/20                                | 865 | 868,244 |
| 2.25%, 12/15/38 (c)                           | 275 | 205,906 |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (b) | 110 | 113,025 |
| ConocoPhillips, 6.00%, 1/15/20                | 150 | 182,398 |
| Consol Energy, Inc., 8.25%, 4/01/20 (b)       | 725 | 769,406 |
| Crosstex Energy LP, 8.88%, 2/15/18            | 150 | 154,875 |
| Denbury Resources, Inc., 8.25%, 2/15/20       | 259 | 276,482 |

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> |              |            |
| Enterprise Products Operating LLC, 3.70%, 6/01/15  | USD 500      | \$ 520,973 |
| Linn Energy LLC, 8.63%, 4/15/20 (b)                | 115          | 121,325    |
| Massey Energy Co., 6.88%, 12/15/13                 | 340          | 344,250    |
| Niska Gas Storage US LLC, 8.88%, 3/15/18 (b)       | 695          | 731,487    |
| OPTI Canada, Inc. (b):                             |              |            |
| 9.00%, 12/15/12                                    | 640          | 641,600    |
| 9.75%, 8/15/13                                     | 330          | 325,875    |
| Patriot Coal Corp., 8.25%, 4/30/18                 | 150          | 148,875    |
| Peabody Energy Corp., 6.50%, 9/15/20               | 310          | 325,887    |
| Petrobras International Finance Co.:               |              |            |
| 5.88%, 3/01/18                                     | 200          | 217,211    |
| 7.88%, 3/15/19                                     | 100          | 122,430    |
| 6.88%, 1/20/40                                     | 25           | 27,583     |
| QEP Resources, Inc., 6.88%, 3/01/21                | 155          | 161,587    |
| Whiting Petroleum Corp., 7.25%, 5/01/12            | 15           | 15,000     |
|  |              | 7,621,184  |
| <b>Paper &amp; Forest Products 2.6%</b>            |              |            |
| Boise Paper Holdings LLC:                          |              |            |
| 9.00%, 11/01/17                                    | 125          | 131,563    |
| 8.00%, 4/01/20                                     | 65           | 66,138     |
| Clearwater Paper Corp., 10.63%, 6/15/16            | 160          | 180,000    |
| Georgia-Pacific LLC, 8.25%, 5/01/16 (b)            | 355          | 388,725    |
| Glatfelter, 7.13%, 5/01/16 (b)                     | 80           | 80,500     |
| International Paper Co., 7.30%, 11/15/39           | 225          | 253,533    |
| NewPage Corp., 11.38%, 12/31/14                    | 1,240        | 1,007,500  |
| Verso Paper Holdings LLC, 11.50%, 7/01/14          | 330          | 348,150    |
|  |              | 2,456,109  |
| <b>Pharmaceuticals 0.9%</b>                        |              |            |
| Novasep Holding SAS, 9.63%, 12/15/16 (b)           | EUR 221      | 235,252    |
| Wyeth, 6.50%, 2/01/34                              | USD 500      | 630,249    |
|  |              | 865,501    |
| <b>Professional Services 0.5%</b>                  |              |            |
| FTI Consulting, Inc., 7.63%, 6/15/13               | 450          | 455,625    |
| <b>Real Estate Investment Trusts (REITs) 0.5%</b>  |              |            |
| iStar Financial, Inc., 5.65%, 9/15/11              | 500          | 458,125    |
| <b>Road &amp; Rail 0.9%</b>                        |              |            |
| Avis Budget Car Rental LLC, 9.63%, 3/15/18         | 190          | 198,550    |

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|  |     |         |
|--|-----|---------|
| Canadian National Railway Co., 6.90%, 7/15/28    | 500 | 641,535 |
|  |     | 840,085 |
| <b>Software 0.5%</b>                             |     |         |
| BMS Holdings, Inc., 8.59%, 2/15/12 (b)(e)        | 80  | 1,590   |
| Oracle Corp., 5.38%, 7/15/40 (b)                 | 475 | 514,895 |
|  |     | 516,485 |
| <b>Specialty Retail 0.8%</b>                     |     |         |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (c)(h)  | 50  | 38,063  |
| Ltd. Brands, Inc., 8.50%, 6/15/19                | 320 | 361,600 |
| Sonic Automotive, Inc.:                          |     |         |
| 9.00%, 3/15/18                                   | 115 | 117,012 |
| Series B, 8.63%, 8/15/13                         | 205 | 208,075 |
|  |     | 724,750 |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b> |     |         |
| Quiksilver, Inc., 6.88%, 4/15/15                 | 100 | 92,500  |
| <b>Tobacco 0.3%</b>                              |     |         |
| Altria Group, Inc., 9.25%, 8/06/19               | 105 | 137,605 |
| Vector Group Ltd., 11.00%, 8/15/15               | 120 | 122,250 |
|  |     | 259,855 |

| Corporate Bonds                                 | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Wireless Telecommunication Services 4.4%</b> |              |            |
| America Movil SAB de CV, 5.00%, 3/30/20         | USD 400      | \$ 435,901 |
| Cricket Communications, Inc.:                   |              |            |
| 10.00%, 7/15/15                                 | 310          | 324,725    |
| 7.75%, 5/15/16                                  | 530          | 547,225    |
| Crown Castle Towers LLC, 6.11%, 1/15/40 (b)     | 375          | 417,230    |
| Digicel Group Ltd. (b):                         |              |            |
| 8.88%, 1/15/15                                  | 170          | 171,275    |
| 9.13%, 1/15/15 (e)                              | 439          | 441,195    |
| 8.25%, 9/01/17                                  | 250          | 259,687    |
| iPCS, Inc., 2.59%, 5/01/13 (f)                  | 20           | 18,700     |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14        | 855          | 889,200    |
| Nextel Communications, Inc.:                    |              |            |
| Series E, 6.88%, 10/31/13                       | 210          | 209,475    |
| Series F, 5.95%, 3/15/14                        | 30           | 28,988     |
| SBA Tower Trust, 4.25%, 4/15/40 (b)             | 325          | 346,797    |
| Sprint Capital Corp., 6.88%, 11/15/28           | 200          | 167,000    |
|   |              | 4,257,398  |
| <b>Total Corporate Bonds 93.4%</b>              |              | 89,458,511 |

**Floating Rate Loan Interests (f)****Auto Components 1.0%**

|  |       |         |
|--|-------|---------|
| Allison Transmission, Inc., Term Loan,<br>3.04%, 8/07/14 | 1,054 | 970,807 |
|--|-------|---------|

**Automobiles 1.3%**

|   |       |           |
|---|-------|-----------|
| Ford Motor Co., Tranche B-1 Term Loan,<br>3.03%, 12/15/13 | 1,301 | 1,251,774 |
|---|-------|-----------|

**Commercial Services & Supplies 1.1%**

|  |     |         |
|--|-----|---------|
| AWAS Finance Luxembourg Sarl, Term Loan,<br>7.75%, 6/10/16                               | 500 | 502,917 |
| Delos Aircraft, Inc., Term Loan 2, 7.00%, 3/17/16  | 225 | 226,219 |
| International Lease Finance Corp. (Delos Aircraft, Inc.),<br>Term Loan 1, 6.75%, 3/17/15 | 300 | 302,375 |

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1,031,511

**Construction & Engineering 0.8%**

|   |     |         |
|---|-----|---------|
| Safway Services, LLC, Last Out Term Loan,<br>15.63%, 12/14/17 | 750 | 750,000 |
|---|-----|---------|

**Consumer Finance 1.8%**

|   |       |           |
|---|-------|-----------|
| AGFS Funding Co., Term Loan,<br>7.25%, 4/21/15  | 1,500 | 1,482,188 |
| DaimlerChrysler Financial Services Americas LLC,<br>Term Loan (Second Lien), 6.78%, 8/05/13 | 225   | 224,201   |

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1,706,389

**Diversified Consumer Services 0.5%**

|   |     |         |
|---|-----|---------|
| Laureate Education, Series A New Term Loan,<br>7.00%, 8/15/14 | 497 | 489,161 |
|---|-----|---------|

**Electric Utilities 0.5%**

|  |     |         |
|--|-----|---------|
| New Development Holdings LLC, Term Loan, 7.00%,<br>7/03/17 | 450 | 454,500 |
|--|-----|---------|

**Health Care Providers & Services 0.7%**

|   |     |         |
|---|-----|---------|
| Harden Healthcare:<br>Add-on Term Loan, 7.75%, 3/02/15                          | 200 | 194,218 |
| Tranche A Term Loan, 8.50%, 3/02/15   | 198 | 196,000 |
| inVentiv Health, Inc. (FKA Ventive Health Inc.),<br>Term Loan B, 6.50%, 7/31/16 | 300 | 299,438 |

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689,656

See Notes to Financial Statements.

## Schedule of Investments (continued)

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

| Floating Rate Loan Interests (f)  | Par<br>(000) | Value     |
|---|--------------|-----------|
| <b>IT Services 0.5%</b>   |              |           |
| First Data Corp.:   |              |           |
| First Lien Term Loan, 3.01%, 9/24/14  | USD 62       | \$ 53,306 |
| Initial Tranche B-2 Term Loan, 3.01%, 9/24/14   | 154          | 131,060   |
| Initial Tranche B-3 Term Loan, 3.01%, 9/24/14   | 379          | 322,989   |
|   |              | 507,355   |
| <b>Independent Power Producers &amp; Energy Traders 1.2%</b>  |              |           |
| Dynergy Holdings, Inc., Term Letter of Credit Facility, 4.02%, 4/02/13                                  |              |           |
|   | 45           | 44,313    |
| NRG Energy, Inc.:   |              |           |
| Extended Maturity Credit-Linked Deposit, 1.88%, 8/31/15   | 82           | 81,485    |
| Original Maturity Credit-Linked Deposit, 2.03%, 2/01/13   | (i)          | 31        |
| Term Loan, 2.03%, 2/01/13   | 26           | 25,555    |
| Term Loan, 3.78%, 8/31/15   | 98           | 96,211    |
| Texas Competitive Electric Holdings Co., LLC (TXU):   |              |           |
| Initial Tranche B-1 Term Loan, 3.79% 4.03%, 10/10/14  | 987          | 748,010   |
| Initial Tranche B-2 Term Loan, 3.79% 4.07%, 10/10/14  | 237          | 179,894   |
|   |              | 1,175,499 |
| <b>Media 1.1%</b>   |              |           |
| Cengage Learning Acquisitions, Inc. (Thomson Learning), Tranche 1 Incremental Term Loan, 7.50%, 7/03/14 |              |           |
|   | 490          | 488,367   |
| Newsday, LLC, Fixed Rate Term Loan, 10.50%, 8/01/13   | 550          | 583,687   |
|   |              | 1,072,054 |
| <b>Multiline Retail 0.0%</b>  |              |           |
| The Neiman Marcus Group, Inc., Term Loan, 2.29% 2.54%, 4/06/13  |              |           |
|   | 4            | 3,752     |
| <b>Real Estate Management &amp; Development 0.5%</b>  |              |           |
| Realogy Corp.:  |              |           |
| Initial Term Loan B, 3.30%, 10/10/13  | 392          | 338,170   |
| Synthetic Letter of Credit, 0.11% 3.15%, 10/10/13   | 67           | 57,971    |
| Second Lien Term Facility, 13.50%, 10/15/17   | 75           | 79,125    |
|   |              | 475,266   |

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**Specialty Retail 0.1%**

|  |    |        |
|--|----|--------|
| Claire's Stores, Inc., Term Loan B, 3.05%, 5/29/14 | 64 | 54,681 |
|--|----|--------|

**Wireless Telecommunication Services 0.8%**

|  |     |         |
|--|-----|---------|
| Vodafone Group Plc, Revolving Credit, 6.88%, 7/30/15 | 750 | 750,000 |
|--|-----|---------|

|   |  |            |
|---|--|------------|
| <b>Total Floating Rate Loan Interests 11.9%</b> |  | 11,382,405 |
|---|--|------------|

**Foreign Agency Obligations**

|   |     |         |
|---|-----|---------|
| Qatar Government International Bond, 4.00%, 1/20/15 (b) | 200 | 210,000 |
| Republic of Indonesia, 5.88%, 3/13/20 (b)               | 200 | 225,740 |

|  |  |         |
|--|--|---------|
| <b>Total Foreign Agency Obligations 0.4%</b> |  | 435,740 |
|--|--|---------|

| Other Interests (j)                              | Beneficial Interest (000) | Value            |
|--|---------------------------|------------------|
| <b>Auto Components 1.5%</b>                      |                           |                  |
| Delphi Debtor-in-Possession Holding Co. LLP      | USD                       | (i) \$ 1,416,687 |
| <b>Health Care Providers &amp; Services 0.0%</b> |                           |                  |
| Critical Care Systems International, Inc.        | 1                         | 190              |
| <b>Media 0.0%</b>                                |                           |                  |
| Adelphia Communications Corp.                    | 400                       | 6,000            |
| <b>Total Other Interests 1.5%</b>                |                           | 1,422,877        |

**Preferred Securities**

| Capital Trusts                          | Par (000) |           |
|---|-----------|-----------|
| <b>Commercial Banks 1.0%</b>            |           |           |
| Barclays Bank Plc, 8.55%, (b)(f)(k)     | 650       | 653,250   |
| USB Capital XIII Trust, 6.63%, 12/15/39 | 225       | 248,258   |
|   |           | 901,508   |
| <b>Consumer Finance 0.5%</b>            |           |           |
| Capital One Capital V, 10.25%, 8/15/39  | 465       | 502,200   |
| <b>Total Capital Trusts 1.5%</b>        |           | 1,403,708 |

| Preferred Stocks                                  | Shares |           |
|---|--------|-----------|
| <b>Diversified Financial Services 0.4%</b>        |        |           |
| Ally Financial Inc., 7.00% (b)                    | 472    | 389,887   |
| <b>Media 0.0%</b>                                 |        |           |
| CMP Susquehanna Radio Holdings Corp. (a)(b)       | 9,328  |           |
| <b>Real Estate Investment Trusts (REITs) 0.0%</b> |        |           |
| MPG Office Trust, Inc., Series A, 7.63% (a)       | 3,277  | 35,359    |
| <b>Specialty Retail 0.1%</b>                      |        |           |
| Lazydays RV Center, Inc. (a)                      | 55     | 65,455    |
| <b>Total Preferred Stocks 0.5%</b>                |        | 490,701   |
| <b>Total Preferred Securities 2.0%</b>            |        | 1,894,409 |

**Warrants (l)**

|  |        |             |
|--|--------|-------------|
| <b>Media 0.0%</b>  |        |             |
| CMP Susquehanna Radio Holdings Corp.<br>(Expires 3/26/19) (b)      | 10,660 |             |
| <b>Total Warrants 0.0%</b>   |        |             |
| <b>Total Long-Term Investments<br/>(Cost \$101,601,953) 109.4%</b> |        | 104,824,448 |

**Short-Term Securities**

|   |           |           |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.25% (m)(n) | 1,132,209 | 1,132,209 |
| <b>Total Short-Term Securities<br/>(Cost \$1,132,209) 1.2%</b>            |           | 1,132,209 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Strategic Bond Trust (BHD)

| Options Purchased  | Contracts | Value          |
|--|-----------|----------------|
| <b>Over-the-Counter Call Options 0.0%</b>  |           |                |
| Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, Expires 12/21/19, Broker<br>Goldman Sachs Bank USA | 6         |                |
| <b>Total Options Purchased</b><br>(Cost \$5,867) 0.0%  |           |                |
| <b>Total Investments Before Options Written</b><br>(Cost \$102,740,029*) 110.6%                                |           | \$ 105,956,657 |

| Options Written  | Notional<br>Amount<br>(000) |               |
|--|-----------------------------|---------------|
| <b>Over-the-Counter Call Swaptions 0.0%</b>  |                             |               |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Index Series 14 Volume 1,<br>Strike Price USD 100.00, Expires 9/15/10, Broker<br>Credit Suisse International | USD 2,125                   | (1,182)       |
| Bought credit default protection on Dow Jones CDX<br>North America High Yield Series 14 Volume 1,<br>Strike Price USD 96.00, Expires 9/15/10, Broker<br>Credit Suisse International        | 1,200                       | (13,466)      |
|  |                             | (14,648)      |
| <b>Over-the-Counter Put Swaptions 0.0%</b>   |                             |               |
| Sold credit default protection on Dow Jones CDX<br>North America High Yield Series 14 Volume 1,<br>Strike Price USD 87.00, Expires 9/15/10, Broker<br>Credit Suisse International          | 1,200                       | (19)          |
| <b>Total Options Written (Premiums Received \$41,825) 0.0%</b>   |                             | (14,667)      |
| <b>Total Investments, Net of Options Written 110.6%</b>  |                             | 105,941,990   |
| <b>Liabilities in Excess of Other Assets (10.6)%</b>   |                             | (10,147,819)  |
| <b>Net Assets 100.0%</b>   |                             | \$ 95,794,171 |

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\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2010, as computed for federal income tax purposes, were as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| Aggregate cost                | \$ | 102,781,211 |
|                               |    |             |
| Gross unrealized appreciation | \$ | 5,574,363   |
| Gross unrealized depreciation |    | (2,398,917) |
|                               |    |             |
| Net unrealized appreciation   | \$ | 3,175,446   |
|                               |    |             |

- (a) Non-income producing security.
- (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) Convertible security.
- (d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional face/shares.
- (f) Variable rate security. Rate shown is as of report date.
- (g) Issuer filed for bankruptcy and/or is in default of interest payments.
- (h) Represents a step-down bond that pays an initial coupon rate for the first period and then a lower coupon rate for the following periods. Rate shown is as of report date.
- (i) Amount is less than \$1,000.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Security is perpetual in nature and has no stated maturity date.
- (l) 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, if any.
- (m) Investments in companies considered to be an affiliate of the Trust during the year, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate  | Shares Held at<br>August 31,<br>2009 | Net<br>Activity | Shares Held at<br>August 31,<br>2010 | Income  |
|--|--------------------------------------|-----------------|--------------------------------------|---------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class | 4,155,886                            | (3,023,677)     | 1,132,209                            | \$3,384 |

- (n) Represents the current yield as of report date.

Financial futures contracts purchased as of August 31, 2010 were as follows:

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| Contracts    | Issue                      | Exchange           | Expiration Date | Notional Value | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|--------------------|-----------------|----------------|--|
| 11           | 2-Year U.S. Treasury Bond  | Chicago Mercantile | September 2010  | \$ 2,410,157   | \$ 3,656                               |
| 11           | 2-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 2,408,849   | 1,698                                  |
| 2            | 5-Year U.S. Treasury Bond  | Chicago Mercantile | December 2010   | \$ 240,762     | (121)                                  |
| 28           | 30-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 3,755,133   | 25,742                                 |
| <b>Total</b> |                            |                    |                 |                | <b>\$ 30,975</b>                       |

Financial futures contracts sold as of August 31, 2010 were as follows:

| Contracts    | Issue                      | Exchange           | Expiration Date | Notional Value | Unrealized Depreciation |
|--------------|----------------------------|--------------------|-----------------|----------------|-------------------------|
| 20           | 10-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 2,507,071   | \$ (5,429)              |
| 11           | 30-Year U.S. Treasury Bond | Chicago Mercantile | December 2010   | \$ 1,559,367   | (31,164)                |
| <b>Total</b> |                            |                    |                 |                | <b>\$ (36,593)</b>      |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Strategic Bond Trust (BHD)

Foreign currency exchange contracts as of August 31, 2010 were as follows:

| Currency Purchased |           | Currency Sold |           | Counterparty     | Settlement Date |    | Unrealized Appreciation |
|--------------------|-----------|---------------|-----------|------------------|-----------------|----|-------------------------|
| USD                | 2,034,696 | EUR           | 1,604,500 | Citibank NA      | 9/15/10         | \$ | 1,437                   |
| USD                | 116,701   | EUR           | 90,500    | Deutsche Bank AG | 9/15/10         |    | 2,017                   |
| <b>Total</b>       |           |               |           |                  |                 | \$ | <b>3,454</b>            |

Credit default swaps on single-name issuers buy protection outstanding as of August 31, 2010 were as follows:

| Issuer                | Pay Fixed Rate | Counterparty                          | Expiration     | Notional Amount (000) | Unrealized Appreciation |
|-----------------------|----------------|---------------------------------------|----------------|-----------------------|-------------------------|
| iStar Financial, Inc. | 5.00%          | Morgan Stanley Capital Services, Inc. | September 2011 | \$ 250                | \$ 6,269                |
| iStar Financial, Inc. | 5.00%          | Morgan Stanley Capital Services, Inc. | September 2011 | \$ 250                | 5,694                   |
| <b>Total</b>          |                |                                       |                |                       | \$ 11,963               |

Credit default swaps on single-name issuers sold protection outstanding as of August 31, 2010 were as follows:

| Issuer             | Receive Fixed Rate | Counterparty     | Expiration     | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Unrealized Appreciation |
|--------------------|--------------------|------------------|----------------|----------------------------|------------------------------------|-------------------------|
| Levi Strauss & Co. | 5.00%              | Citibank NA      | June 2015      | B+                         | \$ 150                             | \$ 92                   |
| MetLife, Inc.      | 5.00%              | Deutsche Bank AG | June 2015      | A                          | \$ 150                             | 5,634                   |
| MetLife, Inc.      | 1.00%              | UBS AG           | September 2015 | A                          | \$ 175                             | 117                     |

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**Total** \$ 5,843

<sup>1</sup> Using S&P's rating.

<sup>2</sup> The maximum potential amount the Trust may pay should a negative event take place as defined under the terms of agreement.

For Trust compliance purposes, the Trust's sector classifications refer to any one or more of the sector 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 such sector sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivatives, which are as follows:

Level 1 price quotations in active markets/exchanges for identical assets and liabilities

Level 2 other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or 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)

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

The inputs or methodologies 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 tables summarize the inputs used as of August 31, 2010 in determining the fair valuation of the Trust's investments and derivatives:

| Valuation Inputs             | Level 1             | Level 2               | Level 3             | Total                 |
|------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| <b>Assets:</b>               |                     |                       |                     |                       |
| Investments in Securities:   |                     |                       |                     |                       |
| Common Stocks                | \$ 197,471          | \$ 19,800             | \$ 13,235           | \$ 230,506            |
| Corporate Bonds              |                     | 89,441,058            | 17,453              | 89,458,511            |
| Floating Rate Loan Interests |                     | 7,961,531             | 3,420,874           | 11,382,405            |
| Foreign Agency Obligations   |                     | 435,740               |                     | 435,740               |
| Other Interests              |                     | 1,422,686             | 191                 | 1,422,877             |
| Preferred Securities         | 425,246             | 1,403,708             | 65,455              | 1,894,409             |
| Warrants                     |                     |                       |                     |                       |
| Short-Term Securities        | 1,132,209           |                       |                     | 1,132,209             |
| <b>Liabilities:</b>          |                     |                       |                     |                       |
| Unfunded Loan Commitments    |                     |                       | (8,879)             | (8,879)               |
| <b>Total</b>                 | <b>\$ 1,754,926</b> | <b>\$ 100,684,523</b> | <b>\$ 3,508,329</b> | <b>\$ 105,947,778</b> |

**Derivative Financial Instruments<sup>1</sup>**

| Valuation Inputs | Level 1 | Level 2 | Level 3 | Total |
|------------------|---------|---------|---------|-------|
| <b>Assets:</b>   |         |         |         |       |

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|                                     |    |         |          |       |    |          |
|-------------------------------------|----|---------|----------|-------|----|----------|
| Credit contracts                    |    | \$      | 17,806   |       | \$ | 17,806   |
| Foreign currency exchange contracts |    |         | 3,454    |       |    | 3,454    |
| Interest rate contracts             | \$ |         | 31,096   |       |    | 31,096   |
| <b>Liabilities:</b>                 |    |         |          |       |    |          |
| Credit contracts                    |    |         | (14,667) |       |    | (14,667) |
| Interest rate contracts             |    |         | (36,714) |       |    | (36,714) |
| <b>Total</b>                        | \$ | (5,618) | \$       | 6,593 | \$ | 975      |

<sup>1</sup> Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.

## Schedule of Investments (concluded)

## BlackRock Strategic Bond Trust (BHD)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|  | Common<br>Stocks | Corporate<br>Bonds | Floating Rate<br>Loan Interests | Other<br>Interests | Preferred<br>Stocks | Unfunded<br>Loan<br>Commitments | Total        |
|--|------------------|--------------------|---------------------------------|--------------------|---------------------|---------------------------------|--------------|
| <b>Assets/Liabilities:</b>                                     |                  |                    |                                 |                    |                     |                                 |              |
| Balance, as of August 31,<br>2009                              |                  | \$ 804,535         | \$ 3,501,727                    | \$ 191             |                     |                                 | \$ 4,306,453 |
| Accrued<br>discounts/premiums                                  |                  | 4,712              | 29,217                          |                    |                     |                                 | 33,929       |
| Realized gain (loss)   |                  | (64,033)           | 262,611                         |                    |                     |                                 | 198,578      |
| Change in unrealized<br>appreciation/depreciation <sup>2</sup> |                  | 1,003,734          | 316,547                         |                    |                     | \$ (8,879)                      | 1,311,402    |
| Purchases  |                  | (409,208)          | 7,873,916                       |                    |                     |                                 | 7,464,708    |
| Sales  |                  | (1,153,048)        | (9,605,509)                     |                    |                     |                                 | (10,758,557) |
| Transfers in <sup>3</sup>                                      | \$ 13,235        | 16,653             | 2,114,419                       |                    | \$ 65,455           |                                 | 2,209,762    |
| Transfers out <sup>3</sup>                                     |                  | (185,892)          | (1,072,054)                     |                    |                     |                                 | (1,257,946)  |
| <b>Balance, as of August 31,<br/>2010</b>                      | \$ 13,235        | \$ 17,453          | \$ 3,420,874                    | \$ 191             | \$ 65,455           | \$ (8,879)                      | \$ 3,508,329 |

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The net change in unrealized appreciation/depreciation on securities still held at August 31, 2010 was \$19,543.

<sup>3</sup> The Trust's policy is to recognize transfers in and transfers out as of the end of the period of the event or the change in circumstances that caused the transfer.

See Notes to Financial Statements.

## Statements of Assets and Liabilities

| August 31, 2010   | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund V, Inc.<br>(HYV) | BlackRock<br>Corporate<br>High Yield<br>Fund VI, Inc.<br>(HYT) | BlackRock<br>High Income<br>Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) |
|---|--|---|--|---|---|
| <b>Assets</b>   |  |   |  |   |   |
| Investments at value unaffiliated   | \$ 599,571,750                           | \$ 464,703,309  | \$ 479,037,264   | \$ 140,611,611                              | \$ 48,894,660                             |
| Investments at value affiliated   | 506,274                                  | 2,725,924   | 1,808,758  | 2,032,818                                   | 1,573,222                                 |
| Unrealized appreciation on foreign currency exchange contracts            | 227,544                                  | 15,140  | 16,013   | 2,498                                       |   |
| Unrealized appreciation on swaps  | 1,171,712                                | 296,315   | 320,659  |   | 168                                       |
| Foreign currency at value <sup>3</sup>                                    | 32,477                                   | 45,065  | 48,921   | 11,693                                      |   |
| Cash  | 164,635                                  |   |  |   | 1,952                                     |
| Cash pledged as collateral in connection with swaps                       |  |   |  |   |   |
| Cash pledged as collateral in connection with financial futures contracts | 529,000                                  | 1,130,000   | 1,160,000  | 240,000                                     |   |
| TBA sale commitments receivable   | 75,294,672                               |   |  |   |   |
| Investments sold receivable   | 89,011,324                               | 2,423,060   | 2,570,734  | 663,417                                     | 256,676                                   |
| Interest receivable   | 5,410,808                                | 8,379,727   | 8,925,199  | 2,616,487                                   | 874,752                                   |
| Swaps receivable  | 285,103                                  | 73,350  | 79,350   |   | 550                                       |
| Options written receivable  | 254,598                                  |   |  |   |   |
| Margin variation receivable   | 182,210                                  |   |  |   |   |
| Swap premiums paid  | 73,030                                   | 370,617   | 328,014  |   | 2,781                                     |
| Dividend receivable affiliated  | 288                                      | 189   | 282  | 74  | 59  |
| Principal paydowns receivable   |  |   |  |   |   |
| Prepaid expenses  | 31,911                                   | 118,864   | 124,771  | 50,948                                      | 17,494                                    |
| Other assets  | 42,896                                   | 244,189   | 301,770  | 55,580                                      | 33,745                                    |
| <b>Total assets</b>   | <b>772,790,232</b>                       | <b>480,525,749</b>  | <b>494,721,735</b>   | <b>146,285,126</b>                          | <b>51,656,059</b>                         |
| <b>Liabilities</b>  |  |   |  |   |   |
| Borrowed bonds <sup>4</sup>   | 298,780                                  |   |  |   |   |
| TBA sale commitments at value <sup>5</sup>                                | 75,423,223                               |   |  |   |   |
| Options written at value <sup>6</sup>                                     | 12,054,731                               | 58,107  | 61,166   |   | 6,709                                     |
| Loan payable  |  | 92,000,000  | 89,000,000   | 25,000,000                                  | 8,000,000                                 |
| TALF loans at value <sup>7</sup>  | 11,763,225                               |   |  |   |   |
| Bank overdraft  |  |   | 212,807  |   |   |
| Unrealized depreciation on swaps  | 1,958,620                                | 340,369   | 243,603  |   | 3,699                                     |
| Unrealized depreciation on foreign currency exchange contracts            | 287,611                                  | 57,333  | 57,910   | 2,840                                       |   |
| Unrealized depreciation on unfunded loan commitments                      |  | 70,023  | 36,123   | 2,026                                       | 4,001                                     |
| Interest rate floors at value   |  |   |  |   |   |
| Reverse repurchase agreements   | 107,279,926                              |   |  |   |   |
| Investments purchased payable   | 129,357,646                              | 4,213,642   | 2,057,891  | 1,312,659                                   | 488,497                                   |
| Treasury rolls payable  | 49,894,552                               |   |  |   |   |
| Investment advisory fees payable  | 235,473                                  | 238,017   | 289,140  | 90,314                                      | 45,384                                    |
| Swap premiums received  | 198,261                                  | 410,896   | 453,043  |   | 2,201                                     |
| Swaps payable   | 137,050                                  | 35,300  | 32,300   |   | 700                                       |
| Interest expense payable  | 88,285                                   | 174,323   | 175,925  | 44,654                                      | 14,535                                    |
| Officers and Trustees fees payable  | 45,292                                   | 60,833  | 62,855   | 10,306                                      | 9,981                                     |
| Income dividends payable  | 44,861                                   | 75,857  | 93,493   | 33,106                                      | 5,591                                     |



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|   |                       |                       |                       |                       |                      |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Other affiliates payable                        | 1,686                 | 1,502                 | 1,556                 | 456                   |                      |
| Commitment fees payable                         | 682                   | 2,524                 | 2,737                 | 829                   | 333                  |
| Margin variation payable                        |                       | 33,600                | 34,400                | 7,200                 |                      |
| Administration fees payable                     |                       |                       |                       |                       | 4,332                |
| Other accrued expenses payable                  | 180,763               | 150,176               | 146,976               | 139,045               | 89,964               |
| <b>Total liabilities</b>                        | <b>389,250,667</b>    | <b>97,922,502</b>     | <b>92,961,925</b>     | <b>26,643,435</b>     | <b>8,675,927</b>     |
| <b>Net Assets</b>                               | <b>\$ 383,539,565</b> | <b>\$ 382,603,247</b> | <b>\$ 401,759,810</b> | <b>\$ 119,641,691</b> | <b>\$ 42,980,132</b> |
| <sup>1</sup> Investments at cost unaffiliated   | \$ 571,829,766        | \$ 470,023,714        | \$ 485,130,819        | \$ 141,582,716        | \$ 50,439,826        |
| <sup>2</sup> Investments at cost affiliated     | \$ 506,274            | \$ 2,725,924          | \$ 1,808,758          | \$ 2,032,818          | \$ 1,573,222         |
| <sup>3</sup> Foreign currency at cost           | \$ 32,447             | \$ 45,294             | \$ 49,021             | \$ 11,837             |                      |
| <sup>4</sup> Proceeds from borrowed bonds       | \$ 298,807            |                       |                       |                       |                      |
| <sup>5</sup> Proceeds from TBA sale commitments | \$ 75,294,672         |                       |                       |                       |                      |
| <sup>6</sup> Premiums received                  | \$ 8,630,370          | \$ 166,000            | \$ 174,750            |                       | \$ 19,050            |
| <sup>7</sup> Proceeds from TALF loans           | \$ 11,763,225         |                       |                       |                       |                      |

See Notes to Financial Statements.

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| August 31, 2010   | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) | BlackRock<br>Income<br>Trust, Inc.<br>(BKT) | BlackRock<br>Strategic<br>Bond<br>Trust<br>(BHD) |
|---|--|---|--|
| <b>Assets</b>   |  |   |  |
| Investments at value unaffiliated   | \$ 573,604,191   | \$ 1,049,292,995                            | \$ 104,824,448                                   |
| Investments at value affiliated   |  | 857,657                                     | 1,132,209  |
| Unrealized appreciation on foreign currency exchange contracts            | 220,007  |   | 3,454  |
| Unrealized appreciation on swaps  | 6,598,697  | 52,735,599                                  | 17,806   |
| Foreign currency at value <sup>3</sup>                                    | 72,091   |   | 199,153  |
| Cash  |  |   |  |
| Cash pledged as collateral in connection with swaps                       |  | 1,100,000                                   |  |
| Cash pledged as collateral in connection with financial futures contracts |  | 2,000,000                                   | 40,000   |
| TBA sale commitments receivable   | 66,590,987   | 158,720,620                                 |  |
| Investments sold receivable   | 90,643,769   | 76,917,999                                  | 137,035  |
| Interest receivable   | 5,259,572  | 3,507,929                                   | 1,793,972  |
| Swaps receivable  | 666,978  | 2,916,048                                   | 3,350  |
| Options written receivable  | 204,336  |   |  |
| Margin variation receivable   | 305,240  |   |  |
| Swap premiums paid  | 50,712   | 145,853                                     | 79,250   |
| Dividend receivable affiliated  |  | 325   | 29   |
| Principal paydowns receivable   |  | 1,744                                       |  |
| Prepaid expenses  | 32,557   | 31,403                                      | 29,272   |
| Other assets  | 66,480   | 82,606                                      | 7,527  |
| <b>Total assets</b>   | <b>744,315,617</b>   | <b>1,348,310,778</b>                        | <b>108,267,505</b>                               |
| <b>Liabilities</b>  |  |   |  |
| Borrowed bonds <sup>4</sup>   | 293,716  |   |  |
| TBA sale commitments at value <sup>5</sup>                                | 66,719,017   | 159,088,272                                 |  |
| Options written at value <sup>6</sup>                                     | 11,979,420   | 1,886,895                                   | 14,667   |
| Loan payable  |  |   | 12,000,000                                       |
| TALF loans at value <sup>7</sup>  | 11,763,225   | 11,739,534                                  |  |
| Bank overdraft  | 772,922  |   | 515  |
| Unrealized depreciation on swaps  | 2,377,940  | 46,744,510                                  |  |
| Unrealized depreciation on foreign currency exchange contracts            | 277,446  |   |  |
| Unrealized depreciation on unfunded loan commitments                      |  |   | 8,879  |
| Interest rate floors at value   |  | 3,446,023                                   |  |
| Reverse repurchase agreements   | 106,912,193  | 43,578,125                                  |  |
| Investments purchased payable   | 121,203,349  | 526,612,873                                 | 216,926  |
| Treasury rolls payable  | 39,100,437   | 51,666,935                                  |  |
| Investment advisory fees payable  | 190,602  | 272,912                                     | 67,683   |
| Swap premiums received  | 744,893  | 1,322,335                                   | 18,441   |
| Swaps payable   | 206,922  | 4,628,505                                   | 5,000  |
| Interest expense payable  | 56,946   | 23,029                                      | 20,978   |
| Officers and Trustees fees payable  | 68,625   | 84,903                                      | 9,208  |
| Income dividends payable  | 47,376   | 49,415                                      | 10,276   |
| Other affiliates payable  |  |   | 334  |
| Commitment fees payable   |  |   |  |
| Margin variation payable  |  | 628,752                                     | 949  |
| Administration fees payable   | 31,774   | 63,065                                      |  |

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|   |                       |                       |                      |
|---|-----------------------|-----------------------|----------------------|
| Other accrued expenses payable                  | 189,338               | 214,842               | 99,478               |
| <b>Total liabilities</b>                        | <b>362,936,141</b>    | <b>852,050,925</b>    | <b>12,473,334</b>    |
| <b>Net Assets</b>                               | <b>\$ 381,379,476</b> | <b>\$ 496,259,853</b> | <b>\$ 95,794,171</b> |
| <sup>1</sup> Investments at cost unaffiliated   | \$ 546,282,337        | \$ 1,034,029,508      | \$ 101,607,820       |
| <sup>2</sup> Investments at cost affiliated     |                       | \$ 857,657            | \$ 1,132,209         |
| <sup>3</sup> Foreign currency at cost           | \$ 72,562             |                       | \$ 203,546           |
| <sup>4</sup> Proceeds from borrowed bonds       | \$ 293,743            |                       |                      |
| <sup>5</sup> Proceeds from TBA sale commitments | \$ 66,590,987         | \$ 158,720,620        |                      |
| <sup>6</sup> Premiums received                  | \$ 8,239,160          | \$ 1,358,915          | \$ 41,825            |
| <sup>7</sup> Proceeds from TALF loans           | \$ 11,763,225         | \$ 11,739,534         |                      |

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## Statements of Assets and Liabilities (concluded)

| August 31, 2010  | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund V, Inc.<br>(HYV) | BlackRock<br>Corporate<br>High Yield<br>Fund VI, Inc.<br>(HYT) | BlackRock<br>High Income<br>Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) |
|--|--|---|--|---|---|
| <b>Net Assets Consist of</b>                                     |  |   |  |   |   |
| Paid-in capital <sup>8,9,10</sup>                                | \$ 378,671,939                           | \$ 469,820,161  | \$ 505,109,247   | \$ 184,778,474                              | \$ 63,364,045                             |
| Cost of shares held in treasury <sup>11</sup>                    |  |   |  |   |   |
| Undistributed (distributions in excess of) net investment income | 7,202,897                                | 5,001,402   | 5,651,991  | 2,972,065                                   | (99,314)                                  |
| Accumulated net realized gain (loss)                             | (25,964,063)                             | (87,025,641)  | (103,201,884)  | (67,177,539)                                | (18,745,127)                              |
| Net unrealized appreciation/depreciation                         | 23,628,792                               | (5,192,675)   | (5,799,544)  | (931,309)                                   | (1,539,472)                               |
| <b>Net Assets</b>  | <b>\$ 383,539,565</b>                    | <b>\$ 382,603,247</b>   | <b>\$ 401,759,810</b>  | <b>\$ 119,641,691</b>                       | <b>\$ 42,980,132</b>                      |
| Net asset value  | \$ 14.19                                 | \$ 11.61  | \$ 11.38   | \$ 2.19                                     | \$ 6.69                                   |
| <sup>8</sup> Par value per share                                 | \$ 0.001                                 | \$ 0.100  | \$ 0.100   |   | \$ 0.001                                  |
| <sup>9</sup> Shares outstanding                                  | 27,023,027                               | 32,944,087  | 35,294,009   | 54,620,872                                  | 6,427,525                                 |
| <sup>10</sup> Shares authorized                                  | unlimited                                | 200 million   | 200 million  | unlimited                                   | unlimited                                 |
| <sup>11</sup> Shares held in treasury                            |  |   |  |   |   |

See Notes to Financial Statements.

| August 31, 2010  | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) | BlackRock<br>Income<br>Trust, Inc.<br>(BKT) | BlackRock<br>Strategic Bond<br>Trust<br>(BHD) |
|--|--|---|---|
| <b>Net Assets Consist of</b>                                     |  |   |   |
| Paid-in capital <sup>8,9,10</sup>                                | \$ 402,924,496   | \$ 478,542,248                              | \$ 98,450,652                                 |
| Cost of shares held in treasury <sup>11</sup>                    | (17,377,850)   |   |   |
| Undistributed (distributions in excess of) net investment income | 6,733,590  | (83,711)                                    | 1,512,890                                     |
| Accumulated net realized gain (loss)                             | (38,810,910)   | 1,131,639                                   | (7,415,618)                                   |
| Net unrealized appreciation/depreciation                         | 27,910,150   | 16,669,677                                  | 3,246,247                                     |
| <b>Net Assets</b>  | <b>\$ 381,379,476</b>                                      | <b>\$ 496,259,853</b>                       | <b>\$ 95,794,171</b>                          |
| Net asset value  | \$ 11.07   | \$ 7.76                                     | \$ 13.57                                      |
| <sup>8</sup> Par value per share                                 | \$ 0.010   | \$ 0.010                                    | \$ 0.001                                      |
| <sup>9</sup> Shares outstanding                                  | 34,456,370   | 63,942,535                                  | 7,058,401                                     |
| <sup>10</sup> Shares authorized                                  | 200 million  | 200 million                                 | unlimited                                     |
| <sup>11</sup> Shares held in treasury                            | 1,757,400  |   |   |

## Statements of Operations

| Year Ended August 31, 2010                                  | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund V, Inc.<br>(HYV) | BlackRock<br>Corporate<br>High Yield<br>Fund VI, Inc.<br>(HYT) | BlackRock<br>High Income<br>Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) |
|---|--|---|--|---|---|
| <b>Investment Income</b>                                    |  |   |  |   |   |
| Interest  | \$ 27,666,931                            | \$ 38,809,542   | \$ 41,920,599  | \$ 12,252,265                               | \$ 4,109,081                              |
| Foreign taxes withheld                                      |  |   |  |   |   |
| Dividends   |  | 287,874   | 116,472  | 52,374                                      | 5,062                                     |
| Dividends affiliated  | 8,237                                    | 6,768   | 8,450  | 3,742                                       | 3,537                                     |
| Facility and other fees                                     | 26,632                                   | 520,074   | 72,010   | 210,031                                     | 56,267                                    |
| <b>Total income</b>   | <b>27,701,800</b>                        | <b>39,624,258</b>   | <b>42,117,531</b>  | <b>12,518,412</b>                           | <b>4,173,947</b>                          |
| <b>Expenses</b>   |  |   |  |   |   |
| Investment advisory   | 2,801,761                                | 2,681,548   | 3,249,917  | 1,024,332                                   | 506,315                                   |
| Professional  | 120,539                                  | 144,167   | 154,968  | 97,909                                      | 67,936                                    |
| Printing  | 96,851                                   | 47,194  | 50,173   | 53,112                                      | 18,469                                    |
| Accounting services   | 86,388                                   | 101,942   | 105,915  | 28,517                                      | 14,662                                    |
| Custodian   | 55,090                                   | 54,679  | 54,808   | 25,209                                      | 14,103                                    |
| Officer and Trustees  | 46,712                                   | 48,277  | 48,490   | 13,996                                      | 6,235                                     |
| Transfer agent  | 12,308                                   | 44,135  | 46,160   | 26,741                                      | 13,082                                    |
| Registration  | 9,394                                    | 11,434  | 12,247   | 18,957                                      | 9,356                                     |
| Borrowing costs <sup>1</sup>                                |  | 420,986   | 423,029  | 124,201                                     | 53,494                                    |
| Administration  |  |   |  |   | 48,221                                    |
| Miscellaneous   | 138,172                                  | 81,065  | 81,918   | 51,770                                      | 46,761                                    |
| <b>Total expenses excluding interest expense</b>            | <b>3,367,215</b>                         | <b>3,635,427</b>  | <b>4,227,625</b>   | <b>1,464,744</b>                            | <b>798,634</b>                            |
| Interest expense  | 831,886                                  | 992,008   | 956,687  | 262,362                                     | 79,870                                    |
| <b>Total expenses</b>                                       | <b>4,199,101</b>                         | <b>4,627,435</b>  | <b>5,184,312</b>   | <b>1,727,106</b>                            | <b>878,504</b>                            |
| Less fees waived by advisor                                 | (1,893)                                  | (1,917)   | (2,111)  | (1,309)                                     | (1,241)                                   |
| Less fees paid indirectly                                   |  |   | (140)  |   | (155)                                     |
| <b>Total expenses after fees waived and paid indirectly</b> | <b>4,197,208</b>                         | <b>4,625,518</b>  | <b>5,182,061</b>   | <b>1,725,797</b>                            | <b>877,108</b>                            |
| <b>Net investment income</b>                                | <b>23,504,592</b>                        | <b>34,998,740</b>   | <b>36,935,470</b>  | <b>10,792,615</b>                           | <b>3,296,839</b>                          |
| <b>Realized and Unrealized Gain (Loss)</b>                  |  |   |  |   |   |
| Net realized gain (loss) from:                              |  |   |  |   |   |
| Investments   | 12,485,829                               | 3,892,608   | (1,575,755)  | (886,564)                                   | (1,494,849)                               |
| Financial futures contracts                                 | 5,177,443                                | 674,074   | 674,284  | 88,964                                      |   |
| Swaps   | (269,014)                                | (1,247,238)   | (1,225,327)  |   | (27,176)                                  |
| Foreign currency transactions                               | 1,640,792                                | 3,770,503   | 4,028,616  | 520,926                                     |   |

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|   |                      |                      |                      |                      |                     |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
| Options written   | 4,191,347            |                      |                      |                      |                     |
| Borrowed bonds  | (396,380)            |                      |                      |                      |                     |
| Interest rate floors  |                      |                      |                      |                      |                     |
|   | 22,830,017           | 7,089,947            | 1,901,818            | (276,674)            | (1,522,025)         |
| Net change in unrealized appreciation/depreciation on:      |                      |                      |                      |                      |                     |
| Investments   | 26,237,551           | 52,457,266           | 55,646,301           | 17,290,835           | 7,422,799           |
| Financial futures contracts                                 | (171,320)            | 175,503              | 180,556              | 45,478               |                     |
| Swaps   | 231,318              | 1,031,444            | 1,083,897            |                      | (7,473)             |
| Foreign currency transactions                               | (44,737)             | 370,567              | 424,758              | 101,104              |                     |
| Options written   | (1,549,056)          | 107,893              | 113,584              |                      | 12,341              |
| Unfunded loan commitments                                   |                      | (70,023)             | (36,123)             | (2,026)              | (4,001)             |
| Borrowed bonds  | 27                   |                      |                      |                      |                     |
| Interest rate floors  |                      |                      |                      |                      |                     |
|   | 24,703,783           | 54,072,650           | 57,412,973           | 17,435,391           | 7,423,666           |
| Total realized and unrealized gain                          | 47,533,800           | 61,162,597           | 59,314,791           | 17,158,717           | 5,901,641           |
| <b>Net Increase in Net Assets Resulting from Operations</b> | <b>\$ 71,038,392</b> | <b>\$ 96,161,337</b> | <b>\$ 96,250,261</b> | <b>\$ 27,951,332</b> | <b>\$ 9,198,480</b> |

<sup>1</sup> See Note 9 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

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| Year Ended August 31, 2010                                  | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) | BlackRock<br>Income<br>Trust, Inc.<br>(BKT) | BlackRock<br>Strategic Bond<br>Trust<br>(BHD) |
|---|--|---|---|
| <b>Investment Income</b>                                    |  |   |   |
| Interest  | \$ 24,330,074  | \$ 17,448,414                               | \$ 8,064,673                                  |
| Foreign taxes withheld                                      |  |   | (186)   |
| Dividends   |  |   | 19,783  |
| Dividends affiliated  | 11,142   | 230,135                                     | 4,487   |
| Facility and other fees                                     |  |   | 88,655  |
| <b>Total income</b>   | <b>24,341,216</b>  | <b>17,678,549</b>                           | <b>8,177,412</b>                              |
| <b>Expenses</b>   |  |   |   |
| Investment advisory   | 2,115,802  | 3,073,121                                   | 733,733                                       |
| Professional  | 123,039  | 109,777                                     | 57,729  |
| Printing  | 100,182  | 142,535                                     | 26,998  |
| Accounting services   | 77,037   | 101,089                                     | 19,244  |
| Custodian   | 54,423   | 60,419                                      | 17,854  |
| Officer and Trustees  | 50,226   | 65,735                                      | 11,355  |
| Transfer agent  | 21,379   | 63,357                                      | 12,098  |
| Registration  | 11,959   | 22,192                                      | 9,330   |
| Borrowing costs <sup>1</sup>                                |  |   | 44,649  |
| Administration  | 352,634  | 709,182                                     |   |
| Miscellaneous   | 117,109  | 92,121                                      | 52,467  |
| <b>Total expenses excluding interest expense</b>            | <b>3,023,790</b>   | <b>4,439,528</b>                            | <b>985,457</b>                                |
| Interest expense  | 820,310  | 503,200                                     | 60,043  |
| <b>Total expenses</b>                                       | <b>3,844,100</b>   | <b>4,942,728</b>                            | <b>1,045,500</b>                              |
| Less fees waived by advisor                                 | (2,171)  | (112,085)                                   | (23,773)                                      |
| Less fees paid indirectly                                   | (103)  | (111)                                       | (1,485)                                       |
| <b>Total expenses after fees waived and paid indirectly</b> | <b>3,841,826</b>   | <b>4,830,532</b>                            | <b>1,020,242</b>                              |
| <b>Net investment income</b>                                | <b>20,499,390</b>  | <b>12,848,017</b>                           | <b>7,157,170</b>                              |
| <b>Realized and Unrealized Gain (Loss)</b>                  |  |   |   |
| Net realized gain (loss) from:                              | 7,998,100  | 39,882,284                                  | 2,299,474                                     |
| Investments   | 5,734,694  | (10,940,497)                                | 179,359                                       |
| Financial futures contracts                                 | 5,901,427  | 1,604,707                                   | (255,692)                                     |
| Swaps   | 1,138,626  |   | 376,761                                       |
| Foreign currency transactions                               | 2,274,151  | 1,367,196                                   | (2,512)                                       |
| Options written   | (1,078,050)  | 1,236,338                                   |   |
| Borrowed bonds  |  | (4,548,840)                                 |   |



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|   |                      |                      |                      |
|---|----------------------|----------------------|----------------------|
| Interest rate floors  | 21,968,948           | 28,601,188           | 2,597,390            |
| Net change in unrealized appreciation/depreciation on:      |                      |                      |                      |
| Investments   | 26,309,577           | 18,453,902           | 6,951,005            |
| Financial futures contracts                                 | (686,658)            | (1,315,975)          | 5,565                |
| Swaps   | (3,529,176)          | (4,223,736)          | (87,130)             |
| Foreign currency transactions                               | (59,348)             |                      | (848)                |
| Options written   | (1,107,170)          | 1,305,906            | (10,205)             |
| Unfunded loan commitments                                   |                      |                      | (8,879)              |
| Borrowed bonds  | 27                   |                      |                      |
| Interest rate floors  |                      | 3,477,474            |                      |
|   | 20,927,252           | 17,697,571           | 6,849,508            |
| Total realized and unrealized gain                          | 42,896,200           | 46,298,759           | 9,446,898            |
| <b>Net Increase in Net Assets Resulting from Operations</b> | <b>\$ 63,395,590</b> | <b>\$ 59,146,776</b> | <b>\$ 16,604,068</b> |

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## Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets:                              | BlackRock<br>Core Bond Trust (BHK)  |                | BlackRock Corporate<br>High Yield Fund V, Inc. (HYV) |                |
|---|-------------------------------------|----------------|--|----------------|
|   | Year Ended August 31,               |                | Year Ended August 31,                                |                |
|   | 2010                                | 2009           | 2010   | 2009           |
| <b>Operations</b>   |                                     |                |  |                |
| Net investment income   | \$ 23,504,592                       | \$ 21,687,724  | \$ 34,998,740  | \$ 35,228,086  |
| Net realized gain (loss)  | 22,830,017                          | (17,850,763)   | 7,089,947  | (65,434,566)   |
| Net change in unrealized appreciation/depreciation              | 24,703,783                          | 10,169,044     | 54,072,650   | (3,440,186)    |
| Net increase (decrease) in net assets resulting from operations | 71,038,392                          | 14,006,005     | 96,161,337   | (33,646,666)   |
| <b>Dividends to Shareholders From</b>                           |                                     |                |  |                |
| Net investment income   | (27,023,027)                        | (20,703,556)   | (33,602,969)   | (39,697,493)   |
| <b>Capital Share Transactions</b>                               |                                     |                |  |                |
| Reinvestment of dividends                                       |                                     | 45,125         |  |                |
| <b>Net Assets</b>   |                                     |                |  |                |
| Total increase (decrease) in net assets                         | 44,015,365                          | (6,652,426)    | 62,558,368   | (73,344,159)   |
| Beginning of year   | 339,524,200                         | 346,176,626    | 320,044,879  | 393,389,038    |
| End of year   | \$ 383,539,565                      | \$ 339,524,200 | \$ 382,603,247                                       | \$ 320,044,879 |
| Undistributed net investment income                             | \$ 7,202,897                        | \$ 8,842,501   | \$ 5,001,402   | \$ 298,774     |
| Increase (Decrease) in Net Assets:                              | BlackRock<br>High Yield Trust (BHY) |                | BlackRock<br>Income Opportunity Trust (BNA)          |                |
|   | Year Ended August 31,               |                | Year Ended August 31,                                |                |
|   | 2010                                | 2009           | 2010   | 2009           |

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**Operations**

|   |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| Net investment income   | \$ 3,296,839 | \$ 3,283,416 | \$ 20,499,390 | \$ 20,450,608 |
| Net realized gain (loss)  | (1,522,025)  | (5,522,049)  | 21,968,948    | (28,555,821)  |
| Net change in unrealized appreciation/depreciation              | 7,423,666    | (923,193)    | 20,927,252    | 17,777,805    |
| Net increase (decrease) in net assets resulting from operations | 9,198,480    | (3,161,826)  | 63,395,590    | 9,672,592     |

**Dividends and Distributions to Shareholders From**

|   |             |             |              |              |
|---|-------------|-------------|--------------|--------------|
| Net investment income   | (3,246,508) | (3,522,285) | (27,117,163) | (21,085,255) |
| Net realized gain   |             |             |              |              |
| Tax return of capital   | (108,660)   | (118,809)   |              |              |
| Decrease in net assets resulting from dividends and distributions to shareholders | (3,355,168) | (3,641,094) | (27,117,163) | (21,085,255) |

**Capital Share Transactions**

|                           |  |        |  |        |
|---------------------------|--|--------|--|--------|
| Reinvestment of dividends |  | 42,959 |  | 58,090 |
|---------------------------|--|--------|--|--------|

**Net Assets**

|  |               |               |                |                |
|--|---------------|---------------|----------------|----------------|
| Total increase (decrease) in net assets                          | 5,843,312     | (6,759,961)   | 36,278,427     | (11,354,573)   |
| Beginning of year  | 37,136,820    | 43,896,781    | 345,101,049    | 356,455,622    |
| End of year  | \$ 42,980,132 | \$ 37,136,820 | \$ 381,379,476 | \$ 345,101,049 |
| Undistributed (distributions in excess of) net investment income | \$ (99,314)   | \$ (151,867)  | \$ 6,733,590   | \$ 9,230,290   |

See Notes to Financial Statements.

| Increase (Decrease) in Net Assets:                              | BlackRock Corporate<br>High Yield Fund VI, Inc. (HYT) |               | BlackRock<br>High Income Shares (HIS) |               |
|---|---|---------------|---------------------------------------|---------------|
|   | Year Ended August 31,                                 |               | Year Ended August 31,                 |               |
|   | 2010  | 2009          | 2010                                  | 2009          |
| <b>Operations</b>   |   |               |                                       |               |
| Net investment income   | \$ 36,935,470   | \$ 37,172,718 | \$ 10,792,615                         | \$ 10,431,902 |
| Net realized gain (loss)  | 1,901,818   | (70,303,662)  | (276,674)                             | (17,141,802)  |
| Net change in unrealized appreciation/depreciation              | 57,412,973  | (2,935,241)   | 17,435,391                            | (2,717,262)   |
| Net increase (decrease) in net assets resulting from operations | 96,250,261  | (36,066,185)  | 27,951,332                            | (9,427,162)   |

**Dividends to Shareholders From**

|                       |              |              |             |              |
|-----------------------|--------------|--------------|-------------|--------------|
| Net investment income | (35,992,789) | (42,020,500) | (9,230,927) | (11,459,895) |
|-----------------------|--------------|--------------|-------------|--------------|

**Capital Share Transactions**

|                           |        |
|---------------------------|--------|
| Reinvestment of dividends | 87,090 |
|---------------------------|--------|

**Net Assets**

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Total increase (decrease) in net assets | 60,344,562     | (78,086,685)   | 18,720,405     | (20,887,057)   |
| Beginning of year                       | 341,415,248    | 419,501,933    | 100,921,286    | 121,808,343    |
| End of year                             | \$ 401,759,810 | \$ 341,415,248 | \$ 119,641,691 | \$ 100,921,286 |
| Undistributed net investment income     | \$ 5,651,991   | \$ 1,222,688   | \$ 2,972,065   | \$ 505,871     |

| Increase (Decrease) in Net Assets: | BlackRock<br>Income Trust, Inc. (BKT) |      | BlackRock<br>Strategic Bond Trust (BHD) |      |
|------------------------------------|---------------------------------------|------|---|------|
|                                    | Year Ended August 31,                 |      | Year Ended August 31,                   |      |
|                                    | 2010                                  | 2009 | 2010                                    | 2009 |
| <b>Operations</b>                  |                                       |      |   |      |

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|   |               |               |              |              |
|---|---------------|---------------|--------------|--------------|
| Net investment income   | \$ 12,848,017 | \$ 17,678,751 | \$ 7,157,170 | \$ 6,555,930 |
| Net realized gain (loss)  | 28,601,188    | 54,373,285    | 2,597,390    | (7,297,137)  |
| Net change in unrealized appreciation/depreciation              | 17,697,571    | (42,161,969)  | 6,849,508    | 2,434,562    |
| Net increase (decrease) in net assets resulting from operations | 59,146,776    | 29,890,067    | 16,604,068   | 1,693,355    |

**Dividends and Distributions to Shareholders From**

|   |              |              |             |             |
|---|--------------|--------------|-------------|-------------|
| Net investment income   | (16,372,760) | (18,415,450) | (6,391,382) | (6,204,335) |
| Net realized gain   | (2,042,690)  |              |             |             |
| Tax return of capital   |              |              |             |             |
| Decrease in net assets resulting from dividends and distributions to shareholders | (18,415,450) | (18,415,450) | (6,391,382) | (6,204,335) |

**Capital Share Transactions**

|                           |  |  |  |  |
|---------------------------|--|--|--|--|
| Reinvestment of dividends |  |  |  |  |
|---------------------------|--|--|--|--|

**Net Assets**

|  |                |                |               |               |
|--|----------------|----------------|---------------|---------------|
| Total increase (decrease) in net assets                          | 40,731,326     | 11,474,617     | 10,212,686    | (4,510,980)   |
| Beginning of year  | 455,528,527    | 444,053,910    | 85,581,485    | 90,092,465    |
| End of year  | \$ 496,259,853 | \$ 455,528,527 | \$ 95,794,171 | \$ 85,581,485 |
| Undistributed (distributions in excess of) net investment income | \$ (83,711)    | \$ 5,873,652   | \$ 1,512,890  | \$ 454,611    |

## Statements of Cash Flows

| Year Ended August 31, 2010  | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund V, Inc.<br>(HYV) | BlackRock<br>Corporate<br>High Yield<br>Fund VI, Inc.<br>(HYT) | BlackRock<br>High Income<br>Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) |
|---|--|---|--|---|---|--|
| <b>Cash Provided by (Used for) Operating Activities</b>   |  |   |  |   |   |  |
| Net increase in net assets resulting from operations  | \$ 71,038,392                            | \$ 96,161,337   | \$ 96,250,261  | \$ 27,951,332                               | \$ 9,198,480                              | \$ 63,395,590  |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used for) operating activities: |  |   |  |   |   |  |
| (Increase) decrease in interest receivable  | (479,149)                                | (267,817)   | (458,855)  | 20,488                                      | (38,676)                                  | (1,134,984)  |
| (Increase) decrease in swaps receivable   | 1,313,388                                | 7,263   | 6,894  |   | (550)                                     | 3,312,944  |
| (Increase) decrease in margin variation receivable  | 74,790                                   |   |  |   |   | (43,615)   |
| Decrease in dividends receivable  |  |   |  | 5,000                                       |   |  |
| Decrease in commitment fees receivable  | 682                                      | 2,524   |  |   |   |  |
| (Increase) decrease in dividends receivable affiliated  | (72)                                     | (163)   | (127)  | (62)  | 5   | 322  |
| (Increase) decrease in prepaid expenses   | 4,152                                    | (7,873)   | (6,716)  | (6,566)                                     | (689)                                     | 4,267  |
| (Increase) decrease in other assets   | 1,736                                    | (208,871)   | (252,107)  | (46,936)                                    | (24,898)                                  | 7,558  |
| Increase in investment advisory fees payable  | 40,389                                   | 47,806  | 51,592   | 16,833                                      | 10,631                                    | 17,584   |
| Increase in interest expense payable  | 73,817                                   | 113,221   | 109,778  | 28,173                                      | 12,059                                    | 29,793   |
| Increase in commitment fees payable   |  |   | 2,737  | 829   | 333                                       |  |
| Increase in administration fees payable   |  |   |  |   | 1,018                                     | 2,934  |
| Increase in other affiliates payable  | 372                                      | 358   | 318  | 120   |   |  |
| Increase in margin variation payable  |  | 33,600  | 34,400   | 7,200                                       |   |  |
| Increase (decrease) in other accrued expenses payable   | 17,887                                   | 37,953  | 32,059   | 22,101                                      | (2,783)                                   | 8,563  |
| Decrease in deferred income   |  |   | (6,438)  |   |   |  |
| Decrease in swaps payable   | (367,329)                                | (66,056)  | (67,340)   |   | (1,095)                                   | (985,986)  |
| Decrease in cash held as collateral in connection with swaps  | (912,000)                                |   |  |   |   | (1,100,000)  |
| Increase (decrease) in cash held as collateral in connection with financial futures contracts   | 221,000                                  | (1,130,000)   | (1,160,000)  | (240,000)                                   |   |  |
| Decrease in other liabilities   | (363,231)                                |   |  |   |   | (541,582)  |
| Increase (decrease) in Officers and Trustees fees payable   | (448)                                    | 24,567  | 24,761   | 663   | 325                                       | 112  |
| Net periodic and termination payments of swaps  | (1,214,411)                              | (433,206)   | (416,913)  |   | 6,968                                     | 2,483,488  |
| Net realized and unrealized loss  | (39,854,855)                             | (56,443,997)  | (53,919,861)   | (16,459,420)                                | (5,868,556)                               | (33,469,404)   |
| Amortization of premium and discount on investments   | (582,806)                                | (3,702,639)   | (3,786,095)  | (944,966)                                   | (222,719)                                 | 233,663  |
| Paid-in-kind income   | (177,601)                                | (1,319,836)   | (1,597,605)  | (576,680)                                   | (182,467)                                 | (124,943)  |
| Premiums received from options written  | 18,973,747                               | 166,000   | 174,750  |   | 19,050                                    | 17,198,909   |
| Proceeds from sales and paydowns of long-term investments   | 3,873,820,320                            | 393,119,710   | 387,238,215  | 113,206,581                                 | 37,064,028                                | 4,220,247,442  |
| Purchases of long-term investments  | (3,954,222,668)                          | (431,439,852)   | (417,542,441)  | (120,065,263)                               | (41,265,822)                              | (4,306,327,363)  |
| Net purchases of short-term securities  |  | (528,833)   | 458,496  | (782,624)                                   |   |  |
| Net proceeds from sales of short-term securities  | 929,786                                  |   |  |   | 606,971                                   | 29,706,054   |
| Premiums paid on closing options written  | (15,735,705)                             |   |  |   |   | (12,708,362)   |
| <b>Cash provided by (used for) operating activities</b>   | <b>(47,399,817)</b>                      | <b>(5,834,804)</b>  | <b>5,169,763</b>   | <b>2,136,803</b>                            | <b>(688,387)</b>                          | <b>(19,787,016)</b>  |

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**Cash Provided by (Used for) Financing Activities**

|   |                   |                  |                    |                    |                |                   |
|---|-------------------|------------------|--------------------|--------------------|----------------|-------------------|
| Cash receipts from borrowings                           | 2,049,903,139     | 247,000,000      | 254,000,000        | 76,000,000         | 24,000,000     | 2,573,155,256     |
| Cash payments from borrowings                           | (1,976,604,441)   | (209,000,000)    | (223,000,000)      | (69,000,000)       | (20,000,000)   | (2,526,387,987)   |
| Cash dividends paid to shareholders                     | (27,020,899)      | (33,616,408)     | (35,909,161)       | (9,232,253)        | (3,349,577)    | (27,123,926)      |
| Increase in bank overdraft                              |                   |                  | (212,807)          |                    |                | (772,922)         |
| <b>Cash provided by (used for) financing activities</b> | <b>46,277,799</b> | <b>4,383,592</b> | <b>(5,121,968)</b> | <b>(2,232,253)</b> | <b>650,423</b> | <b>18,870,421</b> |

**Cash Impact from Foreign Exchange Fluctuations**

|  |    |        |      |         |       |
|--|----|--------|------|---------|-------|
| Cash impact from foreign exchange fluctuations | 13 | 14,203 | (99) | (3,167) | (474) |
|--|----|--------|------|---------|-------|

**Cash**

|  |                   |                  |                  |                  |                 |                  |
|--|-------------------|------------------|------------------|------------------|-----------------|------------------|
| Net increase (decrease) in cash and foreign currency | (1,122,005)       | (1,437,009)      | 47,696           | (98,617)         | (37,964)        | (917,069)        |
| Cash and foreign currency at beginning of year       | 1,319,117         | 1,482,074        | 1,225            | 110,310          | 39,916          | 989,160          |
| <b>Cash and foreign currency at end of year</b>      | <b>\$ 197,112</b> | <b>\$ 45,065</b> | <b>\$ 48,921</b> | <b>\$ 11,693</b> | <b>\$ 1,952</b> | <b>\$ 72,091</b> |

**Cash Flow Information**

|                        |            |            |            |            |           |            |
|------------------------|------------|------------|------------|------------|-----------|------------|
| Cash paid for interest | \$ 758,069 | \$ 878,787 | \$ 846,909 | \$ 234,189 | \$ 67,811 | \$ 790,517 |
|------------------------|------------|------------|------------|------------|-----------|------------|

**Noncash Financing Activities**

|   |  |           |  |  |  |  |
|---|--|-----------|--|--|--|--|
| Capital shares issued in reinvestment of dividends paid to shareholders |  | \$ 87,090 |  |  |  |  |
|---|--|-----------|--|--|--|--|

A Statement of Cash Flows is presented when a Fund had a significant amount of borrowing during the period, based on the average borrowing outstanding in relation to average total assets.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock Core Bond Trust (BHK)

|   | Year Ended<br>August 31, |                   | Period<br>November<br>1,<br>2007 to<br>August 31,<br>2008 | Year Ended October 31, |          |          |
|---|--------------------------|-------------------|---|------------------------|----------|----------|
|   | 2010                     | 2009              |   | 2007                   | 2006     | 2005     |
| <b>Per Share Operating Performance</b>  |                          |                   |   |                        |          |          |
| Net asset value, beginning of period  | \$ 12.56                 | \$ 12.81          | \$ 13.63  | \$ 13.82               | \$ 14.27 | \$ 15.22 |
| Net investment income   | 0.87 <sub>1</sub>        | 0.80 <sub>1</sub> | 0.50 <sub>1</sub>   | 0.74                   | 0.66     | 0.78     |
| Net realized and unrealized gain (loss)   | 1.76                     | (0.28)            | (0.69)  | (0.13)                 | 0.11     | (0.37)   |
| Net increase (decrease) from investment operations                                  | 2.63                     | 0.52              | (0.19)  | 0.61                   | 0.77     | 0.41     |
| Dividends and distributions from:   |                          |                   |   |                        |          |          |
| Net investment income   | (1.00)                   | (0.77)            | (0.61)  | (0.61)                 | (0.93)   | (1.01)   |
| Net realized gain   |                          |                   |   |                        | (0.29)   | (0.35)   |
| Tax return of capital   |                          |                   | (0.02)  | (0.19)                 |          |          |
| Total dividends and distributions   | (1.00)                   | (0.77)            | (0.63)  | (0.80)                 | (1.22)   | (1.36)   |
| Net asset value, end of period  | \$ 14.19                 | \$ 12.56          | \$ 12.81  | \$ 13.63               | \$ 13.82 | \$ 14.27 |
| Market price, end of period   | \$ 13.92                 | \$ 11.98          | \$ 11.51  | \$ 12.23               | \$ 12.86 | \$ 13.69 |
| <b>Total Investment Return<sup>2</sup></b>  |                          |                   |   |                        |          |          |
| Based on net asset value  | 22.44%                   | 5.28%             | (1.00)% <sup>3</sup>                                      | 5.04%                  | 6.20%    | 3.18%    |
| Based on market price   | 25.93%                   | 11.76%            | (0.87)% <sup>3</sup>                                      | 1.29%                  | 3.07%    | 7.46%    |
| <b>Ratios to Average Net Assets</b>   |                          |                   |   |                        |          |          |
| Total expenses  | 1.18%                    | 1.06%             | 2.29% <sup>4</sup>  | 1.60%                  | 1.08%    | 1.50%    |
| Total expenses after fees waived and paid indirectly                                | 1.18%                    | 1.06%             | 2.29% <sup>4</sup>  | 1.60%                  | 1.08%    | 1.50%    |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.95%                    | 0.83%             | 0.89% <sup>4</sup>  | 0.78%                  | 0.77%    | 0.85%    |
| Net investment income   | 6.62%                    | 7.09%             | 4.55% <sup>4</sup>  | 5.36%                  | 4.78%    | 5.20%    |



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**Supplemental Data**

|  |                   |                   |                   |            |            |            |
|--|-------------------|-------------------|-------------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 383,540        | \$ 339,524        | \$ 346,177        | \$ 368,335 | \$ 373,518 | \$ 385,514 |
| Borrowings outstanding, end of period (000)            | \$ 168,938        | \$ 74,572         | \$ 107,690        | \$ 103,354 | \$ 3,911   | \$ 86,876  |
| Average borrowings outstanding during the period (000) | \$ 162,760        | \$ 73,467         | \$ 134,784        | \$ 44,786  | \$ 25,340  | \$ 91,130  |
| Portfolio turnover                                     | 641% <sup>5</sup> | 315% <sup>6</sup> | 598% <sup>7</sup> | 122%       | 88%        | 220%       |
| Asset coverage, end of period per \$1,000              | \$ 3,270          | \$ 5,553          | \$ 4,215          | \$ 4,564   | \$ 96,502  | \$ 5,438   |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

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

<sup>4</sup> Annualized.

<sup>5</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 534%.

<sup>6</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 184%.

<sup>7</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 337%.

See Notes to Financial Statements.

## Financial Highlights

|  | BlackRock Corporate<br>High Yield Fund V, Inc. (HYV) |          |          |          |          | BlackRock Corporate<br>High Yield Fund VI, Inc. (HYT) |          |          |          |          |
|--|--|----------|----------|----------|----------|---|----------|----------|----------|----------|
|  | Year Ended August 31,                                |          |          |          |          | Year Ended August 31,                                 |          |          |          |          |
|  | 2010   | 2009     | 2008     | 2007     | 2006     | 2010  | 2009     | 2008     | 2007     | 2006     |
| <b>Per Share Operating Performance</b>               |  |          |          |          |          |   |          |          |          |          |
| Net asset value, beginning of year                   | \$ 9.71  | \$ 11.94 | \$ 13.83 | \$ 14.10 | \$ 15.19 | \$ 9.68   | \$ 11.89 | \$ 13.81 | \$ 14.12 | \$ 15.08 |
| Net investment income <sup>1</sup>                   | 1.06   | 1.07     | 1.18     | 1.20     | 1.22     | 1.05  | 1.05     | 1.16     | 1.18     | 1.16     |
| Net realized and unrealized gain (loss)              | 1.86   | (2.10)   | (1.85)   | (0.33)   | (0.50)   | 1.67  | (2.07)   | (1.87)   | (0.39)   | (0.49)   |
| Net increase (decrease) from investment operations   | 2.92   | (1.03)   | (0.67)   | 0.87     | 0.72     | 2.72  | (1.02)   | (0.71)   | 0.79     | 0.67     |
| Dividends and distributions from:                    |  |          |          |          |          |   |          |          |          |          |
| Net investment income                                | (1.02)   | (1.20)   | (1.17)   | (1.14)   | (1.25)   | (1.02)  | (1.19)   | (1.21)   | (1.10)   | (1.17)   |
| Net realized gain                                    |  |          | (0.05)   |          | (0.56)   |   |          |          |          | (0.46)   |
| Total dividends and distributions                    | (1.02)   | (1.20)   | (1.22)   | (1.14)   | (1.81)   | (1.02)  | (1.19)   | (1.21)   | (1.10)   | (1.63)   |
| Net asset value, end of year                         | \$ 11.61   | \$ 9.71  | \$ 11.94 | \$ 13.83 | \$ 14.10 | \$ 11.38  | \$ 9.68  | \$ 11.89 | \$ 13.81 | \$ 14.12 |
| Market price, end of year                            | \$ 11.40   | \$ 9.32  | \$ 10.15 | \$ 12.24 | \$ 12.81 | \$ 11.19  | \$ 9.47  | \$ 10.14 | \$ 12.15 | \$ 12.48 |
| <b>Total Investment Return<sup>2</sup></b>           |  |          |          |          |          |   |          |          |          |          |
| Based on net asset value                             | 31.40%   | (3.83)%  | (3.99)%  | 6.76%    | 6.37%    | 29.26%  | (4.03)%  | (4.30)%  | 6.29%    | 6.29%    |
| Based on market price                                | 34.42%   | 8.59%    | (7.78)%  | 4.00%    | (2.40)%  | 29.92%  | 10.09%   | (7.24)%  | 5.80%    | (1.07)%  |
| <b>Ratios to Average Net Assets</b>                  |  |          |          |          |          |   |          |          |          |          |
| Total expenses                                       | 1.26%  | 1.84%    | 2.11%    | 3.20%    | 2.87%    | 1.34%   | 2.01%    | 2.24%    | 3.35%    | 2.89%    |
| Total expenses after fees waived and paid indirectly | 1.26%  | 1.84%    | 2.11%    | 3.20%    | 2.87%    | 1.34%   | 2.01%    | 2.24%    | 3.35%    | 2.89%    |

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|  |       |        |       |       |       |       |        |       |       |       |
|--|-------|--------|-------|-------|-------|-------|--------|-------|-------|-------|
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees | 0.99% | 1.16%  | 0.97% | 0.99% | 0.98% | 1.09% | 1.28%  | 1.10% | 1.12% | 1.11% |
| Net investment income  | 9.52% | 13.00% | 9.16% | 8.23% | 8.49% | 9.52% | 12.82% | 9.02% | 8.03% | 8.11% |

**Supplemental Data**

|  |            |            |            |            |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net assets, end of year (000)                        | \$ 382,603 | \$ 320,045 | \$ 393,389 | \$ 455,710 | \$ 464,453 | \$ 401,760 | \$ 341,415 | \$ 419,502 | \$ 487,251 | \$ 498,096 |
| Borrowings outstanding, end of year (000)            | \$ 92,000  | \$ 54,000  | \$ 94,700  | \$ 127,700 | \$ 200,100 | \$ 89,000  | \$ 58,000  | \$ 110,900 | \$ 135,900 | \$ 216,200 |
| Average borrowings outstanding during the year (000) | \$ 79,427  | \$ 65,403  | \$ 106,140 | \$ 188,373 | \$ 183,484 | \$ 76,356  | \$ 73,784  | \$ 113,996 | \$ 202,705 | \$ 184,070 |
| Portfolio turnover                                   | 90%        | 65%        | 46%        | 51%        | 64%        | 85%        | 60%        | 45%        | 51%        | 62%        |
| Asset coverage, end of year per \$1,000              | \$ 5,159   | \$ 6,927   | \$ 5,154   | \$ 4,569   | \$ 3,321   | \$ 5,514   | \$ 6,886   | \$ 4,783   | \$ 4,585   | \$ 3,304   |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock High Income Shares (HIS)

|   | Year Ended August 31, |                   | Period<br>January 1,<br>2008 to<br>August 31,<br>2008 | Year Ended December 31, |         |          |
|---|-----------------------|-------------------|---|-------------------------|---------|----------|
|   | 2010                  | 2009              |   | 2007                    | 2006    | 2005     |
| <b>Per Share Operating Performance</b>  |                       |                   |   |                         |         |          |
| Net asset value, beginning of period  | \$ 1.85               | \$ 2.23           | \$ 2.47   | \$ 2.68                 | \$ 2.61 | \$ 2.87  |
| Net investment income   | 0.20 <sub>1</sub>     | 0.19 <sub>1</sub> | 0.15 <sub>1</sub>                                     | 0.24                    | 0.22    | 0.24     |
| Net realized and unrealized gain (loss)   | 0.31                  | (0.36)            | (0.26)  | (0.21)                  | 0.08    | (0.23)   |
| Net increase (decrease) from investment operations                                  | 0.51                  | (0.17)            | (0.11)  | 0.03                    | 0.30    | 0.01     |
| Dividends from net investment income  | (0.17)                | (0.21)            | (0.13)  | (0.24)                  | (0.23)  | (0.27)   |
| Net asset value, end of period  | \$ 2.19               | \$ 1.85           | \$ 2.23   | \$ 2.47                 | \$ 2.68 | \$ 2.61  |
| Market price, end of period   | \$ 2.09               | \$ 1.68           | \$ 1.88   | \$ 2.14                 | \$ 2.55 | \$ 2.33  |
| <b>Total Investment Return<sup>2</sup></b>  |                       |                   |   |                         |         |          |
| Based on net asset value  | 28.95%                | (3.01)%           | (4.00)% <sup>3</sup>                                  | 1.58%                   | 12.32%  | 0.43%    |
| Based on market price   | 35.52%                | 4.47%             | (6.59)% <sup>3</sup>                                  | (7.51)%                 | 19.70%  | (11.28)% |
| <b>Ratios to Average Net Assets</b>   |                       |                   |   |                         |         |          |
| Total expenses  | 1.49%                 | 2.01%             | 1.98% <sup>4</sup>                                    | 3.56%                   | 3.78%   | 3.04%    |
| Total expenses after fees waived and paid indirectly                                | 1.49%                 | 2.01%             | 1.98% <sup>4</sup>                                    | 3.55%                   | 3.77%   | 3.04%    |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.27%                 | 1.41%             | 1.05% <sup>4</sup>                                    | 1.27%                   | 1.34%   | 1.37%    |
| Net investment income   | 9.34%                 | 12.06%            | 9.52% <sup>4</sup>                                    | 8.89%                   | 8.42%   | 8.82%    |

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**Supplemental Data**

|  |            |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 119,642 | \$ 100,921 | \$ 121,808 | \$ 135,098 | \$ 146,538 | \$ 142,457 |
| Borrowings outstanding, end of period (000)            | \$ 25,000  | \$ 18,000  | \$ 27,000  | \$ 46,000  | \$ 62,000  | \$ 66,000  |
| Average borrowings outstanding during the period (000) | \$ 21,027  | \$ 21,220  | \$ 27,069  | \$ 55,868  | \$ 62,838  | \$ 65,992  |
| Portfolio turnover                                     | 85%        | 55%        | 25%        | 69%        | 83%        | 115%       |
| Asset coverage, end of period per \$1,000              | \$ 5,786   | \$ 6,607   | \$ 5,512   | \$ 3,937   | \$ 3,364   | \$ 3,158   |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

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

<sup>4</sup> 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 August 31, |                   | Period November 1, 2007 to August 31, 2008 | Year Ended October 31, |         |          |
|---|-----------------------|-------------------|--|------------------------|---------|----------|
|   | 2010                  | 2009              |  | 2007                   | 2006    | 2005     |
| <b>Per Share Operating Performance</b>  |                       |                   |  |                        |         |          |
| Net asset value, beginning of period  | \$ 5.78               | \$ 6.84           | \$ 7.91                                    | \$ 7.85                | \$ 7.48 | \$ 7.95  |
| Net investment income   | 0.51 <sub>1</sub>     | 0.51 <sub>1</sub> | 0.50 <sub>1</sub>                          | 0.63                   | 0.66    | 0.68     |
| Net realized and unrealized gain (loss)   | 0.92                  | (1.00)            | (1.06)                                     | 0.04                   | 0.36    | (0.36)   |
| Net increase (decrease) from investment operations                                  | 1.43                  | (0.49)            | (0.56)                                     | 0.67                   | 1.02    | 0.32     |
| Dividends and distributions from:   |                       |                   |  |                        |         |          |
| Net investment income   | (0.50)                | (0.55)            | (0.51)                                     | (0.61)                 | (0.65)  | (0.79)   |
| Tax return of capital   | (0.02)                | (0.02)            |  |                        |         |          |
| Total dividends and distributions   | (0.52)                | (0.57)            | (0.51)                                     | (0.61)                 | (0.65)  | (0.79)   |
| Net asset value, end of period  | \$ 6.69               | \$ 5.78           | \$ 6.84                                    | \$ 7.91                | \$ 7.85 | \$ 7.48  |
| Market price, end of period   | \$ 6.44               | \$ 5.84           | \$ 5.96                                    | \$ 6.92                | \$ 7.77 | \$ 7.36  |
| <b>Total Investment Return<sup>2</sup></b>  |                       |                   |  |                        |         |          |
| Based on net asset value  | 25.70%                | (5.30)%           | (6.47)% <sup>3</sup>                       | 9.03%                  | 14.25%  | 2.85%    |
| Based on market price   | 19.76%                | 9.81%             | (6.85)% <sup>3</sup>                       | (3.63)%                | 14.93%  | (13.49)% |
| <b>Ratios to Average Net Assets</b>   |                       |                   |  |                        |         |          |
| Total expenses  | 2.10%                 | 2.61%             | 2.61% <sup>4</sup>                         | 4.16%                  | 4.50%   | 3.52%    |
| Total expenses after fees waived and paid indirectly                                | 2.10%                 | 2.61%             | 2.61% <sup>4</sup>                         | 4.14%                  | 4.49%   | 3.51%    |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.91%                 | 2.16%             | 1.77% <sup>4</sup>                         | 2.10%                  | 2.19%   | 2.10%    |

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|                       |       |        |                    |       |       |       |
|-----------------------|-------|--------|--------------------|-------|-------|-------|
| Net investment income | 7.89% | 10.22% | 8.34% <sup>4</sup> | 7.84% | 8.74% | 8.71% |
|-----------------------|-------|--------|--------------------|-------|-------|-------|

**Supplemental Data**

|  |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Net assets, end of period (000)                        | \$ 42,980 | \$ 37,137 | \$ 43,897 | \$ 50,782 | \$ 50,385 | \$ 47,924 |
| Borrowings outstanding, end of period (000)            | \$ 8,000  | \$ 4,000  | \$ 6,250  | \$ 9,250  | \$ 20,250 | \$ 20,750 |
| Average borrowings outstanding during the period (000) | \$ 6,427  | \$ 5,223  | \$ 7,443  | \$ 17,710 | \$ 20,621 | \$ 20,425 |
| Portfolio turnover                                     | 80%       | 54%       | 34%       | 69%       | 85%       | 102%      |
| Asset coverage, end of period per \$1,000              | \$ 6,373  | \$ 10,284 | \$ 8,023  | \$ 6,490  | \$ 3,488  | \$ 3,310  |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

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

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Financial Highlights

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

|   | Year Ended August 31, |                   | Period November 1, 2007 to August 31, 2008 | Year Ended October 31, |          |          |
|---|-----------------------|-------------------|--|------------------------|----------|----------|
|   | 2010                  | 2009              |  | 2007                   | 2006     | 2005     |
| <b>Per Share Operating Performance</b>  |                       |                   |  |                        |          |          |
| Net asset value, beginning of period  | \$ 10.02              | \$ 10.35          | \$ 11.02                                   | \$ 11.17               | \$ 11.56 | \$ 12.38 |
| Net investment income   | 0.59 <sup>1</sup>     | 0.59 <sup>1</sup> | 0.53 <sup>1</sup>                          | 0.62                   | 0.57     | 0.72     |
| Net realized and unrealized gain (loss)   | 1.25                  | (0.31)            | (0.69)                                     | (0.11)                 | 0.01     | (0.45)   |
| Net increase (decrease) from investment operations                                  | 1.84                  | 0.28              | (0.16)                                     | 0.51                   | 0.58     | 0.27     |
| Dividends and distributions from:   |                       |                   |  |                        |          |          |
| Net investment income   | (0.79)                | (0.61)            | (0.51)                                     | (0.61)                 | (0.65)   | (0.81)   |
| Net realized gain   |                       |                   |  |                        | (0.26)   | (0.28)   |
| Tax return of capital   |                       |                   |  | (0.05)                 | (0.06)   |          |
| Total dividends and distributions   | (0.79)                | (0.61)            | (0.51)                                     | (0.66)                 | (0.97)   | (1.09)   |
| Net asset value, end of period  | \$ 11.07              | \$ 10.02          | \$ 10.35                                   | \$ 11.02               | \$ 11.17 | \$ 11.56 |
| Market price, end of period   | \$ 10.56              | \$ 9.65           | \$ 9.82                                    | \$ 10.19               | \$ 10.58 | \$ 10.90 |
| <b>Total Investment Return<sup>2</sup></b>  |                       |                   |  |                        |          |          |
| Based on net asset value  | 19.83%                | 3.90%             | (1.07)% <sup>3</sup>                       | 5.11%                  | 5.76%    | 2.95%    |
| Based on market price   | 18.69%                | 5.46%             | 1.51% <sup>3</sup>                         | 2.62%                  | 6.27%    | 5.53%    |
| <b>Ratios to Average Net Assets</b>   |                       |                   |  |                        |          |          |
| Total expenses  | 1.09%                 | 0.95%             | 2.25% <sup>4</sup>                         | 2.01%                  | 1.61%    | 1.72%    |
| Total expenses after fees waived and paid indirectly                                | 1.09%                 | 0.95%             | 2.25% <sup>4</sup>                         | 2.00%                  | 1.61%    | 1.72%    |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.86%                 | 0.85%             | 0.83% <sup>4</sup>                         | 0.87%                  | 0.89%    | 0.87%    |



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|                       |       |       |                    |       |       |       |
|-----------------------|-------|-------|--------------------|-------|-------|-------|
| Net investment income | 5.81% | 6.45% | 5.89% <sup>4</sup> | 5.68% | 5.11% | 5.97% |
|-----------------------|-------|-------|--------------------|-------|-------|-------|

**Supplemental Data**

|  |                   |                   |                   |            |            |            |
|--|-------------------|-------------------|-------------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 381,379        | \$ 345,101        | \$ 356,456        | \$ 379,605 | \$ 384,850 | \$ 398,078 |
| Borrowings outstanding, end of period (000)            | \$ 157,776        | \$ 77,474         | \$ 100,740        | \$ 105,262 | \$ 34,326  | \$ 120,179 |
| Average borrowings outstanding during the period (000) | \$ 151,700        | \$ 49,573         | \$ 131,462        | \$ 68,241  | \$ 59,691  | \$ 122,457 |
| Portfolio turnover                                     | 720% <sup>5</sup> | 270% <sup>6</sup> | 441% <sup>7</sup> | 196%       | 131%       | 396%       |
| Asset coverage, end of period per \$1,000              | \$ 3,417          | \$ 5,454          | \$ 4,538          | \$ 4,606   | \$ 12,212  | \$ 4,312   |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<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 608%.

<sup>6</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 165%.

<sup>7</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 168%.

See Notes to Financial Statements.

## Financial Highlights

BlackRock Income Trust, Inc. (BKT)

|  | Year Ended August 31, |                   | Period November 1, 2007 to August 31, 2008 | Year Ended October 31, |         |          |
|--|-----------------------|-------------------|--|------------------------|---------|----------|
|  | 2010                  | 2009              |  | 2007                   | 2006    | 2005     |
| <b>Per Share Operating Performance</b>                           |                       |                   |  |                        |         |          |
| Net asset value, beginning of period                             | \$ 7.12               | \$ 6.94           | \$ 6.53                                    | \$ 6.48                | \$ 6.54 | \$ 6.95  |
| Net investment income  | 0.20 <sub>1</sub>     | 0.28 <sub>1</sub> | 0.26 <sub>1</sub>                          | 0.30                   | 0.32    | 0.44     |
| Net realized and unrealized gain (loss)                          | 0.73                  | 0.19              | 0.40                                       | 0.12                   | 0.05    | (0.30)   |
| Net increase from investment operations                          | 0.93                  | 0.47              | 0.66                                       | 0.42                   | 0.37    | 0.14     |
| Dividends and distributions from:                                |                       |                   |  |                        |         |          |
| Net investment income  | (0.26)                | (0.29)            | (0.25)                                     | (0.29)                 | (0.34)  | (0.48)   |
| Net realized gain  | (0.03)                |                   |  |                        |         |          |
| Tax return of capital  |                       |                   |  | (0.08)                 | (0.09)  | (0.07)   |
| Total dividends and distributions                                | (0.29)                | (0.29)            | (0.25)                                     | (0.37)                 | (0.43)  | (0.55)   |
| Net asset value, end of period                                   | \$ 7.76               | \$ 7.12           | \$ 6.94                                    | \$ 6.53                | \$ 6.48 | \$ 6.54  |
| Market price, end of period                                      | \$ 6.95               | \$ 6.53           | \$ 6.07                                    | \$ 5.81                | \$ 6.07 | \$ 5.90  |
| <b>Total Investment Return<sup>2</sup></b>                       |                       |                   |  |                        |         |          |
| Based on net asset value   | 13.86%                | 7.64%             | 10.82% <sup>3</sup>                        | 7.06%                  | 6.06%   | 2.12%    |
| Based on market price  | 11.19%                | 12.87%            | 8.94% <sup>3</sup>                         | 1.69%                  | 10.18%  | (14.63)% |
| <b>Ratios to Average Net Assets</b>                              |                       |                   |  |                        |         |          |
| Total expenses   | 1.05%                 | 1.09%             | 1.63% <sup>4</sup>                         | 2.77%                  | 2.85%   | 2.80%    |
| Total expenses after fees waived and before fees paid indirectly | 1.02%                 | 1.08%             | 1.63% <sup>4</sup>                         | 2.77%                  | 2.85%   | 2.80%    |
| Total expenses after fees waived and paid indirectly             | 1.02%                 | 1.08%             | 1.63% <sup>4</sup>                         | 2.76%                  | 2.84%   | 2.79%    |

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|   |       |       |                    |       |       |       |
|---|-------|-------|--------------------|-------|-------|-------|
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.92% | 0.93% | 0.91% <sup>4</sup> | 0.98% | 1.00% | 0.99% |
| Net investment income   | 2.72% | 4.09% | 4.67% <sup>4</sup> | 4.60% | 4.92% | 6.54% |

### Supplemental Data

|  |                   |                   |                   |            |            |            |
|--|-------------------|-------------------|-------------------|------------|------------|------------|
| Net assets, end of period (000)                        | \$ 496,260        | \$ 455,529        | \$ 444,054        | \$ 417,651 | \$ 414,460 | \$ 418,390 |
| Borrowings outstanding, end of period (000)            | \$ 106,985        | \$ 11,815         |                   | \$ 33,895  | \$ 70,691  | \$ 149,558 |
| Average borrowings outstanding during the period (000) | \$ 23,316         | \$ 537            | \$ 61,777         | \$ 93,325  | \$ 104,393 | \$ 180,553 |
| Portfolio turnover                                     | 883% <sup>5</sup> | 700% <sup>6</sup> | 263% <sup>7</sup> | 250%       | 80%        | 60%        |
| Asset coverage, end of period per \$1,000              | \$ 5,639          | \$ 39,555         |                   | \$ 13,322  | \$ 6,863   | \$ 3,798   |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

<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 207%.

<sup>6</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 184%.

<sup>7</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 0%.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock Strategic Bond Trust (BHD)

|  | Year Ended August 31, |                   | Period<br>November<br>1,<br>2007 to<br>August 31,<br>2008 | Year Ended October 31, |          |          |
|--|-----------------------|-------------------|---|------------------------|----------|----------|
|  | 2010                  | 2009              |   | 2007                   | 2006     | 2005     |
| <b>Per Share Operating Performance</b>                           |                       |                   |   |                        |          |          |
| Net asset value, beginning of period                             | \$ 12.12              | \$ 12.76          | \$ 13.80  | \$ 13.83               | \$ 13.68 | \$ 15.10 |
| Net investment income  | 1.01 <sub>1</sub>     | 0.93 <sub>1</sub> | 0.76 <sub>1</sub>   | 0.95                   | 0.99     | 1.10     |
| Net realized and unrealized gain (loss)                          | 1.35                  | (0.69)            | (1.03)  | (0.06)                 | 0.18     | (1.13)   |
| Net increase (decrease) from investment operations               | 2.36                  | 0.24              | (0.27)  | 0.89                   | 1.17     | (0.03)   |
| Dividends and distributions from:                                |                       |                   |   |                        |          |          |
| Net investment income  | (0.91)                | (0.88)            | (0.77)  | (0.92)                 | (0.98)   | (1.12)   |
| Tax return of capital  |                       |                   |   |                        | (0.04)   | (0.27)   |
| Total dividends and distributions                                | (0.91)                | (0.88)            | (0.77)  | (0.92)                 | (1.02)   | (1.39)   |
| Net asset value, end of period                                   | \$ 13.57              | \$ 12.12          | \$ 12.76  | \$ 13.80               | \$ 13.83 | \$ 13.68 |
| Market price, end of period                                      | \$ 13.17              | \$ 11.43          | \$ 10.85  | \$ 11.88               | \$ 12.85 | \$ 12.45 |
| <b>Total Investment Return<sup>2</sup></b>                       |                       |                   |   |                        |          |          |
| Based on net asset value   | 20.38%                | 3.99%             | (1.19)% <sup>3</sup>                                      | 7.26%                  | 9.58%    | (0.49)%  |
| Based on market price  | 23.88%                | 15.34%            | (2.40)% <sup>3</sup>                                      | (0.62)%                | 11.87%   | (18.11)% |
| <b>Ratios to Average Net Assets</b>                              |                       |                   |   |                        |          |          |
| Total expenses   | 1.13%                 | 1.00%             | 0.93% <sup>4</sup>  | 1.45%                  | 2.25%    | 2.14%    |
| Total expenses after fees waived and before fees paid indirectly | 1.11%                 | 0.92%             | 0.82% <sup>4</sup>  | 1.27%                  | 2.25%    | 2.14%    |
| Total expenses after fees waived and paid indirectly             | 1.11%                 | 0.92%             | 0.82% <sup>4</sup>  | 1.27%                  | 2.00%    | 1.87%    |

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|  |       |       |                    |       |       |       |
|--|-------|-------|--------------------|-------|-------|-------|
| Total expenses after fees waived and paid indirectly and excluding interest expense and fees | 1.04% | 0.92% | 0.81% <sup>4</sup> | 0.87% | 0.94% | 0.92% |
| Net investment income  | 7.77% | 8.67% | 6.85% <sup>4</sup> | 6.86% | 7.26% | 7.58% |

**Supplemental Data**

|  |           |           |           |            |           |           |
|--|-----------|-----------|-----------|------------|-----------|-----------|
| Net assets, end of period (000)                        | \$ 95,794 | \$ 85,581 | \$ 90,092 | \$ 97,410  | \$ 97,614 | \$ 96,546 |
| Borrowings outstanding, end of period (000)            | \$ 12,000 |           | \$ 1,571  | \$ 413     | \$ 14,951 | \$ 31,883 |
| Average borrowings outstanding during the period (000) | \$ 5,701  | \$ 303    | \$ 391    | \$ 7,240   | \$ 21,104 | \$ 30,406 |
| Portfolio turnover                                     | 83%       | 61%       | 27%       | 34%        | 56%       | 51%       |
| Asset coverage, end of period per \$1,000              | \$ 8,983  |           | \$ 58,347 | \$ 236,789 | \$ 7,529  | \$ 4,028  |

<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. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends.

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

<sup>4</sup> Annualized.

See Notes to Financial Statements.

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## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies:

BlackRock Core Bond Trust ( BHK ), BlackRock Corporate High Yield Fund V, Inc. ( HYV ), BlackRock Corporate High Yield Fund VI, Inc. ( HYT ), BlackRock High Income Shares ( HIS ), BlackRock High Yield Trust ( BHY ), BlackRock Income Opportunity Trust, Inc. ( BNA ), BlackRock Income Trust, Inc. ( BKT ) and BlackRock Strategic Bond Trust ( BHD ) (collectively the Trusts or individually as a Trust ) are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as diversified, closed-end management investment companies. HYV, HYT, BNA and BKT are organized as Maryland corporations. BHK, BHY and BHD are organized as Delaware statutory trusts. HIS is organized as a Massachusetts business trust. The Trusts' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Boards of Directors and the Boards of Trustees of the Trusts are referred to throughout this report as the Board of Trustees or the Board. The Trusts determine and make available for publication the net asset values of their Common Shares on a daily basis.

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

**Valuation:** The Trusts fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The Trusts value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the 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. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. To-be-announced ( TBA ) commitments are valued on the basis of last available bid prices or current market quotations provided by pricing services. Swap agreements are valued utilizing quotes received daily by the Trusts' pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows and trades and values of the underlying reference instruments. Investments in open-end investment companies are valued at net asset value each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

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 price. If no bid 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.

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange ( NYSE ). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

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. 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 ( OTC ) options and swaptions are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors, such as the trades and prices of the underlying instruments.

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 or is not available, the investment will be valued in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or the 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.

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Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close 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 instruments, those instruments may be Fair Value Assets and be valued at their fair values, as determined in good faith by the investment advisor using a pricing service and/or policies approved by the Board.

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## Notes to Financial Statements (continued)

**Foreign Currency Transactions:** The Trusts' books and records are maintained in US dollars. Purchases and sales of investments are recorded at the rates of exchange prevailing on the date the transactions are entered into. Generally, when the US dollar rises in value against foreign currency, the Trusts' investments denominated in that currency will lose value because its currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

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

**Asset-Backed and Mortgaged-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 the 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 certain mortgage pass-through securities. There are a number of important differences among the agencies and instrumentalities of the US 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 (Ginnie Mae) are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by the Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae), including Freddie Mac and Fannie Mae guaranteed Mortgage Pass-Through Certificates which are solely the obligations of Freddie Mac and Fannie Mae, 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.

**Multiple Class Pass-Through Securities:** Certain Trusts may invest in multiple class pass-through securities, including collateralized mortgage obligations (CMOs) and commercial mortgage-backed securities. These multiple class securities may be issued by Ginnie Mae, US government agencies or instrumentalities or by trusts formed by private originators of, or investors in, mortgage loans. In general, CMOs are debt obligations of a legal entity that are collateralized by, and multiple class pass-through securities represent direct ownership interests in, a pool of residential or commercial mortgage loans or mortgage pass-through securities (the Mortgage Assets), the payments on which are used to make payments on the CMOs or multiple pass-through securities. Classes of CMOs include interest only (IOs), principal only (POs), planned amortization classes and targeted amortization classes. IOs and POs are stripped mortgage-backed securities representing interests in a pool of mortgages, the cash flow from which has been separated into interest and principal components. IOs receive the interest portion of the cash flow while POs receive the principal portion. IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. If the underlying mortgage assets experience greater than anticipated pre-payments of principal, the Trust may not fully recoup its initial investment in IOs.

**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.

**Preferred Stock:** Certain Trusts may invest in preferred stocks. Preferred stock has a preference over common stock 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



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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.

**Floating Rate Loan Interests:** Certain Trusts may invest in floating rate loan interests. The floating rate loan interests the Trusts hold are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan

### Notes to Financial Statements (continued)

interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly levered. The Trusts may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests 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 the lending rate offered by one or more European banks, such as LIBOR (London Inter Bank Offered Rate), the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Trusts consider these investments to be investments in debt securities for purposes of their investment policies.

When a Trust buys a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Trusts may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. The Trusts earn and/or pay facility and other fees on floating rate loan interests, which are shown as facility and other fees in the Statements of Operations. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Trusts upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Trusts 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 loan interests are usually freely callable at the borrower'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. 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, nor any rights of offset against the borrower, and the Trusts may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Trusts will assume the credit risk of both the borrower and the lender that is selling the Participation. The Trusts' investment in loan participation interests involves 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 Trusts may be treated as general creditors of the lender and may not benefit from any offset between the lender and the borrower.

**Borrowed Bond Agreements:** In a borrowed bond agreement, the Trusts borrow securities from a third party at an agreed upon rate, with the commitment that the securities be returned to the lender on an agreed-upon date. Borrowed bond agreements are primarily entered into to enable the Trusts to settle short bond positions. To support the borrowing, the Trusts' third party broker or prime broker takes possession of collateral of securities or cash that will be released upon termination of the borrowing. The value of the underlying collateral securities or cash approximates the market value of the borrowed bond transaction, including accrued interest. To the extent that borrowed bond transactions exceed one business day, the value of the collateral in the possession of the Trusts' prime broker or third party broker is marked to market on a daily basis to ensure the adequacy of the collateral. In the event of default by the counterparty and the value of noncash collateral increases, the Trusts' amount of loss is the unrealized gain of the collateral. Full realization of the collateral by the Trusts may be limited if the value of an investment purchased with the cash collateral by the lender decreases. The Trusts may also experience delays in gaining access to the collateral.

**TBA Commitments:** Certain Trusts may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed-upon future settlement date. The specific securities to be delivered are not identified at the trade date; however, delivered securities must meet specified terms, including issuer, rate and mortgage terms. The Trusts generally enter into TBA commitments with the intent to take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

**Mortgage Dollar Roll Transactions:** Certain Trusts may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date at an agreed-upon price. During the period between the sale and repurchase, the Trusts will not be entitled to receive interest and principal payments on the securities sold. The Trusts account for dollar roll transactions as purchases and sales and realizes gains and losses on these transactions. These transactions may increase the Trusts' portfolio turnover rate. Mortgage dollar rolls involve the risk that the market value of the securities that the Trusts are required to purchase may decline below the agreed upon repurchase price of those securities.

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**Treasury Roll Transactions:** A treasury roll transaction involves the sale of a Treasury security, with an agreement to repurchase the same security at an agreed upon price and date. Treasury rolls constitute a borrowing and the difference between the sale and repurchase price represents interest expense at an agreed upon rate. Whether such a transaction produces a positive impact on performance depends upon whether the income on the securities purchased with the proceeds received from the sale of the security exceeds the interest expense incurred by the Trusts. For accounting purposes, treasury rolls are not considered purchases and sales and any gains or losses incurred on the treasury rolls will be deferred until the Treasury securities are disposed.

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## Notes to Financial Statements (continued)

Treasury roll transactions involve the risk that the market value of the securities that the Trusts are required to purchase may decline below the agreed upon purchase price of those securities. If investment performance of securities purchased with proceeds from these transactions does not exceed the income, capital appreciation and gain or loss that would have been realized on the securities sold as part of the treasury roll, the use of this technique will adversely impact the investment performance of the Trusts.

**Reverse Repurchase Agreements:** Certain Trusts may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Trusts sell securities to a bank or broker-dealer and agrees to repurchase the same securities at a mutually agreed upon date and price. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. 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. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Trusts are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Trusts' use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Trusts' obligation to repurchase the securities.

**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 and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Trusts either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, TBA sale commitments, financial futures contracts, foreign currency exchange contracts, swaps, short sales and options written), or certain borrowings (e.g., reverse repurchase agreements, treasury roll transactions, TALF loans and loan payable) the Trusts will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on their books and records cash or other liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit securities as collateral for certain investments.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment 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 Trusts have determined the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization of premium and accretion of discount on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in facility and other fees in the Statements of Operations.

**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. The amount and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

**Income Taxes:** It is each Trust's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Trust files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on BHY, BNA, BKT and BHD's US federal tax returns remains open for the year ended October 31, 2007, the period ended August 31, 2008 and for each of the two years ended August 31, 2010. The statute of limitations on BHK and HIS's US federal tax returns remains open for the year ended December 31, 2007, the period ended August 31, 2008 and for each of the two years ended August 31, 2010. The statutes of limitations on HYV and HYT's tax returns remains open for each of the four years ended August 31, 2010. The statutes of limitations on the Trusts' state and local tax returns may remain open for an additional year depending upon the jurisdiction. There are no uncertain tax positions that require recognition of a tax liability.

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**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Trust's Board, non-interested Trustees ( Independent Trustees ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Trustees. This has approximately the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts directly in certain other 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 certain other BlackRock Closed-End Funds selected by the Independent Trustees in order to match its deferred compensation obligations. Investments to cover each Trust's deferred compensation liability, if any, are included in other assets in the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in dividends affiliated in the Statements of Operations.

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## Notes to Financial Statements (continued)

**Other:** Expenses directly related to a Trust are charged to that Trust. Other operating expenses shared by several funds are pro rated among those funds on the basis of relative net assets or other appropriate methods. The Trusts have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which if applicable are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

### 2. Derivative Financial Instruments:

The Trusts engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Trusts and to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk or other risk (inflation risk). These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Trusts' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Trusts bear the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Trusts do not give rise to counterparty credit risk, as options written obligate the Trusts to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and options is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Trusts may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. ( ISDA ) Master Agreement implemented between a Trust and each of its respective counterparties. The ISDA Master Agreement allows each Trust to offset with each separate counterparty certain derivative financial instrument s payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Trusts from their counterparties are not fully collateralized contractually or otherwise, the Trusts bear the risk of loss from counterparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Trusts manage counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Trusts' net assets decline by a stated percentage or the Trusts fail to meet the terms of its ISDA Master Agreements, which would cause the Trusts to accelerate payment of any net liability owed to the counterparty.

**Financial Futures Contracts:** The Trusts purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk) or in the values of equity securities (equity risk). Financial futures contracts are contracts for delayed delivery of securities or currencies at a specific future date and at a specific price or yield. Pursuant to the contract, the Trusts agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as margin variation and are recognized by the Trusts as unrealized gains or losses. When the contract is closed, the Trusts record 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. The use of financial futures transactions involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest rates and the underlying assets.

**Foreign Currency Exchange Contracts:** The Trusts enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Trusts, help to manage the overall exposure to the 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. The use of foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that a counterparty to the contract does not perform its obligations under the agreement.

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**Options:** The Trusts purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk and/or interest rate risk) and/or, in the case of options written, to generate gains from options premiums. 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 instrument 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 instrument at the exercise price at any time or at a specified time during the option period. When the Trusts purchase (write) an option, an amount equal to the premium paid (received) by the Trusts is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument 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 instrument acquired or deducted from (or added to) the proceeds of the instrument 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 premiums received or paid). When the Trusts

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## Notes to Financial Statements (continued)

write a call option, such option is covered, meaning that the Trusts hold the underlying instrument subject to being called by the option counterparty, or cash in an amount sufficient to cover the obligation. When the Trusts write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

Options on swaps (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 or credit default swap agreement at any time before the expiration of the option.

The Trusts also purchase or sell listed or OTC foreign currency options, foreign currency futures and related options on foreign currency futures as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies. When foreign currency is purchased or sold through an exercise of a foreign currency option, the related premium paid (or received) is added to (or deducted from) the basis of the foreign currency acquired or deducted from (or added to) the proceeds of the foreign currency sold. Such transactions may be effected with respect to hedges on non-US dollar denominated instruments owned by the Trusts but not yet delivered, or committed or anticipated to be purchased by the Trusts.

In purchasing and writing options, the Trusts bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Trusts may not be able to enter into a closing transaction due to an illiquid market. Exercise of an option written could result in the Trusts purchasing or selling a security at a price different from the current market value.

**Swaps:** The Trusts enter into swap agreements, in which the Trusts 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 Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. 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 Trusts' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

**Credit default swaps** The Trusts enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Trusts enter into credit default agreements to provide a measure of protection against the default of an issuer (as buyer protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Trusts may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occurs. As a buyer, if an underlying credit event occurs, the Trusts will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising of an index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index. As a seller (writer), if an underlying credit event occurs, the Trusts will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising of an index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising of an index.

**Total return swaps** The Trusts enter into total return swaps to obtain exposure to a security or market without owning such security or investing directly in that market or to transfer the risk/return of one market (e.g., fixed income) to another market (e.g., equity) (equity risk and/or interest rate risk). Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (coupons plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of



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the offsetting interest rate obligation, the Trusts will receive a payment from or make a payment to the counterparty.

**Interest rate swaps** The Trusts enter into interest rate swaps to gain or reduce exposure to or manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating rate, for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

Notes to Financial Statements (continued)

Derivative Instruments Categorized by Risk Exposure:

Fair Values of Derivative Instruments as of August 31, 2010

|   |  | Asset Derivatives    |                   |                   |                  |               |                      |                      |                  |
|---|--|----------------------|-------------------|-------------------|------------------|---------------|----------------------|----------------------|------------------|
| Statements of Assets and Liabilities Location |  | BHK                  | HYV               | HYT               | HIS              | BHY           | BNA                  | BKT                  | BHD              |
| Interest rate contracts                       | Net unrealized appreciation/depreciation*; Unrealized appreciation on swaps; Investments at value unaffiliated** | \$ 9,417,667         |                   |                   |                  |               | \$ 13,907,907        | \$ 54,155,826        | \$ 31,096        |
| Foreign currency exchange contracts           | Unrealized appreciation on foreign currency exchange contracts   | 227,544              | \$ 15,140         | \$ 16,013         | \$ 2,498         |               | 220,007              |                      | 3,454            |
| Credit contracts                              | Unrealized appreciation on swaps   | 31,719               | 296,315           | 320,659           |                  | \$ 168        | 127,667              |                      | 17,806           |
| Equity contracts                              | Net unrealized appreciation/depreciation*  |                      | 175,503           | 180,556           | 45,478           |               |                      |                      |                  |
| Other contracts                               | Unrealized appreciation on swaps   | 617,527              |                   |                   |                  |               | 617,527              |                      |                  |
| <b>Total</b>                                  |  | <b>\$ 10,294,457</b> | <b>\$ 486,958</b> | <b>\$ 517,228</b> | <b>\$ 47,976</b> | <b>\$ 168</b> | <b>\$ 14,873,108</b> | <b>\$ 54,155,826</b> | <b>\$ 52,356</b> |

|   |  | Liability Derivatives |                   |                   |                 |                  |                      |                      |                  |
|---|--|-----------------------|-------------------|-------------------|-----------------|------------------|----------------------|----------------------|------------------|
| Statements of Assets and Liabilities Location |  | BHK                   | HYV               | HYT               | HIS             | BHY              | BNA                  | BKT                  | BHD              |
| Interest rate contracts                       | Net unrealized appreciation/depreciation*; Unrealized depreciation on swaps; Options written at value; Interest rate floors at value | \$ 14,343,097         |                   |                   |                 |                  | \$ 14,643,726        | \$ 53,542,538        | \$ 36,714        |
| Foreign currency exchange contracts           | Unrealized depreciation on foreign currency exchange contracts   | 287,611               | \$ 57,333         | \$ 57,910         | \$ 2,840        |                  | 277,446              |                      |                  |
| Credit contracts                              | Unrealized depreciation on swaps; Options written at value   | 103,397               | 398,476           | 304,769           |                 | \$ 10,408        | 75,243               |                      | 14,667           |
| <b>Total</b>                                  |  | <b>\$ 14,734,105</b>  | <b>\$ 455,809</b> | <b>\$ 362,679</b> | <b>\$ 2,840</b> | <b>\$ 10,408</b> | <b>\$ 14,996,415</b> | <b>\$ 53,542,538</b> | <b>\$ 51,381</b> |

\* Includes cumulative appreciation/depreciation of financial futures contracts as reported in the Schedules of Investments. Only current day's margin variation is reported within the Statements of Assets and Liabilities.

\*\* Includes options purchased at value as reported in the Schedules of Investments.

**The Effect of Derivative Instruments on the Statements of Operations**  
**Year Ended August 31, 2010**

|   | Net Realized Gain (Loss) from |                     |                     |                   |                    |                      |                        |                   |
|---|-------------------------------|---------------------|---------------------|-------------------|--------------------|----------------------|------------------------|-------------------|
|   | BHK                           | HYV                 | HYT                 | HIS               | BHY                | BNA                  | BKT                    | BHD               |
| Interest rate contracts:                |                               |                     |                     |                   |                    |                      |                        |                   |
| Financial futures contracts             | \$ 5,177,443                  | \$ 674,074          | \$ 674,284          |                   |                    | \$ 5,734,694         | \$ (10,940,497)        | \$ 179,359        |
| Swaps                                   | 953,593                       |                     |                     |                   |                    | 6,679,322            | 1,604,707              |                   |
| Interest rate floors                    |                               |                     |                     |                   |                    |                      | (4,548,840)            |                   |
| Options***                              | 2,202,642                     |                     |                     |                   |                    | 2,526,615            | 756,243                | (7,751)           |
| Foreign currency exchange contracts:    |                               |                     |                     |                   |                    |                      |                        |                   |
| Foreign currency exchange contracts**** | 1,842,740                     | 3,752,522           | 3,990,642           | \$ 519,649        |                    | 1,294,418            |                        | 380,902           |
| Credit contracts:                       |                               |                     |                     |                   |                    |                      |                        |                   |
| Swaps                                   | (1,222,607)                   | (1,247,238)         | (1,225,327)         |                   | \$ (27,176)        | (777,895)            |                        | (255,692)         |
| Options***                              | 45,188                        |                     |                     |                   |                    | 45,054               |                        | (2,512)           |
| Equity contracts:                       |                               |                     |                     |                   |                    |                      |                        |                   |
| Financial futures contracts             |                               |                     |                     | 88,964            |                    |                      |                        |                   |
| <b>Total</b>                            | <b>\$ 8,998,999</b>           | <b>\$ 3,179,358</b> | <b>\$ 3,439,599</b> | <b>\$ 608,613</b> | <b>\$ (27,176)</b> | <b>\$ 15,502,208</b> | <b>\$ (13,128,387)</b> | <b>\$ 294,306</b> |

\*\*\* Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

\*\*\*\* Foreign currency exchange contracts are included in the net realized gain (loss) from foreign currency transactions and net change in unrealized appreciation/depreciation on foreign currency transactions.

## Notes to Financial Statements (continued)

|   | Net Change in Unrealized Appreciation/Depreciation on |                     |                     |                   |                 |                       |                     |                    |
|---|---|---------------------|---------------------|-------------------|-----------------|-----------------------|---------------------|--------------------|
|   | BHK   | HYV                 | HYT                 | HIS               | BHY             | BNA                   | BKT                 | BHD                |
| Interest rate contracts:                |   |                     |                     |                   |                 |                       |                     |                    |
| Financial futures contracts             | \$ (171,320)  |                     |                     |                   |                 | \$ (686,658)          | \$ (1,315,975)      | \$ 5,565           |
| Swaps                                   | (851,732)   |                     |                     |                   |                 | (4,772,568)           | (4,223,736)         |                    |
| Options***                              | (40,598)  |                     |                     |                   |                 | (648,506)             | 1,662,022           |                    |
| Interest rate floors                    |   |                     |                     |                   |                 |                       | 3,477,474           |                    |
| Foreign currency exchange contracts:    |   |                     |                     |                   |                 |                       |                     |                    |
| Foreign currency exchange contracts**** | (42,437)  | \$ 408,399          | \$ 455,392          | \$ 109,716        |                 | (59,119)              |                     | 3,454              |
| Credit contracts:                       |   |                     |                     |                   |                 |                       |                     |                    |
| Swaps                                   | 465,523   | 1,031,444           | 1,083,897           |                   | \$ (7,473)      | 625,865               |                     | (87,130)           |
| Options***                              |   | 107,893             | 113,584             |                   | 12,341          |                       |                     | (10,205)           |
| Equity contracts:                       |   |                     |                     |                   |                 |                       |                     |                    |
| Financial futures contracts             |   | 175,503             | 180,556             | 45,478            |                 |                       |                     |                    |
| Options***                              |   |                     |                     |                   | (3,000)         |                       |                     | (6,000)            |
| Other contracts:                        |   |                     |                     |                   |                 |                       |                     |                    |
| Swaps                                   | 617,527   |                     |                     |                   |                 | 617,527               |                     |                    |
| <b>Total</b>                            | <b>\$ (23,037)</b>                                    | <b>\$ 1,723,239</b> | <b>\$ 1,833,429</b> | <b>\$ 155,194</b> | <b>\$ 1,868</b> | <b>\$ (4,923,459)</b> | <b>\$ (400,215)</b> | <b>\$ (94,316)</b> |

\*\*\* Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

\*\*\*\* Foreign currency exchange contracts are included in the net realized gain (loss) from foreign currency transactions and net change in unrealized appreciation/depreciation on foreign currency transactions.

For the year ended August 31, 2010, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | BHK            | HYV           | HYT           | HIS          | BHY | BNA            | BKT            | BHD          |
|--|----------------|---------------|---------------|--------------|-----|----------------|----------------|--------------|
| Financial futures contracts:                     |                |               |               |              |     |                |                |              |
| Average number of contracts purchased            | 741            |               |               |              |     | 800            | 216            | 39           |
| Average number of contracts sold                 | 913            | 19            | 18            | 4            |     | 1,020          | 1,577          | 21           |
| Average notional value of contracts purchased    | \$ 105,778,406 |               |               |              |     | \$ 105,672,875 | \$ 29,127,244  | \$ 5,845,957 |
| Average notional value of contracts sold         | \$ 126,888,362 | \$ 5,182,155  | \$ 4,904,582  | \$ 1,010,271 |     | \$ 148,490,360 | \$ 277,218,691 | \$ 2,572,520 |
| Foreign currency exchange contracts:             |                |               |               |              |     |                |                |              |
| Average number of contracts US dollars purchased | 4              | 7             | 7             | 3            |     | 3              |                | 3            |
| Average number of contracts US dollars sold      | 1              | 3             | 3             | 1            |     | 1              |                | 1            |
|  | \$ 13,118,838  | \$ 34,022,389 | \$ 35,339,826 | \$ 5,133,756 |     | \$ 9,315,602   |                | \$ 2,281,550 |

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|   |                |              |              |           |              |                |                            |
|---|----------------|--------------|--------------|-----------|--------------|----------------|----------------------------|
| Average US dollar amounts purchased             |                |              |              |           |              |                |                            |
| Average US dollar amounts sold                  | \$ 3,602,538   | \$ 2,144,802 | \$ 2,223,156 | \$ 57,820 | \$ 3,609,929 | \$ 206,020     |                            |
| Options:  |                |              |              |           |              |                |                            |
| Average number of contracts purchased           | 554            |              |              |           | 3            | 474            | 34 6                       |
| Average number of contracts written             | 367            | 5            | 5            |           | 1            | 320            | 57 1                       |
| Average notional value of contracts purchased   | \$ 252,594,625 |              |              |           | \$ 2,829     | \$ 133,909,500 | \$ 19,714,500 \$ 5,657     |
| Average notional value of contracts written     | \$ 219,990,250 | \$ 4,500,000 | \$ 4,737,500 |           | \$ 512,500   | \$ 172,129,000 | \$ 57,350,000 \$ 1,131,250 |
| Credit default swaps:                           |                |              |              |           |              |                |                            |
| Average number of contracts buy protection      | 18             | 10           | 10           |           | 2            | 16             | 4                          |
| Average number of contracts sell protection     | 1              | 8            | 8            |           | 1            | 1              | 1                          |
| Average notional value buy protection           | \$ 11,843,375  | \$ 9,509,188 | \$ 9,399,500 |           | \$ 372,500   | \$ 8,301,750   | \$ 1,370,000               |
| Average notional value sell protection          | \$ 1,025,000   | \$ 3,202,500 | \$ 3,674,375 |           | \$ 27,500    | \$ 3,725,000   | \$ 193,750                 |
| Interest rate swaps:                            |                |              |              |           |              |                |                            |
| Average number of contracts pays fixed rate     | 20             |              |              |           |              | 20             | 14                         |
| Average number of contracts receives fixed rate | 14             |              |              |           |              | 18             | 11                         |
| Average notional value pays fixed rate          | \$ 102,823,750 |              |              |           |              | \$ 122,550,000 | \$ 408,630,000             |
| Average notional value receives fixed rate      | \$ 103,358,750 |              |              |           |              | \$ 166,528,750 | \$ 304,161,600             |
| Total return swaps:                             |                |              |              |           |              |                |                            |
| Average number of contracts                     | 1              |              |              |           |              | 1              |                            |
| Average notional value                          | \$ 5,700,000   |              |              |           |              | \$ 5,700,000   |                            |

**3. Investment Advisory Agreement and Other Transactions with Affiliates:**

The PNC Financial Services Group, Inc. ( PNC ), Bank of America Corporation ( BAC ) and Barclays Bank PLC ( Barclays ) are the largest stockholders of BlackRock, Inc. ( BlackRock ). Due to the ownership structure, PNC is an affiliate of the Trusts for 1940 Act purposes, but BAC and Barclays are not. Each Trust entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager ), the Trusts investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory services for each Trust and administration services for BHK, HYV, HYT, HIS and BHD.

## Notes to Financial Statements (continued)

The following Trusts' investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of each Trust's average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

|     |   |
|-----|---|
| BHK | 0.55%   |
| HIS | 0.75% of the first<br>\$200 million and<br>0.50% thereafter |
| BHY | 1.05%   |
| BHD | 0.75%   |

The following Trusts' investment advisory fee paid to the Manager is computed daily and payable monthly based on an annual rate of each Trust's average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

|     |       |
|-----|-------|
| HYV | 0.60% |
| HYT | 0.70% |

The following Trusts' investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of each Trust's average net assets:

|     |       |
|-----|-------|
| BNA | 0.60% |
| BKT | 0.65% |

The Manager voluntarily agreed to waive a portion of the investment advisory fees or other expenses on BHD by 0.05% of its average weekly managed assets through February 28, 2010. BHD waived \$22,435, which is included in fees waived by advisor in the Statements of Operations.

BHY, BNA and BKT each have an Administration Agreement with the Manager. The administration fee paid to the Manager is computed weekly and payable monthly based on an annual rate, 0.10% for BNA, and 0.15% for BKT, of each Trust's average net assets and 0.10% for BHY of the Trust's average weekly total assets.

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Trust pays to the Manager indirectly through its investment in affiliated money market funds; however, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid through each Trust's investment in other affiliated investment companies, if any. These amounts are included in fees waived by advisor in the Statements of Operations. For the year ended August 31, 2010, the amounts waived were as follows:

|     |    |         |
|-----|----|---------|
| BHK | \$ | 1,893   |
| HYV | \$ | 1,917   |
| HYT | \$ | 2,111   |
| HIS | \$ | 1,309   |
| BHY | \$ | 1,241   |
| BNA | \$ | 2,171   |
| BKT | \$ | 112,085 |
| BHD | \$ | 1,338   |

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The Manager entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager with respect to BHK, HYV, HYT, HIS, and BHD. The Manager pays BFM for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Trust to the Manager.

For the year ended August 31, 2010, certain Trusts reimbursed the Manager for certain accounting services, which are included in accounting services in the Statements of Operations. The reimbursements were as follows:

|     |          |
|-----|----------|
| BHK | \$ 9,657 |
| HYV | \$ 8,683 |
| HYT | \$ 8,999 |
| HIS | \$ 2,684 |
| BHD | \$ 1,885 |

Certain officers and/or trustees of the Trusts are officers and/or directors of BlackRock or its affiliates. The Trusts reimburse the Manager for compensation paid to the Trusts Chief Compliance Officer.

#### 4. Income Tax Information:

**Reclassifications:** US GAAP requires 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 net asset values per share. The following permanent differences as of August 31, 2010 attributable to the accounting for swap agreements, amortization and accretion methods on fixed income securities, foreign currency transactions, non-deductible expenses, securities in default, income recognized from pass-through entities, the classification of settlement proceeds, distributions paid in excess of taxable income and the expiration of capital loss carryforwards were reclassified to the following accounts:

|  | BHK            | HYV            | HYT            | HIS              | BHY            | BNA            | BKT            | BHD          |
|--|----------------|----------------|----------------|------------------|----------------|----------------|----------------|--------------|
| Paid-in capital  |                |                | \$ (43)        | \$ (102,576,339) | \$ (8,468,860) |                | \$ (783,751)   |              |
| Undistributed (distributions in excess of) net investment income | \$ 1,878,831   | \$ 3,306,857   | \$ 3,486,622   | \$ 904,506       | \$ 2,222       | \$ 4,121,073   | \$ (2,432,620) | \$ 292,491   |
| Accumulated net realized gain (loss)                             | \$ (1,878,831) | \$ (3,306,857) | \$ (3,486,579) | \$ 101,671,833   | \$ 8,466,638   | \$ (4,121,073) | \$ 3,216,371   | \$ (292,491) |

## Notes to Financial Statements (continued)

The tax character of distributions paid during the fiscal years ended August 31, 2010 and August 31, 2009 was as follows:

|                         | BHK           | HYV           | HYT           | HIS           | BHY          | BNA           | BKT           | BHD          |
|-------------------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|
| Ordinary income         |               |               |               |               |              |               |               |              |
| 8/31/2010               | \$ 27,023,027 | \$ 33,602,969 | \$ 35,992,789 | \$ 9,230,927  | \$ 3,246,508 | \$ 27,117,163 | \$ 16,803,787 | \$ 6,391,382 |
| 8/31/2009               | 20,703,556    | 39,697,493    | 42,020,500    | 11,459,895    | 3,522,285    | 21,085,255    | 18,415,450    | 6,204,335    |
| Long-term capital gains |               |               |               |               |              |               |               |              |
| 8/31/2010               |               |               |               |               |              |               | 1,611,663     |              |
| Tax return of capital   |               |               |               |               |              |               |               |              |
| 8/31/2010               |               |               |               |               | 108,660      |               |               |              |
| 8/31/2009               |               |               |               |               | 118,809      |               |               |              |
| Total distributions     |               |               |               |               |              |               |               |              |
| 8/31/2010               | \$ 27,023,027 | \$ 33,602,969 | \$ 35,992,789 | \$ 9,230,927  | \$ 3,355,168 | \$ 27,117,163 | \$ 18,415,450 | \$ 6,391,382 |
| 8/31/2009               | \$ 20,703,556 | \$ 39,697,493 | \$ 42,020,500 | \$ 11,459,895 | \$ 3,641,094 | \$ 21,085,255 | \$ 18,415,450 | \$ 6,204,335 |

As of August 31, 2010, the tax components of accumulated net earnings (losses) were as follows:

|                                | BHK          | HYV             | HYT              | HIS             | BHY             | BNA            | BKT           | BHD            |
|--------------------------------|--------------|-----------------|------------------|-----------------|-----------------|----------------|---------------|----------------|
| Undistributed ordinary income  |              |                 |                  |                 |                 |                |               |                |
|                                | \$ 7,121,433 | \$ 7,065,266    | \$ 7,864,723     | \$ 3,292,165    |                 | \$ 6,617,192   |               | \$ 1,547,611   |
| Capital loss carryforwards     |              |                 |                  |                 |                 |                |               |                |
|                                | (25,062,853) | (83,968,877)    | (99,724,971)     | (66,989,586)    | \$ (17,763,693) | (37,862,770)   |               | (7,248,848)    |
| Net unrealized gains (losses)* |              |                 |                  |                 |                 |                |               |                |
|                                | 22,809,046   | (10,313,303)    | (11,489,189)     | (1,439,362)     | (2,620,220)     | 27,078,408     | \$ 17,717,605 | 3,044,756      |
| <b>Total</b>                   | \$ 4,867,626 | \$ (87,216,914) | \$ (103,349,437) | \$ (65,136,783) | \$ (20,383,913) | \$ (4,167,170) | \$ 17,717,605 | \$ (2,656,481) |

\* The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, amortization and accretion methods of premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency exchange contracts, the deferral of post-October currency and capital losses for tax purposes, the timing and recognition of partnership income, the accounting for swap agreements, the deferral of compensation to trustees and other book/tax differences.

As of August 31, 2010, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:



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| Expires August 31, | BHK                  | HYV                  | HYT                  | HIS                  | BHY                  | BNA                  | BHD                 |
|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| 2011               |                      |                      |                      | \$ 28,467,396        | \$ 4,771,417         |                      |                     |
| 2012               |                      |                      |                      | 2,339,279            | 316,410              |                      |                     |
| 2014               | \$ 231,359           |                      | \$ 2,291,195         | 7,043,976            | 2,060,533            | \$ 2,451,626         | \$ 447,113          |
| 2015               |                      |                      | 564,489              |                      | 2,467,772            | 2,342,921            |                     |
| 2016               | 17,415,494           | \$ 950,802           | 1,125,717            | 10,829,322           | 2,039,760            | 14,734,497           | 2,036,040           |
| 2017               | 7,416,000            | 37,231,421           | 40,815,806           | 3,140,056            | 916,541              | 7,369,088            | 930,008             |
| 2018               |                      | 45,786,654           | 54,927,764           | 15,169,557           | 5,191,260            | 10,964,638           | 3,835,687           |
| <b>Total</b>       | <b>\$ 25,062,853</b> | <b>\$ 83,968,877</b> | <b>\$ 99,724,971</b> | <b>\$ 66,989,586</b> | <b>\$ 17,763,693</b> | <b>\$ 37,862,770</b> | <b>\$ 7,248,848</b> |

**5. Investments:**

Purchases and sales of investments including paydowns, mortgage dollar roll and TBA transactions and excluding short-term securities and US government securities for the year ended August 31, 2010, were as follows:

|     | Purchases        | Sales            |
|-----|------------------|------------------|
| BHK | \$ 1,789,169,890 | \$ 1,725,246,085 |
| HYV | \$ 430,089,096   | \$ 393,992,298   |
| HYT | \$ 418,272,627   | \$ 388,135,220   |
| HIS | \$ 120,904,186   | \$ 113,389,296   |
| BHY | \$ 41,639,526    | \$ 36,989,394    |
| BNA | \$ 1,842,136,613 | \$ 1,760,363,946 |
| BKT | \$ 6,364,584,320 | \$ 5,999,742,705 |
| BHD | \$ 93,829,121    | \$ 78,706,714    |

Purchases and sales of US government securities for the year ended August 31, 2010, were as follows:

|     | Purchases        | Sales            |
|-----|------------------|------------------|
| BHK | \$ 1,391,711,583 | \$ 1,344,547,113 |
| BNA | \$ 1,550,482,926 | \$ 1,515,261,791 |
| BKT | \$ 442,024,169   | \$ 383,571,810   |
| BHD |                  | \$ 437,367       |

For the year ended August 31, 2010, purchases and sales of mortgage dollar rolls were as follows:

|     | Purchases        | Sales            |
|-----|------------------|------------------|
| BHK | \$ 512,616,428   | \$ 512,636,492   |
| BNA | \$ 510,771,621   | \$ 510,586,149   |
| BKT | \$ 4,873,523,094 | \$ 4,888,969,832 |



## Notes to Financial Statements (continued)

Transactions in options written for the year ended August 31, 2010, were as follows:

|  | Calls     |                       |                  | Puts      |                       |                  |
|--|-----------|-----------------------|------------------|-----------|-----------------------|------------------|
|  | Contracts | Notional Amount (000) | Premium Received | Contracts | Notional Amount (000) | Premium Received |
| <b>BHK</b>                             |           |                       |                  |           |                       |                  |
| Outstanding options, beginning of year |           | 122,600               | \$ 5,356,030     |           | 125,800               | \$ 5,504,520     |
| Options written                        | 252       | 195,140               | 8,211,794        | 457       | 312,340               | 11,016,551       |
| Options expired                        |           | (37,998)              | (1,018,056)      | (153)     | (79,478)              | (2,019,049)      |
| Options exercised                      | (164)     | (39,900)              | (1,396,897)      |           | (3,500)               | (134,575)        |
| Options closed                         | (88)      | (164,142)             | (7,109,696)      | (304)     | (237,862)             | (9,780,252)      |
| Outstanding options, end of year       |           | 75,700                | \$ 4,043,175     |           | 117,300               | \$ 4,587,195     |
| <b>HYV</b>                             |           |                       |                  |           |                       |                  |
| Outstanding options, beginning of year |           |                       |                  |           |                       |                  |
| Options written                        |           | 13,250                | \$ 94,750        |           | 4,750                 | \$ 71,250        |
| Outstanding options, end of year       |           | 13,250                | \$ 94,750        |           | 4,750                 | \$ 71,250        |
| <b>HYT</b>                             |           |                       |                  |           |                       |                  |
| Outstanding options, beginning of year |           |                       |                  |           |                       |                  |
| Options written                        |           | 13,950                | \$ 99,750        |           | 5,000                 | \$ 75,000        |
| Outstanding options, end of year       |           | 13,950                | \$ 99,750        |           | 5,000                 | \$ 75,000        |
| <b>BHY</b>                             |           |                       |                  |           |                       |                  |
| Outstanding options, beginning of year |           |                       |                  |           |                       |                  |
| Options written                        |           | 1,500                 | \$ 10,800        |           | 550                   | \$ 8,250         |
| Outstanding options, end of year       |           | 1,500                 | \$ 10,800        |           | 550                   | \$ 8,250         |
| <b>BNA</b>                             |           |                       |                  |           |                       |                  |
| Outstanding options, beginning of year |           | 74,200                | \$ 3,488,657     |           | 77,500                | \$ 3,653,658     |
| Options written                        | 252       | 194,110               | 7,805,309        | 460       | 263,510               | 9,597,936        |
| Options expired                        |           | (24,377)              | (594,215)        | (153)     | (47,967)              | (1,407,957)      |
| Options exercised                      | (164)     | (38,100)              | (1,323,887)      |           |                       |                  |
| Options closed                         | (88)      | (126,433)             | (5,515,717)      | (307)     | (177,043)             | (7,464,624)      |
| Outstanding options, end of year       |           | 79,400                | \$ 3,860,147     |           | 116,000               | \$ 4,379,013     |

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| <b>BKT</b>                             |      |          |              |          |              |
|--|------|----------|--------------|----------|--------------|
| Outstanding options, beginning of year |      | 40,800   | \$ 1,740,902 | 40,800   | \$ 1,740,907 |
| Options written                        | 78   | 31,000   | 1,361,155    | 78       | 1,377,041    |
| Options expired                        |      | (4,900)  | (221,725)    | (17,800) | (839,725)    |
| Options exercised                      |      | (17,800) | (839,719)    |          |              |
| Options closed                         | (78) | (31,000) | (1,361,155)  | (78)     | (1,598,766)  |
| Outstanding options, end of year       |      | 18,100   | \$ 679,458   | 18,100   | \$ 679,457   |

| <b>BHD</b>                             |  |         |           |         |           |
|--|--|---------|-----------|---------|-----------|
| Outstanding options, beginning of year |  | 8,235   | \$ 77,409 | 8,235   | \$ 83,174 |
| Options written                        |  | 3,325   | 23,825    | 1,200   | 18,000    |
| Options expired                        |  |         |           | (8,235) | (83,174)  |
| Options closed                         |  | (8,235) | (77,409)  |         |           |
| Outstanding options, end of year       |  | 3,325   | \$ 23,825 | 1,200   | \$ 18,000 |

## Notes to Financial Statements (continued)

**6. Commitments:**

Certain Trusts may invest in floating rate loan interests. In connection with these investments, the Trusts may also enter into unfunded loan commitments ( commitments ). Commitments may obligate the Trusts to furnish temporary financing to a borrower until permanent financing can be arranged. In connection with these commitments, the Trusts earn 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, 2010, the Trusts had the following unfunded loan commitments:

| Borrower                      | Unfunded<br>Commitment | Value of<br>Underlying<br>Loan |
|-------------------------------|------------------------|--------------------------------|
| <b>HYV</b>                    |                        |                                |
| Delphi International Holdings | \$ 1,277,361           | \$ 1,207,338                   |
| <b>HYT</b>                    |                        |                                |
| Delphi International Holdings | \$ 656,788             | \$ 620,665                     |
| <b>HIS</b>                    |                        |                                |
| Delphi International Holdings | \$ 36,829              | \$ 34,803                      |
| <b>BHY</b>                    |                        |                                |
| Delphi International Holdings | \$ 72,738              | \$ 68,737                      |
| <b>BHD</b>                    |                        |                                |
| Delphi International Holdings | \$ 161,435             | \$ 152,556                     |

**7. Concentration, Market and Credit Risk:**

In the normal course of business, the Trusts invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Trusts may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Trusts; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Trusts may be exposed to counterparty credit risk, or the risk that an entity with which the Trusts have unsettled or open transactions may fail to or be unable to perform on its commitments. The Trusts manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Trusts to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Trusts exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Trusts' Statements of Assets and Liabilities, less any collateral held by the Trusts.

Certain Trusts invest a significant portion of their 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,

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including delinquencies and/or defaults on assets underlying these securities, can affect the value, income and/or liquidity of such positions.

### 8. Capital Share Transactions:

There are 200 million of \$0.01 par value shares authorized for BNA and BKT. There are an unlimited number of \$0.001 par value shares authorized for BHK, BHY and BHD. There are an unlimited number of no par value shares authorized for HIS. There are 200 million of \$0.10 par value shares authorized for HYV and HYT. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

For the years shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestments:

|     | Year Ended<br>August 31,<br>2010 | Year<br>Ended<br>August 31,<br>2009 |
|-----|----------------------------------|-------------------------------------|
| BHK |                                  | 4,253                               |
| HYT | 7,573                            |                                     |
| BHY |                                  | 8,666                               |
| BNA |                                  | 6,677                               |

Shares issued and outstanding remained constant during the years ended August 31, 2010 and August 31, 2009 for HYV, HIS, BKT and BHD.

At August 31, 2010, the shares owned by affiliates of the Manager of the Trusts were as follows:

|     | Shares |
|-----|--------|
| HYV | 37,702 |
| HYT | 15,901 |

### 9. Borrowings:

On March 5, 2009, HYV, HVT, HIS and BHY entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Trusts have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| HYV | \$ 127,000,000        |
| HYT | \$ 135,000,000        |
| HIS | \$ 41,000,000         |
| BHY | \$ 16,000,000         |

Advances are made by SSB to the Trusts, at the Trusts' option of (a) the higher of (i) 1.0% above the Fed Effective Rate and (ii) 1.0% above the Overnight LIBOR or (b) 1.0% above 7-day, 30-day, 60-day or 90-day LIBOR. In addition, the Trusts pay a facility fee and a commitment fee based upon SSB's total commitment to the Trusts. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Trusts as of August 31, 2010 are shown in the Statements of Assets and Liabilities as loan payable. The SSB Agreement was renewed for 364 days under substantially the same terms effective March 4,



## Notes to Financial Statements (continued)

2010. In addition, BHD entered into the SSB Agreement. The SSB Agreement allows for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| HYV | \$ 140,000,000        |
| HYT | \$ 145,000,000        |
| HIS | \$ 45,000,000         |
| BHY | \$ 18,000,000         |
| BHD | \$ 30,000,000         |

The Trusts may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

BHK, BNA and BKT borrowed under the Term Asset-Backed Securities Loan Facility ( TALF ). The TALF program was launched by the U.S. Department of Treasury and the Federal Reserve Board as a credit facility designed to restore liquidity to the market for asset-backed securities. The Federal Reserve Bank of New York ( FRBNY ) will provide up to \$1 trillion in non-recourse loans to support the issuance of certain AAA-rated asset-backed securities and commercial mortgage-backed securities ( Eligible Securities ). The Trusts posted as collateral already-held Eligible Securities, which were all commercial mortgage-backed securities, in return for non-recourse, 5-year term loans ( TALF loans ) in an amount equal to approximately 85% of the value of such Eligible Securities. The TALF loans are shown as TALF loans at value on the Statements of Assets and Liabilities. The following is a summary of the outstanding TALF loans and related information as of August 31, 2010:

|     | Number<br>of Loans | Aggregate<br>Amount<br>of Loans | Maturity<br>Dates | Interest<br>Rates | Value of<br>Eligible<br>Securities |
|-----|--------------------|---------------------------------|-------------------|-------------------|------------------------------------|
| BHK | 1                  | \$ 11,763,225                   | 8/28/14           | 3.87%             | \$ 14,389,848                      |
| BNA | 1                  | \$ 11,763,225                   | 8/28/14           | 3.87%             | \$ 14,389,848                      |
| BKT | 1                  | \$ 11,739,534                   | 8/28/14           | 3.87%             | \$ 14,437,543                      |

The non-recourse provision of the TALF loans allows the Trusts to satisfy loan obligations with Eligible Securities, subject to certain conditions, even if the value of the Eligible Securities falls below the outstanding amount of the loan. The Trusts can repay TALF loans prior to the maturity dates with no penalty. Principal and interest due on the loans will typically be paid with principal paydowns and interest received from the Eligible Securities. Credit agreements underlying each loan contain provisions to address instances in which interest payments on Eligible Securities fall short of amounts due to the FRBNY. The Trusts paid to the FRBNY a one time administration fee of 0.20% of the amount borrowed, which was expensed as incurred in the current period by the Trusts and is included in borrowing costs in the Statements of Operations. The Trusts also pay a financing fee equal to the 5-year LIBOR swap rate plus 1.00% on the outstanding loan amount payable monthly, which is included in interest expense in the Statements of Operations.

Since the Trusts have the ability to potentially satisfy TALF loan obligations by surrendering Eligible Securities, potential losses by the Trusts associated with the TALF loans are limited to the difference between the amount of Eligible Securities posted at the time of loan initiation and the loan proceeds received by the Trusts.

The Trusts have elected to account for the outstanding TALF loans at fair value. The Trusts elected to fair value their TALF loans to more closely align changes in the value of the TALF loans with changes in the value of the Eligible Securities and to reduce the potential volatility in the Statements of Operations which could result if only the Eligible Securities were fair valued. The TALF loans are valued utilizing quotations received from a board approved pricing service. TALF-eligible Asset-Backed Securities/Collateralized Mortgage-Backed Securities ( ABS/CMBS ) value may be affected by historic defaults and prepayments on the asset pool, expected future defaults and prepayments, current



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interest rate levels, current and forward modeled ABS/CMBS spread levels. Accordingly, TALF loan valuation methodologies may include, but are not limited to, the following inputs: (i) ABS/CMBS prepayment assumptions, (ii) discount rates and (iii) the non-recourse put option valuation. The resulting TALF loan valuation combines the present value of the future loan cash flows, plus the value of the non-recourse option. The change in unrealized gain or loss associated with fair valuing the TALF loans is reflected in the Statements of Operations.

For the year ended August 31, 2010 the daily weighted average interest rates for trusts with reverse repurchase agreements, treasury roll transactions and TALF loans were as follows:

---

|     | Daily<br>Weighted<br>Average<br>Interest Rate |
|-----|---|
| BHK | 0.51%   |
| BNA | 0.54%   |
| BKT | 2.16%   |

---

For the year ended August 31, 2010 the daily weighted average interest rates for Trusts with loans under the revolving credit agreements were as follows:

---

|     | Daily<br>Weighted<br>Average<br>Interest Rate |
|-----|---|
| HYV | 1.25%   |
| HYT | 1.25%   |
| HIS | 1.25%   |
| BHY | 1.24%   |
| BHD | 1.05%   |

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Notes to Financial Statements (concluded)

**10. Subsequent Events:**

Management's evaluation of the impact of all subsequent events on the Trusts' financial statements was completed through the date the financial statements were issued and the following items were noted:

On September 7, 2010, BHK and BNA repaid their outstanding TALF loans and the securities posted as collateral were returned to the Trusts. The Trusts funded the repayment of the TALF loans by entering into reverse repurchase agreements.

Each Trust paid a net investment income dividend on September 30, 2010 to shareholders of record on September 15, 2010 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| BHK | \$0.0670                                 |
| HYV | \$0.0825                                 |
| HYT | \$0.0825                                 |
| HIS | \$0.0142                                 |
| BHY | \$0.0435                                 |
| BNA | \$0.0510                                 |
| BKT | \$0.0240                                 |
| BHD | \$0.0795                                 |

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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 Corporate High Yield Fund V, Inc.**

**BlackRock Corporate High Yield Fund VI, Inc.**

**BlackRock High Income Shares**

**BlackRock High Yield Trust**

**BlackRock Income Opportunity Trust, Inc.**

**BlackRock Income Trust, Inc.**

**BlackRock Strategic Bond Trust (Collectively the Trusts ):**

We have audited the accompanying statements of assets and liabilities of BlackRock Core Bond Trust, BlackRock Corporate High Yield Fund V, Inc., BlackRock Corporate High Yield Fund VI, Inc., BlackRock High Income Shares, BlackRock High Yield Trust, and BlackRock Income Opportunity Trust, Inc., including the schedules of investments, as of August 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. We have also audited the accompanying statements of assets and liabilities of BlackRock Income Trust, Inc., and BlackRock Strategic Bond Trust, including the schedules of investments, as of August 31, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. 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.

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, 2010, by correspondence with the custodian, brokers and agent banks; where replies were not received from brokers or agent banks, 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 Corporate High Yield Fund V, Inc., BlackRock Corporate High Yield Fund VI, Inc., BlackRock High Income Shares, BlackRock High Yield Trust, and BlackRock Income Opportunity Trust, Inc., the results of their operations and cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of 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 Income Trust, Inc., and BlackRock Strategic Bond Trust, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP  
Princeton, New Jersey  
October 29, 2010

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**Important Tax Information (Unaudited)**

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The following information is provided with respect to the monthly distributions paid by the Trusts for the taxable year ended August 31, 2010.

|   | <b>BHK</b> | <b>HYV</b> | <b>HYT</b> | <b>HIS</b> | <b>BHY</b> | <b>BNA</b> | <b>BKT</b> | <b>BHD</b> |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| Federal Obligation Interest <sup>1</sup>                        | 7.70%      |            |            |            |            | 6.47%      | 8.34%      |            |
| Interest-Related Dividends for Non-U.S. Residents: <sup>2</sup> |            |            |            |            |            |            |            |            |
| September 2009    January 2010                                  | 53.96%     | 86.39%     | 79.72%     | 76.61%     | 92.81%     | 50.09%     | 100.00%    | 88.99%     |
| February 2010    July 2010                                      | 88.59%     | 70.90%     | 75.12%     | 84.24%     | 69.39%     | 80.08%     | 41.90%     | 86.53%     |
| August 2010   | 88.59%     | 70.90%     | 75.12%     | 84.24%     | 69.39%     | 80.08%     |            | 86.53%     |
| Long-Term Capital Gain Distributed: <sup>3</sup>                |            |            |            |            |            |            |            |            |
| July 2010   |            |            |            |            |            |            | 0.001205   |            |
| August 2010   |            |            |            |            |            |            | 0.024000   |            |

- <sup>1</sup> 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 tax advisor to determine if any portion of the dividends you received is exempt from state income taxes.
- <sup>2</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.
- <sup>3</sup> Represents the per share amount of the monthly dividend paid attributed to long-term capital gains.

## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors and the Board of Trustees, as the case may be (each, a Board, and, collectively, the Boards, and the members of which are referred to as Board Members) of each of BlackRock Core Bond Trust ( BHK ), BlackRock Corporate High Yield Fund V, Inc. ( HYV ), BlackRock Corporate High Yield Fund VI, Inc. ( HYT ), BlackRock High Income Shares ( HIS ), BlackRock High Yield Trust ( BHY ), BlackRock Income Opportunity Trust, Inc. ( BNA ), BlackRock Income Trust, Inc. ( BKT ) and BlackRock Strategic Bond Trust ( BHD, and together with BHK, HYV, HYT, HIS, BHY, BNA and BKT, each, a Trust, and, collectively, the Trusts ) met on April 8, 2010 and May 13 14, 2010 to consider the approval of each Trust's investment advisory agreement (each, an Advisory Agreement ) with BlackRock Advisors, LLC (the Manager ), each Trust's investment advisor. Each Board also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement ) between the Manager and BlackRock Financial Management, Inc. (the Sub-Advisor ), with respect to its Trust. The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

## Activities and Composition of the Board

The Board of each Trust consists of ten individuals, eight of whom are not interested persons of such Trust as defined in the Investment Company Act of 1940 (the 1940 Act ) (the Independent Board Members ). The Board Members are responsible for the oversight of the operations of each Trust and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Boards is an Independent Board Member. The Boards have established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee and an Executive Committee, each of which is composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member) and is chaired by an Independent Board Member. The Boards also has one *ad hoc* committee, the Joint Product Pricing Committee, which consists of Independent Board Members and the directors/trustees of the boards of certain other BlackRock-managed funds, who are not interested persons of their respective funds.

## The Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Trusts by the personnel of BlackRock and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services and assistance in meeting applicable legal and regulatory requirements.

From time to time throughout the year, each Board, acting directly and through its committees, considered at each of its meetings factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the respective Trust and its shareholders. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against a Trust's peers and/or benchmark, as applicable; (b) fees, including advisory fees, administration fees with respect to BHY, BNA and BKT and other amounts paid to BlackRock and its affiliates by each Trust for services such as call center and fund accounting; (c) each Trust's operating expenses; (d) the resources devoted to and compliance reports relating to each Trust's investment objective, policies and restrictions; (e) each Trust'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 policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of each Trust's valuation and liquidity procedures; (k) an analysis of contractual and actual management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; and (l) periodic updates on BlackRock's business.

## Board Considerations in Approving the Agreements

**The Approval Process:** Prior to the April 8, 2010 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with BlackRock to periodically review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included: (a) information independently compiled and prepared by Lipper, Inc. ( Lipper ) on Trust fees and expenses, and the investment performance of each Trust as compared with a peer group of funds as determined by Lipper (collectively, Peers ); (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates and significant shareholders; (c) a general analysis provided by BlackRock concerning investment advisory fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates; (d) the impact of

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economies of scale; (e) a summary of aggregate amounts paid by each Trust to BlackRock; and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At an in-person meeting held on April 8, 2010, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 8, 2010 meeting, the Boards presented BlackRock with questions and requests for additional information and BlackRock responded to these requests with additional written information in advance of the May 13 - 14, 2010 Board meeting.

At an in-person meeting held on May 13 - 14, 2010, each Trust's Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and each respective Trust and the Sub-Advisory Agreement between the Manager and the Sub-Advisor with respect to each Trust, each for a one-year term ending June 30, 2011. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Trust and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized

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**Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)**

by BlackRock and its affiliates from their relationship with each Trust; (d) economies of scale; and (e) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as services related to the valuation and pricing of each Trust's portfolio holdings, direct and indirect benefits to BlackRock and its affiliates and significant shareholders from their relationship with each Trust and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as controlling, and each Board Member may have attributed different weights to the various items considered.

**A. Nature, Extent and Quality of the Services Provided by BlackRock:** The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Trust. Throughout the year, the Boards compared each Trust's performance to the performance of a comparable group of closed-end funds, and the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. The Boards also reviewed the materials provided by each Trust's portfolio management team discussing each Trust's performance and each Trust's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and each Trust's portfolio management team, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's credit analysis capabilities, BlackRock's risk analysis capabilities and BlackRock's approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards also reviewed a general description of BlackRock's compensation structure with respect to each Trust's portfolio management team and BlackRock's ability to attract and retain high-quality talent.

In addition to advisory services, the Boards considered the quality of the administrative and non-investment advisory services provided to each Trust. BlackRock and its affiliates and significant shareholders provide each Trust with certain administrative and other services (in addition to any such services provided to each Trust by third parties) and officers and other personnel as are necessary for the operations of each Trust. In addition to investment advisory services, BlackRock and its affiliates provide each Trust with other services, including: (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of each Trust; (iii) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of each Trust, such as tax reporting, fulfilling regulatory filing requirements, and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

**B. The Investment Performance of the Trusts and BlackRock:** The Boards, including the Independent Board Members, also reviewed and considered the performance history of each Trust. In preparation for the April 8, 2010 meeting, the Boards were provided with reports, independently prepared by Lipper, which included a comprehensive analysis of each Trust's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with their review, the Boards received and reviewed information regarding the investment performance of each Trust as compared to a representative group of similar funds as determined by Lipper and to all funds in each Trust's applicable Lipper category. The Boards were provided with a description of the methodology used by Lipper to select peer funds. The Boards regularly review the performance of each Trust throughout the year.

The Board of BHK noted that BHK performed below the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported. The Board of BHK and BlackRock reviewed the reasons for BHK's underperformance during these periods compared with its Peers. The Board of BHK was informed that, among other things, the single biggest factor which impacts performance relative to Peers is BNA's benchmark and significant differences with other funds in the BBB-rated corporate debt funds category. While BHK holds an average credit quality of A-, many of the other funds in the category, which have outperformed BHK, carry a lower average credit quality and/or a higher allocation to spread assets, including mortgage-backed securities, investment grade corporates and high yield. This served as a detractor to performance due to the general outperformance of spread sectors and lower quality risk assets compared to U.S. Treasuries and government-related assets during 2009.

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The Board of BNA noted that BNA performed below the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported. The Board of BNA and BlackRock reviewed the reasons for BNA's underperformance during these periods compared with its Peers. The Board of BNA was informed that, among other things, the single biggest factor which impacts performance relative to Peers is BNA's benchmark and its differences with other funds in the BBB-rated corporate debt funds category. Many of the other funds in the category, which have outperformed BNA, carry a lower average credit quality and/or a higher allocation to spread assets including, mortgage-backed securities, investment grade corporates and high yield. This served as a detractor to performance due to the general outperformance of spread sectors and lower quality risk assets compared to U.S. Treasuries and government-related assets during 2009.

The Boards of BHK and BNA and BlackRock discussed BlackRock's strategy for improving each respective Trust's performance and BlackRock's commitment to providing the resources necessary to assist each Trust's portfolio managers and to improve each Trust's performance.



Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

The Boards of HYV, HIS and BHY noted that, in general, HYV, HIS and BHY performed better than their respective Peers in that the performance of each of HYV, HIS and BHY were at or above the median of their Lipper Performance Universe in each of the one-, three- and five-year periods reported.

The Boards of HYT, BKT and BHD noted that, in general, HYT, BKT and BHD performed better than their respective Peers in that the performance of each of HYT, BKT and BHD was at or above the median of their Lipper Performance Universe in two of the one-, three- and five-year periods reported.

The Boards noted that BlackRock has made changes to the organization of the overall fixed income group management structure designed to result in a strengthened leadership team with clearer accountability.

**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 Trusts:** The Boards, including the Independent Board Members, reviewed each Trust's contractual advisory fee rate compared with the other funds in its Lipper category. The Boards also compared each Trust's total expenses, as well as actual management fees, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided each Trust. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Trust. The Boards reviewed BlackRock's profitability with respect to each Trust and other funds the Boards currently oversee for the year ended December 31, 2009 compared to available aggregate profitability data provided for the year ended December 31, 2008. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. Nevertheless, to the extent such information was available, the Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. That data indicates that operating margins for BlackRock with respect to its registered funds are generally consistent with margins earned by similarly situated publicly traded competitors. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly traded asset management firms. That third party data indicates that larger asset bases do not, in themselves, translate to higher profit margins.

In addition, the Boards considered the cost of the services provided to each Trust by BlackRock, and BlackRock's and its affiliates' profits relating to the management and distribution of each Trust and the other funds advised by BlackRock and its affiliates. As part of their analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of each Trust. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high-quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Boards of BHK, HYV, HYT, BKT and BHD noted that their respective Trusts' contractual management fee rate were lower than or equal to the median contractual management fee rates paid by the Trusts' respective Peers, in each case, before taking into account any expense reimbursements or fee waivers.

The Board of HIS noted that HIS's contractual management fee rate was lower than or equal to the median contractual management fee rate paid by HIS's Peers, in each case, before taking into account any expense reimbursements or fee waivers. The Board of HIS also noted that HIS has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of HIS increases above certain contractually specified levels.

The Board of BHY noted that BHY's contractual management fee rate was above the median contractual management fee rate paid by BHY's Peers, in each case, before taking into account any expense reimbursements or fee waivers. The Board of BHY also noted, however, that BHY's actual total expenses, including investment-related expenses (e.g., interest expense related to BHY's use of leverage) and taxes, were lower than

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the median actual total expenses, including investment-related expenses and taxes, of its Peers.

The Board of BNA noted that BNA's contractual management fee rate was above the median contractual management fee rate paid by BNA's Peers, in each case, before taking into account any expense reimbursements or fee waivers. The Board of BNA also noted, however, that BNA's actual management fee rate, after giving effect to any expense reimbursements or fee waivers by BlackRock, was lower than or equal to the median actual management fee rate paid by BNA's Peers, after giving effect to any expense reimbursements or fee waivers.

**D. Economies of Scale:** The Boards, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of each Trust increase. The Boards also considered the extent to which each Trust benefits from such economies and whether there should be changes in the advisory fee rate or structure in order to enable each Trust to participate in these economies of scale, for example through the use of breakpoints, and in the case of HIS, revised breakpoints, in the advisory fee based upon the asset level of each Trust.

#### Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

The Boards noted that most closed-end fund complexes do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering and each fund is managed independently consistent with its own investment objectives. The Boards noted that only one closed-end fund in the Fund Complex, HIS, has breakpoints in its fee structure. Information provided by Lipper also revealed that only one closed-end fund complex with total closed-end fund nets assets exceeding \$10 billion, as of December 31, 2009, used a complex level breakpoint structure.

**E. Other Factors Deemed Relevant by the Board Members:** The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates and significant shareholders may derive from their respective relationships with the Trusts, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates and significant shareholders as service providers to each Trust, including for administrative and distribution services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain mutual fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that BlackRock completed the acquisition of a complex of exchange-traded funds (ETFs) on December 1, 2009, and that BlackRock's funds may invest in such ETFs without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their respective Trust shares in the secondary market if they believe that the Trust's fees and expenses are too high or if they are dissatisfied with the performance of the Trust.

#### Conclusion

The Boards, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and each Trust for a one-year term ending June 30, 2011 and the Sub-Advisory Agreement between the Manager and the Sub-Advisor, with respect to each Trust, for a one-year term ending June 30, 2011. As part of its approval, each Board considered the discussions of BlackRock's fee structure, as it applies to its respective Trust, being conducted by the *ad hoc* Joint Product Pricing Committee. Based upon its evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of each Trust and its shareholders. In arriving at a decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for each Trust reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

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### Automatic Dividend Reinvestment Plans

Pursuant to each Trust's Dividend Reinvestment Plan (the Plan), common shareholders 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 the Trusts declare a dividend or determine to make a capital gain distribution, the Plan Agent will acquire shares for the participants accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Trust (newly issued shares) or (ii) by purchase of outstanding shares on the open market or on the Trust's primary exchange (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 often referred to as a 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 often referred to as a market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Plan Agents are unable to invest the full dividend amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agents will invest any un-invested portion in newly issued shares.

Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

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 Fund reserves the right to amend the Plan to include a service charge payable by the participants. Participants that request a sale of shares through Computer-share Trust Company, N.A. 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: Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1BFM or overnight correspondence should be directed to the Plan Agent at 250 Royall Street, Canton, MA 02021.

## Officers and Trustees

| Name, Address and Year of Birth   | Position(s) Held with Trusts                                      | Length of Time Served as a Trustee <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) | Public Overseen Directorships                                |
|---|---|---|---|---|--|
| <b>Non-Interested Trustees<sup>1</sup></b>  |   |   |   |   |  |
| <b>Richard E. Cavanagh</b><br>55 East 52nd Street<br>New York, NY 10055<br>1946   | Chairman of the Board and Trustee                                 | Since 1994                                      | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service from 1997 to 2009 and Chairman from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer of The Conference Board, Inc. (global business research organization) from 1995 to 2007.  | 100 RICs consisting of 98 Portfolios  | Arch Chemical (chemical and allied products)                 |
| <b>Karen P. Robards</b><br>55 East 52nd Street<br>New York, NY 10055<br>1950      | Vice Chair of the Board, Chair of the Audit Committee and 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; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Director of Enable Medical Corp. from 1996 to 2005; Investment Banker at Morgan Stanley from 1976 to 1987.   | 100 RICs consisting of 98 Portfolios  | AtriCure, Inc. (medical devices)                             |
| <b>Frank J. Fabozzi</b><br>55 East 52nd Street<br>New York, NY 10055<br>1948      | Trustee and Member of the Audit 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; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.   | 100 RICs consisting of 98 Portfolios  | None   |
| <b>Kathleen F. Feldstein</b><br>55 East 52nd Street<br>New York, NY 10055<br>1941 | 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 Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009. | 100 RICs consisting of 98 Portfolios  | The McClatchy Company (publishing)                           |
| <b>James T. Flynn</b><br>55 East 52nd Street<br>New York, NY 10055<br>1939        | Trustee and Member of the Audit Committee                         | Since 2007                                      | Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.  | 100 RICs consisting of 98 Portfolios  | None   |
| <b>Jerrold B. Harris</b><br>55 East 52nd Street<br>New York, NY 10055<br>1942     | Trustee   | Since 2007                                      | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.   | 100 RICs consisting of 98 Portfolios  | BlackRock Kelso Capital Corp. (business development company) |



## Officers and Trustees (continued)

| Name, Address and Year of Birth   | Position(s) Held with Trusts              | Length of Time Served as a Trustee <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-Advised Registered Investment Companies ( RICs ) Consisting of Investment Portfolios ( Portfolios ) | Public Overseen Directorships   |
|---|---|---|---|---|---|
| <b>Non-Interested Trustees<sup>1</sup> (concluded)</b>  |   |   |   |   |   |
| <b>R. Glenn Hubbard</b><br>55 East 52nd Street<br>New York, NY 10055<br>1958  | Trustee                                   | Since 2004                                      | Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003.   | 100 RICs consisting of 98 Portfolios  | ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance) |
| <b>W. Carl Kester</b><br>55 East 52nd Street<br>New York, NY 10055<br>1951  | Trustee and Member of the Audit Committee | Since 2007                                      | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Unit Head, Finance, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981; Independent Consultant since 1978. | 100 RICs consisting of 98 Portfolios  | None  |
| <p><sup>1</sup> Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.</p> <p><sup>2</sup> Date shown is the earliest date a person has served for any of the Trusts covered by this annual report. 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 trustees as joining the Fund's board in 2007, each director first became a member of the board of directors of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995 and Karen P. Robards, 1998.</p> |   |   |   |   |   |
| <b>Interested Trustees<sup>3</sup></b>  |   |   |   |   |   |
| <b>Richard S. Davis</b><br>55 East 52nd Street<br>New York, NY 10055<br>1945  | Trustee                                   | Since 2007                                      | Managing Director, BlackRock, Inc. since 2005; Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005.  | 170 RICs consisting of 291 Portfolios   | None  |
| <b>Henry Gabbay</b><br>55 East 52nd Street<br>New York, NY 10055<br>1947  | Trustee                                   | Since 2007                                      | Consultant, BlackRock, Inc. from 2007 to 2008; Managing Director, BlackRock, Inc. from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to   | 170 RICs consisting of 291 Portfolios   | None  |

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2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.

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- <sup>3</sup> Mr. Davis is an interested person, as defined in the Investment Company Act of 1940, of the Trusts based on his position with BlackRock, Inc. and its affiliates. Mr. Gabbay is an interested person of the Trusts based on his former positions with BlackRock, Inc. and its affiliates as well as his ownership of BlackRock, Inc. and The PNC Financial Services Group, Inc. securities. Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

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AUGUST 31, 2010

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## Officers and Trustees (concluded)

| <b>Name, Address and Year of Birth</b>                                     | <b>Position(s) Held with Trusts</b>         | <b>Length of Time Served</b> | <b>Principal Occupation(s) During Past Five Years</b>   |
|--|---|------------------------------|---|
| <b>Trusts Officers<sup>1</sup></b>   |   |                              |   |
| <b>Anne Ackerley</b><br>55 East 52nd Street<br>New York, NY 10055<br>1962  | President and<br>Chief Executive<br>Officer | Since<br>2009 <sup>2</sup>   | Managing Director of BlackRock, Inc. since 2000; Vice President of the BlackRock-advised Funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group (GCG) since 2009; Chief Operating Officer of BlackRock's US Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006. |
| <b>Brendan Kyne</b><br>55 East 52nd Street<br>New York, NY 10055<br>1977   | Vice<br>President                           | Since 2009                   | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Product Development and Management for BlackRock's US Retail Group since 2009, co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008.  |
| <b>Neal Andrews</b><br>55 East 52nd Street<br>New York, NY 10055<br>1966   | Chief<br>Financial<br>Officer               | Since 2007                   | Managing Director of BlackRock, Inc. since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (US) Inc. from 1992 to 2006.  |
| <b>Jay Fife</b><br>55 East 52nd Street<br>New York, NY 10055<br>1970       | Treasurer                                   | Since 2007                   | Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Assistant Treasurer of the Merrill Lynch Investment Managers, L.P. ( MLIM ) and Fund Asset Management, L.P.-advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.  |
| <b>Brian Kindelan</b><br>55 East 52nd Street<br>New York, NY 10055<br>1959 | Chief<br>Compliance<br>Officer              | Since 2007                   | Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005.   |
| <b>Howard Surloff</b><br>55 East 52nd Street<br>New York, NY 10055<br>1965 | Secretary                                   | Since 2007                   | Managing Director and General Counsel of US Funds at BlackRock, Inc. since 2006; General Counsel (US) of Goldman Sachs Asset Management, L.P. from 1993 to 2006.  |

<sup>1</sup> Officers of the Trusts serve at the pleasure of the Board of Trustees.

<sup>2</sup> Ms. Ackerley has been President and Chief Executive Officer since 2009 and was Vice President from 2007 to 2009.

**Investment Advisor**

BlackRock Advisors, LLC  
Wilmington, DE 19809

**Sub-Advisor<sup>3</sup>**

BlackRock Financial  
Management, Inc.  
New York, NY 10055

**Custodian**

State Street Bank and

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Trust Company  
Boston, MA 02111

**Independent Registered  
Public Accounting Firm**  
Deloitte & Touche LLP  
Princeton, NJ 08540

**Transfer Agent**  
Computershare Trust Company, N.A.  
Providence, RI 02940

**Legal Counsel**  
Skadden, Arps, Slate, Meagher & Flom LLP  
New York, NY 10036

**Accounting Agent**  
State Street Bank and Trust Company  
Princeton, NJ 08540

**Address of the Trusts**  
100 Bellevue Parkway  
Wilmington, DE 19809

<sup>3</sup> For BHK, HYV, HYT, HIS and BHD.

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Additional Information

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**Trust Certification**

Certain 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. The Trusts filed with the Securities and Exchange Commission ( SEC ) the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

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**Dividend Policy**

The Trusts dividend policy is to distribute all or a portion of their net investment income to their shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Trusts may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Trusts during such month. The Trusts current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

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Additional Information (continued)

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**General Information**

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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 Statement of Additional Information of each Trust has not been updated after completion of the respective Trust's offerings and the information contained in each Trust's Statement 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' charter or by-laws that would delay or prevent a change of control of the Trusts that were not approved by shareholders or in the principal risk factors associated with investment in the Trusts. Other than as disclosed below, there have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts' portfolio.

Quarterly performance, semi-annual and annual reports and other information regarding the Trusts 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 the Trusts and does not, and is not intended to, incorporate BlackRock's website into this report.

**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 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.

**Householding**

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 is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded 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 call (800) 441-7762.

**Availability of Quarterly Schedule of Investments**

Each Trust files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Trusts' 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.

**Availability of Proxy Voting Policies and Procedures**

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 (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

**Availability of Proxy Voting Record**

Information about how the Trusts voted proxies relating to securities held in the Trusts' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website

at <http://www.sec.gov>.

## Additional Information (continued)

**Section 19(a) Notices**

These reported amounts and sources of distributions are 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. Each Trust will provide a Form 1099-DIV each calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

August 31, 2010

|     | Total Cumulative Distributions<br>for the Fiscal Year-to-Date |                                     |                         | % Breakdown of the Total Cumulative Distributions<br>for the Fiscal Year-to-Date |                             |                                     |                         |                              |
|-----|---|-------------------------------------|-------------------------|--|-----------------------------|-------------------------------------|-------------------------|------------------------------|
|     | Net<br>Investment<br>Income                                   | Net<br>Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share   | Net<br>Investment<br>Income | Net<br>Realized<br>Capital<br>Gains | Return<br>of<br>Capital | Total Per<br>Common<br>Share |
| BHY | \$ 0.511865   |                                     | \$ 0.010135             | \$ 0.522000  | 98%                         | 0%                                  | 2%                      | 100%                         |
| BKT | \$ 0.288000   |                                     |                         | \$ 0.288000  | 100%                        | 0%                                  | 0%                      | 100%                         |

Each Trust estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment in a Trust is returned to the shareholder. A return of capital does not necessarily reflect a Trust's investment performance and should not be confused with yield or income.

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Additional Information (concluded)

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**BlackRock Privacy Principles**

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BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, *Clients*) and to safeguarding their non-public 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 non-public 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 non-affiliated third parties any non-public personal information about its *Clients*, except as permitted by law or as is necessary to respond to regulatory requests or to service *Client* accounts. These non-affiliated 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 non-public 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 non-public 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. Past performance results shown in this report should not be considered a representation of future performance. 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 the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

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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 (retired effective December 31, 2009)
- Frank J. Fabozzi
- James T. Flynn
- W. Carl Kester
- Karen P. Robards

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. The designation or identification as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

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### Item 4 – Principal Accountant Fees and Services

| Entity Name               | (a) Audit Fees          |                          | (b) Audit-Related Fees <sup>1</sup> |                          | (c) Tax Fees <sup>2</sup> |                          | (d) All Other Fees <sup>3</sup> |                          |
|---------------------------|-------------------------|--------------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------------|--------------------------|
|                           | Current Fiscal Year End | Previous Fiscal Year End | Current Fiscal Year End             | Previous Fiscal Year End | Current Fiscal Year End   | Previous Fiscal Year End | Current Fiscal Year End         | Previous Fiscal Year End |
| BlackRock Core Bond Trust | \$58,300                | \$58,300                 | \$0                                 | \$0                      | \$6,100                   | \$6,100                  | \$0                             | \$1,028                  |

1 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.

2 The nature of the services include tax compliance, tax advice and tax planning.

3 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 per project. 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 the Committee Chairman 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

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(g) Affiliates' Aggregate Non-Audit Fees:

| Entity Name               | Current Fiscal Year End | Previous Fiscal Year End |
|---------------------------|-------------------------|--------------------------|
| BlackRock Core Bond Trust | \$16,877                | \$409,628                |

(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 adviser (not including any non-affiliated sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser 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) – \$10,777, 0%

Item 5 – Audit Committee of Listed Registrants –

- (a) 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 (retired effective December 31, 2009)

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

- (b) Not Applicable

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 adviser ("Investment Adviser") pursuant to the Investment Adviser's proxy voting guidelines. Under these guidelines, the Investment Adviser 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 Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser'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 Adviser's clients. If the Investment Adviser 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 Adviser's Portfolio

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Management Group and/or the Investment Adviser'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 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, 2010.

- (a)(1) The registrant (or "Fund") is managed by a team of investment professionals comprised of Matthew Marra, Managing Director at BlackRock, Inc. and James E. Keenan, Managing Director at BlackRock, Inc. Messrs. Marra 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. Keenan has been a member of the Fund's portfolio management team since 2007. Mr. Marra has been a member of the Fund's portfolio management team since 2009.

| Portfolio Manager | Biography   |
|-------------------|---|
| Matthew Marra     | Deputy Head of Retail and Mutual Fund Products of BlackRock, Inc. since 2010; Managing Director of BlackRock, Inc. since 2006; Director of BlackRock, Inc. from 2002 to 2005.   |
| James E. Keenan   | Managing Director of BlackRock, Inc. since 2010; Director of Quantitative Active Management at Northern Trust Company from 2006 to 2010; Portfolio Manager of Smith Barney Midcap Strategies at Smith Barney/Legg Mason from 2005 to 2006; Head of Quantitative Equity Analysis – Director at Citigroup Asset Management from 1998 to 2005. |

- (a)(2) As of August 31, 2010:

| (i) Name of       | (ii) Number of Other Accounts Managed |                 |                | (iii) Number of Other Accounts and |                |                 |
|-------------------|---------------------------------------|-----------------|----------------|------------------------------------|----------------|-----------------|
|                   | and Assets by Account Type            |                 |                | Assets for Which Advisory Fee is   |                |                 |
|                   | Other                                 |                 |                | Performance-Based                  |                |                 |
|                   | Registered                            | Other Pooled    | Other          | Registered                         | Other Pooled   | Other           |
| Investment        | Investment                            | Other           | Investment     | Investment                         | Other          |                 |
| Portfolio Manager | Companies                             | Vehicles        | Accounts       | Companies                          | Vehicles       | Accounts        |
| Matthew Marra     | 30                                    | 2               | 7              | 0                                  | 0              | 1               |
|                   | \$17.92 Billion                       | \$463.6 Million | \$2.06 Billion | \$0                                | \$0            | \$678.2 Million |
| James E. Keenan   | 23                                    | 21              | 49             | 0                                  | 11             | 6               |
|                   | \$3.14 Billion                        | \$6.74 Billion  | \$6.04 Billion | \$0                                | \$3.91 Billion | \$725.1 Million |

- (iv) Potential Material Conflicts of Interest

BlackRock, Inc., individually and together with its affiliates ("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

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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 to the Fund. In addition, BlackRock, its affiliates and significant shareholders 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 significant shareholders, 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' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and 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 connection, it should be noted that Messrs. Marra and Keenan 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, 2010:

### **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 include the following:

| <b>Portfolio Manager</b> | <b>Applicable Benchmarks</b>   |
|--------------------------|--|
| James Keenan             | A combination of market-based indices (e.g., The Barclays Capital U.S. Corporate High Yield 2% Issuer Capped™ Index), certain customized indices and certain fund industry peer groups.  |
| Matthew Marra            | A combination of market-based indices (e.g., Barclays Capital U.S. Aggregate Bond Index, Barclays Capital Universal Index, Barclays Capital Intermediate Government/Credit 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”)* From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Marra and Keenan have each received awards under the LTIP.

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*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. Messrs. Marra and Keenan have each participated in the deferred compensation program.

**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 3-5% of eligible compensation. 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, 2010.

| <b>Portfolio Manager</b> | <b>Dollar Range of Equity Securities of the Fund Beneficially Owned</b> |
|--------------------------|---|
| Matthew Marra            | None  |
| James E. Keenan          | None  |

(b) Not Applicable

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 – On October 25, 2010, the Board of Trustees of the Fund amended and restated in its entirety the bylaws of the Fund (the "Amended and Restated Bylaws"). The Amended and Restated Bylaws were deemed effective as of October 28, 2010 and set forth, among other things, the processes and procedures that shareholders of the Fund must follow, and specifies additional information that shareholders of the Fund must provide, when proposing trustee nominations at any annual meeting or special meeting in lieu of an annual meeting or other business to be considered at an annual meeting or special meeting.

Item 11 – Controls and Procedures

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- 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 Core Bond Trust

By: /s/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer of  
BlackRock Core Bond Trust

Date: November 5, 2010

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/ Anne F. Ackerley  
Anne F. Ackerley  
Chief Executive Officer (principal executive officer) of  
BlackRock Core Bond Trust

Date: November 5, 2010

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Core Bond Trust

Date: November 5, 2010

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