

BLACKROCK LTD DURATION INCOME TRUST
Form N-CSR
January 09, 2006

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

FORM N-CSR

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

Investment Company Act file number: 811-21349

BlackRock Limited Duration Income Trust

(Exact name of Registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE 19809

(Address of principal executive offices) (Zip code)

Robert S. Kapito, President
BlackRock Limited Duration Income Trust
40 East 52nd Street, New York, NY 10022

(Name and address of agent for service)

Registrant's telephone number, including area code: 888-825-2257

Date of fiscal year end: October 31, 2005

Date of reporting period: October 31, 2005

Item 1. Reports to Shareholders.

The Registrant's annual report to shareholders is as follows:

FIXED INCOME

LIQUIDITY

EQUITIES

ALTERNATIVES

BLACKROCK SOLUTIONS

**BlackRock
Closed-End Funds
Annual Report**

OCTOBER 31, 2005

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

BlackRock Core Bond Trust (BHK)

BlackRock High Yield Trust (BHY)

BlackRock Income Opportunity Trust (BNA)

BlackRock Income Trust Inc. (BKT)

BlackRock Limited Duration Income Trust (BLW)

BlackRock Strategic Bond Trust (BHD)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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Privacy Principles of the Trusts

The Trusts are committed to maintaining the privacy of shareholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information the Trusts collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, the Trusts do not receive any non-public personal information relating to their shareholders, although certain non-public personal information of shareholders may become available to the Trusts. The Trusts do not disclose any non-public personal information about their shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Trusts restrict access to non-public personal information about their shareholders to BlackRock employees with a legitimate business need for the information. The Trusts maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of their shareholders.

LETTER TO SHAREHOLDERS

October 31, 2005

Dear Shareholder:

We are pleased to report that during the annual period, the Trusts provided the opportunity to invest in various portfolios of fixed income securities. This report contains the Trusts' audited financial statements and a listing of the portfolios' holdings.

The portfolio management team continuously monitors the fixed income markets and adjusts the portfolios in order to gain exposure to various issuers and security types. This strategy enables the Trusts to move among different sectors, credits and coupons to capitalize on changing market conditions.

The following table shows the Trusts' yields, closing market prices per share and net asset values (NAV) per share as of October 31, 2005.

| Trust | Yield¹ | Market Price | NAV |
|---|--------------------------|---------------------|------------|
| BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT) | 5.67% | \$ 15.86 | \$ 14.63 |
| BlackRock Core Bond Trust (BHK) | 6.76 | 13.69 | 14.27 |
| BlackRock High Yield Trust (BHY) | 9.02 | 7.36 | 7.48 |
| BlackRock Income Opportunity Trust (BNA) | 6.81 | 10.90 | 11.56 |
| BlackRock Income Trust Inc. (BKT) | 7.48 | 5.90 | 6.54 |
| BlackRock Limited Duration Income Trust (BLW) | 8.36 | 17.48 | 19.17 |
| BlackRock Strategic Bond Trust (BHD) | 8.48 | 12.45 | 13.68 |

¹ Yield is based on market price. Past performance does not guarantee future results.

BlackRock, Inc. (BlackRock), a world leader in asset management, has a proven commitment to managing fixed income securities. As of September 30, 2005, BlackRock managed \$287 billion in fixed income securities, including 20 open-end and 48 closed-end bond funds. BlackRock is recognized for its emphasis on risk management and proprietary analytics and for its reputation managing money for the world's largest institutional investors. BlackRock Advisors, Inc., and its affiliate, BlackRock Financial Management, Inc., which manage the Trusts, are wholly owned subsidiaries of BlackRock, Inc.

On behalf of BlackRock, we thank you for your continued confidence and assure you that we remain committed to excellence in managing your assets.

Sincerely,

Laurence D. Fink
Chief Executive Officer
BlackRock Advisors, Inc.

Ralph L. Schlosstein
President
BlackRock Advisors, Inc.

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TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)
Trust Information

| | |
|--|---------------|
| Symbol on American Stock Exchange: | BCT |
| Initial Offering Date: | June 17, 1993 |
| Closing Market Price as of 10/31/05: | \$15.86 |
| Net Asset Value as of 10/31/05: | \$14.63 |
| Yield on Closing Market Price as of 10/31/05 (\$15.86): ¹ | 5.67% |
| Current Monthly Distribution per Share: ² | \$0.075 |
| Current Annualized Distribution per Share: ² | \$0.900 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|---------|---------|---------|
| Market Price | \$15.86 | \$15.80 | 0.38% | \$16.16 | \$15.25 |
| NAV | \$14.63 | \$15.98 | (8.45)% | \$15.95 | \$14.63 |

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

| Composition | October 31, 2005 | October 31, 2004 |
|--|------------------|------------------|
| U.S. Government and Agency Securities | 46% | 63% |
| Corporate Bonds | 18 | 6 |
| Agency Multiple Class Mortgage Pass-Throughs | 16 | 13 |
| Taxable Municipal Bonds | 9 | 5 |
| Interest Only Mortgage-Backed Securities | 6 | 7 |

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| | | |
|---------------------------------------|---|---|
| Inverse Floating Rate Mortgages | 4 | 4 |
| Mortgage Pass-Through Securities | 1 | 1 |
| Commercial Mortgage-Backed Securities | | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|---------------|------------------|------------------|
| AAA/Aaa | 7% | % |
| AA/Aa | 54 | 42 |
| A | 23 | 43 |
| BBB/Baa | 15 | 13 |
| CCC/Caa | 1 | 2 |

³ Using the higher of Standard & Poor's (S&P), Moody's Investors Service (Moody's) or Fitch Ratings (Fitch) rating. Corporate bonds represented approximately 15.5% and 8.7% of net assets on October 31, 2005 and October 31, 2004, respectively.

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Core Bond Trust (BHK)
Trust Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange: | BHK |
| Initial Offering Date: | November 27, 2001 |
| Closing Market Price as of 10/31/05: | \$ 13.69 |
| Net Asset Value as of 10/31/05: | \$ 14.27 |
| Yield on Closing Market Price as of 10/31/05 (\$13.69): ¹ | 6.76% |
| Current Monthly Distribution per Share: ² | \$ 0.0771 |
| Current Annualized Distribution per Share: ² | \$ 0.9252 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|---------|---------|---------|
| Market Price | \$13.69 | \$14.02 | (2.35)% | \$14.69 | \$13.15 |
| NAV | \$14.27 | \$15.22 | (6.24)% | \$15.36 | \$14.23 |

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

| Composition | October 31, 2005 | October 31, 2004 |
|---------------------------------------|------------------|------------------|
| Corporate Bonds | 42% | 45% |
| U.S. Government and Agency Securities | 31 | 27 |
| Mortgage Pass-Through Securities | 15 | 15 |
| Commercial Mortgage-Backed Securities | 6 | 2 |

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| | | |
|--|---|---|
| Collateralized Mortgage Obligations | 2 | 1 |
| Foreign Government Bonds | 2 | 7 |
| Interest Only Mortgage-Backed Securities | 1 | 2 |
| Asset-Backed Securities | 1 | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|----------------------|-------------------------|-------------------------|
| AAA/Aaa | 5% | 4% |
| AA/Aa | 25 | 21 |
| A | 13 | 26 |
| BBB/Baa | 13 | 19 |
| BB/Ba | 12 | 7 |
| B | 23 | 18 |
| CCC/Caa | 6 | 2 |
| Not Rated | 3 | 3 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 53.3% and 61.6% of net assets on October 31, 2005 and October 31, 2004, respectively.

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock High Yield Trust (BHY)
Trust Information

| | |
|---|-------------------|
| Symbol on New York Stock Exchange: | BHY |
| Initial Offering Date: | December 23, 1998 |
| Closing Market Price as of 10/31/05: | \$ 7.36 |
| Net Asset Value as of 10/31/05: | \$ 7.48 |
| Yield on Closing Market Price as of 10/31/05 (\$7.36): ¹ | 9.02% |
| Current Monthly Distribution per Share: ² | \$ 0.055333 |
| Current Annualized Distribution per Share: ² | \$ 0.663996 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|----------|---------|--------|
| Market Price | \$7.36 | \$9.30 | (20.86)% | \$10.15 | \$7.11 |
| NAV | \$7.48 | \$7.95 | (5.91)% | \$ 8.15 | \$7.33 |

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

Corporate Portfolio Composition

| Composition | October 31, 2005 | October 31, 2004 |
|------------------------|------------------|------------------|
| Energy | 19% | 19% |
| Financial Institutions | 14 | 15 |
| Basic Materials | 12 | 14 |
| Telecommunications | 8 | 11 |
| Media | 7 | 9 |

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| | | |
|---------------------------------|---|---|
| Consumer Products | 7 | 5 |
| Industrials | 6 | 4 |
| Technology | 5 | 2 |
| Health Care | 4 | 4 |
| Transportation | 3 | 4 |
| Entertainment & Leisure | 3 | 3 |
| Building & Development | 3 | 2 |
| Aerospace & Defense | 3 | 2 |
| Containers & Packaging | 2 | 2 |
| Automotive | 2 | 2 |
| Ecological Services & Equipment | 1 | 1 |
| Real Estate | 1 | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|---------------|------------------|------------------|
| BBB/Baa | 3% | 2% |
| BB/Ba | 32 | 31 |
| B | 51 | 54 |
| CCC/Caa | 14 | 11 |
| CC/Ca | | 1 |
| Not Rated | | 1 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 133.8% and 135.4% of net assets on October 31, 2005 and October 31, 2004, respectively.

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Income Opportunity Trust (BNA)
Trust Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange: | BNA |
| Initial Offering Date: | December 20, 1991 |
| Closing Market Price as of 10/31/05: | \$ 10.90 |
| Net Asset Value as of 10/31/05: | \$ 11.56 |
| Yield on Closing Market Price as of 10/31/05 (\$10.90): ¹ | 6.81% |
| Current Monthly Distribution per Share: ² | \$ 0.0619 |
| Current Annualized Distribution per Share: ² | \$ 0.7428 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|---------|---------|---------|
| Market Price | \$10.90 | \$11.38 | (4.22)% | \$11.52 | \$10.49 |
| NAV | \$11.56 | \$12.38 | (6.62)% | \$12.37 | \$11.52 |

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

| Composition | October 31, 2005 | October 31, 2004 |
|--|------------------|------------------|
| U.S. Government and Agency Securities | 37% | 33% |
| Corporate Bonds | 35 | 46 |
| Mortgage Pass-Through Securities | 13 | 14 |
| Agency Multiple Class Mortgage Pass-Through Securities | 5 | 1 |

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| | | |
|--|---|---|
| Commercial Mortgaged-Backed Securities | 4 | |
| Non-Agency Multiple Class Mortgage Pass-Through Securities | 1 | 2 |
| Interest Only Mortgage-Backed Securities | 1 | 2 |
| Interest Only Asset-Backed Securities | 1 | 1 |
| Federal Housing Administration | 1 | 1 |
| Collateralized Mortgage Obligations | 1 | |
| Inverse Floating Rate Mortgage Securities | 1 | |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|---------------|------------------|------------------|
| AAA/Aaa | 8% | 6% |
| AA/Aa | 17 | 18 |
| A | 9 | 21 |
| BBB/Baa | 19 | 27 |
| BB/Ba | 15 | 9 |
| B | 24 | 15 |
| CCC/Caa | 6 | 2 |
| Not Rated | 2 | 2 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 46.6% and 71.2% of net assets on October 31, 2005 and October 31, 2004, respectively.

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Income Trust Inc. (BKT)
Trust Information

| | |
|---|---------------|
| Symbol on New York Stock Exchange: | BKT |
| Initial Offering Date: | July 22, 1988 |
| Closing Market Price as of 10/31/05: | \$ 5.90 |
| Net Asset Value as of 10/31/05: | \$ 6.54 |
| Yield on Closing Market Price as of 10/31/05 (\$5.90): ¹ | 7.48% |
| Current Monthly Distribution per Share: ² | \$ 0.036787 |
| Current Annualized Distribution per Share: ² | \$ 0.44144 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|----------|--------|--------|
| Market Price | \$5.90 | \$7.50 | (21.33)% | \$7.62 | \$5.84 |
| NAV | \$6.54 | \$6.95 | (5.90)% | \$6.95 | \$6.53 |

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

Portfolio Composition

| Composition | October 31, 2005 | October 31, 2004 |
|--|------------------|------------------|
| U.S. Government and Agency Securities | 30% | 32% |
| Mortgage Pass-Through Securities | 23 | 23 |
| Agency Multiple Class Mortgage Pass-Through Securities | 14 | 12 |
| Collateralized Mortgage Obligations | 13 | 10 |
| Interest Only Mortgage-Backed Securities | 7 | 10 |

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| | | |
|--|---|---|
| Principal Only Mortgage-Backed Securities | 5 | 6 |
| Non Agency Multiple Class Mortgage Pass-Through Securities | 2 | |
| Collateralized Mortgage Obligation Residuals | 2 | |
| Federal Housing | 2 | 2 |
| Inverse Floating Rate Mortgage Securities | 1 | 2 |
| Interest Only Asset-Backed Securities | 1 | 1 |
| Commercial Mortgage-Backed Securities | | 2 |

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Limited Duration Income Trust (BLW)
Trust Information

| | |
|--|---------------|
| Symbol on New York Stock Exchange: | BLW |
| Initial Offering Date: | July 30, 2003 |
| Closing Market Price as of 10/31/05: | \$ 17.48 |
| Net Asset Value as of 10/31/05: | \$ 19.17 |
| Yield on Closing Market Price as of 10/31/05 (\$17.48): ¹ | 8.36% |
| Current Monthly Distribution per Share: ² | \$ 0.1218 |
| Current Annualized Distribution per Share: ² | \$ 1.4616 |

¹ 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.

² The distribution is not constant and is subject to change.

The table below summarizes the Trust's market price and NAV:

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|----------|---------|---------|
| Market Price | \$17.48 | \$19.95 | (12.38)% | \$20.33 | \$17.30 |
| NAV | \$19.17 | \$20.13 | (4.77)% | \$20.20 | \$19.03 |

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

| Composition | October 31, 2005 | October 31, 2004 |
|---------------------------------------|------------------|------------------|
| Corporate Bonds | 43% | 43% |
| Bank Loans | 32 | 31 |
| Mortgage Pass-Through Securities | 15 | 16 |
| U.S. Government and Agency Securities | 4 | 4 |

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| | | |
|---------------------------------------|---|---|
| Foreign Government Bonds | 2 | 2 |
| Asset-Backed Securities | 2 | 1 |
| Collateralized Mortgage Obligations | 1 | 2 |
| Interest Only Asset-Backed Securities | 1 | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|---------------|------------------|------------------|
| A | 3% | 5% |
| BBB/Baa | 9 | 12 |
| BB/Ba | 33 | 28 |
| B | 43 | 50 |
| CCC/Caa | 8 | 2 |
| Not Rated | 4 | 3 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 59.8% and 58.2% of net assets on October 31, 2005 and October 31, 2004, respectively.

TRUST SUMMARIES
OCTOBER 31, 2005
BlackRock Strategic Bond Trust (BHD)
Trust Information

| | |
|--|-------------------|
| Symbol on New York Stock Exchange: | BHD |
| Initial Offering Date: | February 26, 2002 |
| Closing Market Price as of 10/31/05: | \$ 12.45 |
| Net Asset Value as of 10/31/05: | \$ 13.68 |
| Yield on Closing Market Price as of 10/31/05 (\$12.45): ¹ | 8.48% |
| Current Monthly Distribution per Share: ² | \$ 0.088 |
| Current Annualized Distribution per Share: ² | \$ 1.056 |

¹ 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.

² The distribution is not constant and is subject to change.

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

| | 10/31/05 | 10/31/04 | Change | High | Low |
|--------------|----------|----------|----------|---------|---------|
| Market Price | \$12.45 | \$16.70 | (25.45)% | \$17.63 | \$12.41 |
| NAV | \$13.68 | \$15.10 | (9.40)% | \$15.14 | \$13.67 |

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

Corporate Portfolio Composition

| Composition | October 31, 2005 | October 31, 2004 |
|------------------------|------------------|------------------|
| Financial Institutions | 21% | 17% |
| Energy | 12 | 13 |
| Media | 10 | 13 |
| Consumer Products | 9 | 5 |
| Telecommunications | 8 | 7 |

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| | | |
|---------------------------------|---|----|
| Health Care | 7 | 7 |
| Aerospace & Defense | 5 | 4 |
| Basic Materials | 5 | 6 |
| Industrials | 4 | |
| Technology | 3 | 3 |
| Entertainment & Leisure | 3 | 3 |
| Automotive | 3 | 10 |
| Real Estate | 2 | 2 |
| Building & Development | 2 | 3 |
| Transportation | 2 | 1 |
| Ecological Services & Equipment | 2 | 3 |
| Conglomerates | 1 | 2 |
| Containers & Packaging | 1 | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2005 | October 31, 2004 |
|----------------------|-------------------------|-------------------------|
| AAA/Aaa | 3% | 4% |
| AA/Aa | 8 | 10 |
| A | 11 | 10 |
| BBB/Baa | 19 | 17 |
| BB/Ba | 11 | 11 |
| B | 36 | 40 |
| CCC/Caa | 9 | 5 |
| Not Rated | 3 | 3 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 122.7% and 134.4% of net assets on October 31, 2005 and October 31, 2004, respectively.

**CONSOLIDATED PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2005**
BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| LONG-TERM INVESTMENTS 86.4% | | | |
| Mortgage Pass-Through Securities 1.1% | | | |
| | | Federal National Mortgage Assoc., | |
| | \$ 461 | 5.50%, 1/01/17 - 2/01/17 | \$ 464,567 |
| | 16 | 6.50%, 7/01/29 | 16,293 |
| Total Mortgage Pass-Through Securities | | | 480,860 |
| Agency Multiple Class Mortgage Pass-Through Securities 13.4% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 2,168 | Ser. 1510, Class G, 7.05%, 5/15/13 | 2,223,631 |
| | 12 | Ser. 1534, Class IG, 5.00%, 2/15/10 | 11,963 |
| | 2,000 | Ser. 1598, Class J, 6.50%, 10/15/08 | 2,046,660 |
| | | Federal National Mortgage Assoc., | |
| | 55 ² | Ser. 13, Class SJ, 8.75%, 2/25/09 | 54,958 |
| | 41 | Ser. 43, Class E, 7.50%, 4/25/22 | 41,920 |
| | 1,000 | Ser. 49, Class H, 7.00%, 4/25/13 | 1,037,610 |
| | 217 | Ser. 214, Class SK, 10.00%, 12/25/08 | 229,144 |
| | 160 ² | Government National Mortgage Assoc., Remic Trust 2000, Ser. 16, Class FD, 4.771%, 12/16/27 | 159,956 |
| Total Agency Multiple Class Mortgage Pass-Through Securities | | | 5,805,842 |
| Inverse Floating Rate Mortgage Securities 3.1% | | | |
| AAA | 228 ² | Citicorp Mortgage Securities, Inc., 10.387%, 11/25/23 | 228,342 |
| | | Federal Home Loan Mortgage Corp., | |
| | 242 ² | Ser. 1425, Class SB, 12.103%, 12/15/07 | 252,299 |
| | 42 ² | Ser. 1506, Class S, 13.658%, 5/15/08 | 44,446 |
| | 106 ² | Ser. 1515, Class S, 13.472%, 5/15/08 | 111,037 |
| | 68 ² | Ser. 1618, Class SA, 8.25%, 11/15/08 | 66,990 |
| | 44 ² | Ser. 1661, Class SB, 13.416%, 1/15/09 | 47,519 |
| | 161 ² | Ser. 1688, Class S, 9.754%, 12/15/13 | 163,693 |
| | | Federal National Mortgage Assoc., | |
| | 146 ² | Ser. 187, Class SB, 16.392%, 10/25/07 | 154,695 |
| | 116 ² | Ser. 191, Class SD, 10.508%, 10/25/08 | 118,205 |
| | 156 ² | Ser. 214, Class SH, 7.73%, 12/25/08 | 150,069 |
| Total Inverse Floating Rate Mortgage Securities | | | 1,337,295 |
| Interest Only Mortgage-Backed Securities 6.0% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 1 | Ser. 65, Class I, 918.03%, 8/15/20 | 1,580 |
| | | Ser. 141, Class H, 1,060.00%, 5/15/21 | 433 |
| | | Ser. 1114, Class J, 1,008.00%, 7/15/06 | 622 |
| | | Ser. 1285 Class M, 1,005.891%, 5/15/07 | 22 |
| | 387 | Ser. 1645, Class IB, 5.00%, 9/15/08 | 15,746 |
| | 1,970 | Ser. 2523, Class EH, 5.50%, 4/15/20 | 176,218 |
| | 1,046 | Ser. 2543, Class II, 5.00%, 10/15/12 | 39,596 |
| | 702 | Ser. 2543, Class IM, 5.00%, 9/15/12 | 12,667 |
| | 2,165 | Ser. 2633, Class PI, 4.50%, 3/15/12 | 75,122 |
| | 2,166 | Ser. 2672, Class TP, 5.00%, 9/15/16 | 42,546 |
| | 5,605 | Ser. 2739, Class PI, 5.00%, 3/15/22 | 542,864 |

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| | | |
|---------------------|--|-----------|
| 2,550 | Ser. 2775, Class UB, 5.00%, 12/15/17 | 115,133 |
| 2,800 | Ser. 2976, Class KI, 5.50%, 11/15/34 | 262,001 |
| | Federal National Mortgage Assoc., | |
| 2 | Ser. 8, Class HA, 1,199.999%, 1/25/08 | 20,024 |
| 2,484 | Ser. 13, Class IG, 5.00%, 10/25/22 | 167,034 |
| 205 ² | Ser. 20, Class SL, 14.853%, 9/25/08 | 28,714 |
| 6 | Ser. 49, Class L, 444.917%, 4/25/13 | 45,063 |
| 4 | Ser. 51, Class K, 1,006.50%, 4/25/07 | 22,593 |
| 12,992 | Ser. 70, Class ID, 5.00%, 4/25/22 | 933,475 |
| | Ser. 72, Class H, 1,183.25%, 7/25/06 | 911 |
| 661 | Ser. 82, Class IR, 5.00%, 9/25/12 | 15,130 |
| 4 ² | Ser. 174, Class S, 124.032%, 9/25/22 | 13,296 |
| 25 | Ser. 194, Class PV, 6.50%, 6/25/08 | 152 |
| 152 ² | Ser. 208, Class S, 3.438%, 2/25/23 | 2,551 |
| 114 | Ser. 223, Class PT, 6.50%, 10/25/23 | 9,405 |
| | Ser. G-21, Class L, 949.50%, 7/25/21 | 6,399 |
| 18,214 ² | Vendee Mortgage Trust, Ser. 1, Class IO, 0.04%, 10/15/31 | 36,975 |
| | | 2,586,272 |
| | Total Interest Only Mortgage-Backed Securities | 2,586,272 |

See Notes to Financial Statements.

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|-------------------|
| Principal Only Mortgage-Backed Security 0.1% | | | |
| Aaa | \$ 30 ³ | Salomon Brothers Mortgage Securities, Inc. VI, Ser. 3, Class A, 12.50%, 10/23/17 | \$ 26,758 |
| Asset-Backed Securities 0.0% | | | |
| NR | 235 ^{2,4,5,6} | Global Rated Eligible Asset Trust, 7.33%, 3/15/06 | 23 |
| NR | 568 ^{2,5,6} | Structured Mortgage Asset Residential Trust, Ser. 2, 8.24%, 3/15/06 | 57 |
| NR | 629 ^{2,5,6} | Ser. 3, 8.724%, 4/15/06 | 63 |
| Total Asset-Backed Securities | | | 143 |
| Corporate Bonds 15.5% | | | |
| Caa2 | 100 | American Airlines, Inc., 10.44%, 3/04/07 | 94,500 |
| Aa2 | 500 | Bank America Corp., 4.75%, 10/15/06 | 499,385 |
| A1 | 500 | Conoco Funding Co., 5.45%, 10/15/06 (Canada) | 503,195 |
| AAA | 500 | General Electric Capital Corp., 2.75%, 9/25/06 | 491,675 |
| BB | 500 | General Motors Acceptance Corp., 6.125%, 9/15/06 | 494,495 |
| AA- | 500 | Goldman Sachs Group, Inc., 2.85%, 10/27/06 | 490,305 |
| BBB+ | 500 ⁴ | Israel Electric Corp., Ltd., 7.25%, 12/15/06 (Israel) | 511,870 |
| A+ | 500 | Lehman Brothers Holdings, Inc., 7.50%, 9/01/06 | 510,530 |
| Aa3 | 1,000 ⁷ | Morgan Stanley Group, Inc., 10.00%, 6/15/08 | 1,120,030 |
| A+ | 500 | SLM Corp., 3.50%, 9/30/06 | 495,635 |
| Aa3 | 500 | Suntrust Bank, 7.25%, 9/15/06 | 509,990 |
| Aa1 | 500 | U.S. Bank NA, 2.85%, 11/15/06 | 489,055 |
| Aa- | 500 | Wachovia Corp., 4.95%, 11/01/06 | 500,390 |
| Total Corporate Bonds | | | 6,711,055 |
| U.S. Government and Agency Securities 39.9% | | | |
| | 192 | Small Business Investment Cos., 6.12%, 2/01/08 | 196,712 |
| | 3,200 | U.S. Treasury Notes, 3.50%, 11/15/06 | 3,172,249 |
| | 1,700 | 5.75%, 11/15/05 | 1,701,129 |
| | 2,000 | 6.00%, 8/15/09 | 2,107,344 |
| | 385 | 6.625%, 5/15/07 | 398,024 |
| | 10,000 | U.S. Treasury Strip, Zero Coupon, 8/15/06 | 9,690,600 |
| Total U.S. Government and Agency Securities | | | 17,266,058 |
| Taxable Municipal Bonds 7.3% | | | |
| AAA | 500 | Fresno California Pension Oblig., 7.80%, 6/01/14 | 569,020 |
| AAA | 500 | Kern County California Pension Oblig., 6.98%, 8/15/09 | 536,180 |
| AAA | 1,000 | Los Angeles County California Pension Oblig., Ser. A, 8.62%, 6/30/06 | 1,025,800 |
| AAA | 500 | Ser. D, 6.97%, 6/30/08 | 526,350 |
| AAA | 500 | Orleans Parish Louisiana School Board, 6.60%, 2/01/08 | 517,491 |
| Total Taxable Municipal Bonds | | | 3,174,841 |
| Total Long-Term Investments (cost \$38,020,098) | | | 37,389,124 |
| SHORT-TERM INVESTMENT 13.2% | | | |
| | 5,700 | U.S. Government and Agency Zero Coupon Security 13.2% FNMA Discount Notes, 3.72%, 11/01/05 ⁸ (cost \$5,700,000) | 5,700,000 |

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| | |
|--|----------------------|
| Total investments 99.6% (cost \$43,720,035) | \$ 43,089,124 |
| Other assets in excess of liabilities 0.4% | 186,880 |
| Net Assets 100% | \$ 43,276,004 |

¹ Using the higher of S&P's, Moody's or Fitch's rating.

² Rate shown is interest rate as of October 31, 2005.

³ Rate shown is interest rate or effective yield as of October 31, 2005 of the underlying collateral.

⁴ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 1.2% of its net assets, with a current market value of \$511,893, in securities restricted as to resale.

⁵ Security is fair valued.

⁶ Illiquid security. As of October 31, 2005, the Trust held less than 0.1% of its net assets, with a current market value of \$143.

⁷ Entire or partial principal amount pledged as collateral.

⁸ Rate shown is the yield to maturity as of October 31, 2005.

⁹ Cost for Federal income tax purposes is \$43,720,035. The net unrealized depreciation on a tax basis is \$630,911, consisting of \$580,134 gross unrealized appreciation and \$1,211,045 gross unrealized depreciation.

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2005
BlackRock Core Bond Trust (BHK)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|--------------|
| LONG-TERM INVESTMENTS 127.5% | | | |
| Mortgage Pass-Through Securities 12.0% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | \$ 1,875 | 3.01%, 4/19/07 | \$ 1,830,731 |
| | 92 | 5.00%, 8/01/33 | 88,416 |
| | 3,215 | 5.50%, 11/01/18 - 6/01/35 | 3,224,845 |
| | 249 | 5.985%, 5/01/32 | 252,464 |
| | 3,678 | 6.00%, 2/01/13 - 12/01/18 | 3,759,822 |
| | 37 | 7.00%, 9/01/31 | 38,908 |
| | 5,200 | TBA, 5.50%, 11/30/35 | 5,131,750 |
| | | Federal National Mortgage Assoc., | |
| | 870 | 1.75%, 6/16/06 | 855,976 |
| | 6,805 | 2.35%, 4/29/06 - 4/05/07 | 6,655,161 |
| | 59 | 4.50%, 2/01/20 | 56,893 |
| | 1,280 | 4.75%, 2/21/13 | 1,251,814 |
| | 13,291 | 5.00%, 11/01/17 | 13,088,163 |
| | 3,920 | 5.50%, 1/01/18 | 3,881,268 |
| | 32 | 6.00%, 8/01/29 - 5/01/33 | 31,774 |
| | 470 | 7.00%, 1/01/31 - 7/01/32 | 490,524 |
| | 400 | TBA, 5.00%, 11/30/20 | 394,500 |
| | 1,700 | TBA, 5.50%, 11/30/35 | 1,676,625 |
| | 397 | Government National Mortgage Assoc., 5.50%, 8/15/33 | 396,846 |
| | | Small Business Administration, | |
| | 964 | Ser. P10B, Class 1, 4.754%, 8/01/14 | 946,772 |
| | 2,169 | Ser. P10B, Class 1, 5.136%, 8/01/13 | 2,179,519 |
| | | Total Mortgage Pass-Through Securities | 46,232,771 |
| | | Federal Housing Administration Security 0.3% | |
| | 1,072 | FHA Hebre Home Hospital, 6.25%, 9/01/28 | 1,104,518 |
| | | Agency Multiple Class Mortgage Pass-Through Securities 6.8% | |
| | | Federal Home Loan Mortgage Corp., | |
| | 2,664 | Ser. 82, Class HJ, 5.50%, 9/25/32 | 2,669,709 |
| | 1,566 | Ser. 2825, Class VP, 5.50%, 6/15/15 | 1,576,404 |
| | 1,300 | Ser. 2883, Class DR, 5.00%, 11/15/19 | 1,248,208 |
| | 3,686 | Ser. 2922, Class GA, 5.50%, 5/15/34 | 3,687,626 |
| | 1,948 | Ser. 2927, Class BA, 5.50%, 10/15/33 | 1,952,321 |
| | 1,921 | Ser. 2933, Class HD, 5.50%, 2/15/35 | 1,926,999 |
| | 1,600 | Ser. 2968, Class EG, 6.00%, 10/15/34 | 1,646,032 |
| | | Federal National Mortgage Assoc., | |
| | 1,670 | Ser. 3, Class AP, 5.50%, 2/25/35 | 1,673,323 |
| | 3,668 | Ser. 5, Class PK, 5.00%, 12/25/34 | 3,609,861 |
| | 2,211 | Ser. 27, Class PC, 5.50%, 5/25/34 | 2,208,899 |
| | 2,228 | Ser. 70, Class NA, 5.50%, 8/25/35 | 2,226,696 |
| | 1,923 | Ser. 118, Class FD, 4.438%, 12/25/33 | 1,931,352 |
| | | Total Agency Multiple Class Mortgage Pass-Through Securities | 26,357,430 |
| | | Interest Only Asset-Backed Securities 1.3% | |
| | | Sterling Coofs Trust, | |
| | 33,862 | Ser. 1, 2.362%, 4/15/29 | 2,793,627 |
| | 30,350 | Ser. 2, 1.00%, 3/30/30 | 2,314,188 |

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| | | | |
|--|-------|---|-----------|
| | | Total Interest Only Asset-Backed Securities | 5,107,815 |
| <hr/> | | | |
| Interest Only Mortgage-Backed Securities 1.0% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| 3,232 | | Ser. 2579, Class HI, 5.00%, 8/15/17 | 411,038 |
| 7,881 | | Ser. 2611, Class QI, 5.50%, 9/15/32 | 1,431,598 |
| 34,378 | | Federal National Mortgage Assoc., 2.663%, 11/25/34 | 1,855,039 |
| | | Total Interest Only Mortgage-Backed Securities | 3,697,675 |
| <hr/> | | | |
| Commercial Mortgage-Backed Securities 8.0% | | | |
| | | Banc of America Commercial Mortgage, Inc., | |
| AAA | 2,190 | Ser. 1, Class A2, 6.503%, 4/15/36 | 2,302,829 |
| AAA | 2,180 | Ser. 1, Class A4, 5.034%, 11/10/42 | 2,177,362 |
| AAA | 1,748 | Ser. 11, Class 2CB1, 6.00%, 12/25/34 | 1,733,057 |
| AAA | 2,271 | Commercial Mortgage Acceptance Corp., 6.03%, 9/15/30 | 2,304,811 |
| AAA | 2,720 | CS First Boston Mortgage Securities Corp., 4.94%, 12/15/35 | 2,672,090 |
| AAA | 1,922 | GMAC Commercial Mortgage Securities, Inc., 7.179%, 8/15/36 | 2,037,621 |
| AAA | 2,776 | GS Mortgage Securities Corp. II, 6.135%, 10/18/30 | 2,831,937 |
| AAA | 1,677 | Heller Financial Commercial Mortgage Asset Co., 6.847%, 5/15/31 | 1,746,897 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|--------------|
| Commercial Mortgage-Backed Securities (cont d) | | | |
| | | JP Morgan Chase Commercial Mortgage Securities Corp., | |
| AAA | \$ 2,140 | Ser. C1, Class A3, 5.857%, 10/12/35 | \$ 2,220,828 |
| AAA | 2,180 | Ser. CBX, Class A4, 4.529%, 1/12/37 | 2,115,886 |
| AAA | 1,790 | JP Morgan Commercial Mortgage Finance Corp., 7.371%, 8/15/32 | 1,928,993 |
| AAA | 2,797 | Morgan Stanley Cap. Trust I, 6.48%, 11/15/30 | 2,886,180 |
| AAA | 3,500 | Salomon Brothers Mortgage Securities VII, 7.52%, 12/18/09 | 3,785,150 |
| Total Commercial Mortgage-Backed Securities | | | 30,743,641 |
| Collateralized Mortgage Obligations 2.8% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 1,377 | Ser. 2582, Class TB, 3.50%, 10/15/21 | 1,370,775 |
| | 3,271 | Ser. 2806, Class VC, 6.00%, 12/15/19 | 3,324,874 |
| AAA | 3,150 | First Union National Bank Commercial Mortgage, 6.423%, 8/15/33 | 3,323,124 |
| AAA | 2,928 | Structured Asset Secs. Corp., 3.45%, 2/25/32 | 2,640,833 |
| Total Collateralized Mortgage Obligations | | | 10,659,606 |
| Corporate Bonds 53.3% | | | |
| Aerospace & Defense 2.5% | | | |
| NR | 365 | Aero Invest, 10.634%, 3/22/15 (Luxembourg) (EUR) | 432,338 |
| B+ | 30 | Armor Holdings, Inc., 8.25%, 8/15/13 | 32,400 |
| B- | 2,220 | BE Aerospace, Inc., 8.875%, 5/01/11 | 2,336,550 |
| | | Lockheed Martin Corp., | |
| BBB+ | 380 | 7.20%, 5/01/36 | 453,397 |
| BBB+ | 1,175 | 8.50%, 12/01/29 | 1,592,055 |
| | | Northrop Grumman Corp., | |
| BBB+ | 615 | 4.079%, 11/16/06 | 610,591 |
| BBB+ | 380 | 7.125%, 2/15/11 | 414,135 |
| BBB+ | 960 | 7.875%, 3/01/26 | 1,198,143 |
| NR | 1,190 | Raytheon Co., 7.00%, 5/15/06 | 1,242,324 |
| BB | 90 | Sequa Corp., 8.875%, 4/01/08 | 92,925 |
| A+ | 1,125 | United Technologies Corp., 4.875%, 5/01/15 | 1,103,580 |
| | | | 9,508,438 |
| Automotive 0.8% | | | |
| B- | 240 | Accuride Corp., 8.50%, 2/01/15 | 226,800 |
| BB+ | 75 | Arvinmeritor, Inc., 8.75%, 3/01/12 | 70,875 |
| A3 | 660 | DaimlerChrysler NA Holding Corp., 7.45%, 3/01/27 | 695,571 |
| Caa1 | 1,500 | Delco Remy Intl., Inc., 11.00%, 5/01/09 | 723,750 |
| B- | 100 | Goodyear Tire & Rubber Co., 7.857%, 8/15/11 | 96,250 |
| CCC+ | 300 ² | Metaldyne Corp., 11.00%, 11/01/13 | 269,250 |
| BB | 170 | Navistar Intl. Corp., 6.25%, 3/01/12 | 152,575 |
| BB- | 742 | TRW Automotive, Inc., 9.375%, 2/15/13 | 797,650 |
| | | | 3,032,721 |
| Basic Materials 2.8% | | | |
| BB- | 220 | Abitibi-Consolidated, Inc., 8.375%, 4/01/15 (Canada) | 204,050 |
| B- | 80 ² | BCI US Finance Corp/Borden 2 Nova Scotia Finance ULC, 9.65%, 7/15/10 | 80,800 |
| B- | 4,330 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 4,210,925 |
| BB- | 150 | Donohue Forest Products, 7.625%, 5/15/07 (Canada) | 151,875 |
| B | 66 | Huntsman LLC, 11.50%, 7/15/12 | 74,580 |

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| | | | |
|------|--------------------|--|------------|
| BB | 70 | IMC Global, Inc., 10.875%, 6/01/08 | 78,225 |
| CCC+ | 1,045 ² | Innophos, Inc., 9.125%, 8/15/14 | 1,058,062 |
| BBB | 130 | Ispat Inland ULC, 9.75%, 4/01/14 (Canada) | 147,550 |
| BB- | 3,600 | Lyondell Chemical Co., 9.50%, 12/15/08 | 3,771,000 |
| CCC+ | 380 | NewPage Corp., 10.00%, 5/01/12 | 347,700 |
| B- | 150 ² | PQ Corp., 7.50%, 2/15/13 | 136,500 |
| | | Rhodia SA (France), | |
| CCC+ | 260 | 8.875%, 6/01/11 | 245,050 |
| B3 | 25 | 10.25%, 6/01/10 | 26,563 |
| BBB- | 150 ² | Southern Peru Copper Corp., 7.50%, 7/27/35 | 145,875 |
| BBB | 275 | Teck Cominco Ltd., 6.125%, 10/01/35 (Canada) | 259,498 |
| | | | 10,938,253 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|-----------|
| Building & Development 1.7% | | | |
| B- | \$ 75 ² | Ahern Rentals, Inc., 9.25%, 8/15/13 | \$ 76,594 |
| B2 | 200 ² | Compression Polymers Corp., 10.50%, 7/01/13 | 182,000 |
| B- | 730 ² | Goodman Global Holding Co., Inc., 7.875%, 12/15/12 | 689,850 |
| BB+ | 3,000 | Hovnanian Enterprises, Inc., 10.50%, 10/01/07 | 3,225,000 |
| BB+ | 1,120 | Hovnanian K Enterprises, Inc., 6.25%, 1/15/16 | 1,002,400 |
| BB+ | 775 | KB Home, 6.25%, 6/15/15 | 728,500 |
| B | 175 | North American Energy Partners, Inc., 9.00%, 6/01/10 (Canada) | 182,000 |
| BBB+ | 455 | Pulte Homes, Inc., 6.00%, 2/15/35 | 394,749 |
| | | | 6,481,093 |
| Conglomerates 0.0% | | | |
| BB- | 30 | Stena AB, 7.00%, 12/01/16 (Sweden) | 27,750 |
| Consumer Products 2.2% | | | |
| B3 | 90 | ALH Finance LLC, 8.50%, 1/15/13 | 81,450 |
| | | Conveo Corp., | |
| B3 | 250 | 7.875%, 12/01/13 | 230,625 |
| B1 | 175 | 9.625%, 3/15/12 | 184,625 |
| BB+ | 440 | Delhaize America, Inc., 9.00%, 4/15/31 | 494,459 |
| BBB+ | 530 | Federated Dept. Stores, Inc., 6.79%, 7/15/27 | 539,201 |
| B2 | 480 | Finlay Fine Jewelry Corp., 8.375%, 6/01/12 | 408,000 |
| B2 | 80 | Gold Kist, Inc., 10.25%, 3/15/14 | 90,400 |
| | | GSC Holdings Corp., | |
| Ba3 | 60 ² | 7.875%, 10/01/11 | 60,375 |
| Ba3 | 120 ² | 8.00%, 10/01/12 | 117,000 |
| B- | 690 ² | Knowledge Learning Corp., Inc., 7.75%, 2/01/15 | 641,700 |
| B- | 330 | Lazydays RV Center, Inc., 11.75%, 5/15/12 | 343,200 |
| B | 385 | Levi Strauss & Co., 8.804%, 4/01/12 | 382,594 |
| | | May Dept. Stores Co., | |
| BBB+ | 25 | 6.70%, 7/15/34 | 25,555 |
| BBB+ | 230 | 7.875%, 3/01/30 | 267,833 |
| B3 | 720 | Movie Gallery, Inc., 11.00%, 5/01/12 | 576,000 |
| B- | 1,000 | Pantry, Inc., The, 7.75%, 2/15/14 | 982,500 |
| BB- | 200 ² | Quiksilver, Inc., 6.875%, 4/15/15 | 185,500 |
| B- | 865 ² | Rite Aid Corp., 6.125%, 12/15/08 | 813,100 |
| CCC+ | 235 ² | Rural/Metro Corp., 9.875%, 3/15/15 | 245,575 |
| B | 2,100 | Sonic Automotive, Inc., 8.625%, 8/15/13 | 1,989,750 |
| | | | 8,659,442 |
| Containers & Packaging 0.8% | | | |
| | | Crown European Holdings SA, | |
| B+ | 200 | 9.50%, 3/01/11 (France) | 220,000 |
| B | 800 | 10.875%, 3/01/13 (France) | 944,000 |
| CCC+ | 60 | Graham Packaging Co., Inc., 9.875%, 10/15/14 | 56,850 |
| B | 1,500 | Owens Brockway, 8.25%, 5/15/13 | 1,526,250 |
| CCC+ | 170 ² | Pregis Corp., 12.375%, 10/15/13 | 166,600 |
| | | | 2,913,700 |
| Ecological Services & Equipment 0.1% | | | |
| BB- | 230 | Allied Waste NA, Inc., 5.75%, 2/15/11 | 213,900 |

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| Energy 6.0% | | | |
|--------------------|------------------|--|-----------|
| BBB+ | 565 | Anadarko Finance Co. Ser. B, 7.50%, 5/01/31 (Canada) | 678,599 |
| | | ANR Pipeline Co., | |
| B1 | 260 | 7.375%, 2/15/24 | 270,725 |
| B1 | 810 | 9.625%, 11/01/21 | 980,100 |
| B2 | 1,365 | Aquila Finance Corp., 7.75%, 6/15/11 (Canada) | 1,392,300 |
| | | Calpine Corp., | |
| B- | 80 ² | 8.50%, 7/15/10 | 56,200 |
| B | 150 ² | 9.625%, 9/30/14 | 152,250 |
| CCC | 30 | Calpine Energy Finance ULC (Canada), 8.50%, 5/01/08 (Canada) | 16,275 |
| CCC+ | 260 | Calpine Generating Co. LLC, 11.50%, 4/01/11 | 237,575 |
| B- | 250 ² | Clayton Williams Energy, Inc., 7.75%, 8/01/13 | 241,250 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Energy (cont d) | | | |
| | | CMS Energy Corp., | |
| BB- | \$ 30 | 7.50%, 1/15/09 | \$ 31,050 |
| BB- | 100 | 9.875%, 10/15/07 | 107,500 |
| Ba3 | 160 ² | Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France) | 166,400 |
| BBB | 1,980 | Devon Financing Corp. LLC, 7.875%, 9/30/31 | 2,429,500 |
| BBB+ | 400 | Dominion Resources, Inc./VA, 5.95%, 6/15/35 | 381,972 |
| B2 | 690 | Dresser, Inc., 9.375%, 4/15/11 | 719,325 |
| | | Dynegy Holdings, Inc., | |
| B+ | 70 ² | 9.875%, 7/15/10 | 75,250 |
| B+ | 1,125 ² | 10.125%, 7/15/13 | 1,237,500 |
| | | El Paso CGP Co., | |
| B- | 250 | 7.42%, 2/15/37 | 226,250 |
| B- | 65 | 9.625%, 5/15/12 | 71,256 |
| B- | 150 | 10.75%, 10/01/10 | 163,688 |
| B- | 100 | El Paso Corp., 7.80%, 8/01/31 | 99,125 |
| | | El Paso Natural Gas Co., | |
| B1 | 850 | 7.625%, 8/01/10 | 888,250 |
| B1 | 225 | 8.375%, 6/15/32 | 248,062 |
| B1 | 265 | 8.625%, 1/15/22 | 296,800 |
| Ba2 | 130 | Elwood Energy LLC, 8.159%, 7/05/26 | 144,035 |
| A- | 350 | EnCana Corp., 6.50%, 8/15/34 (Canada) | 383,701 |
| BBB- | 925 | Enterprise Products Operating LP, 5.75%, 3/01/35 | 825,698 |
| B | 70 | Exco Resources, Inc., 7.25%, 1/15/11 | 71,400 |
| BBB- | 665 | FirstEnergy Corp., 7.375%, 11/15/31 | 757,277 |
| | | Florida Power & Light Co., | |
| AA- | 525 | 4.95%, 6/01/35 | 468,541 |
| AA- | 100 | 5.40%, 9/01/35 | 95,626 |
| BBB | 175 | Halliburton Co., 7.60%, 8/15/96 | 201,212 |
| | | Hilcorp Energy I LP/Hilcorp Finance Corp., | |
| B | 90 ² | 7.75%, 11/01/15 | 90,000 |
| B | 49 ² | 10.50%, 9/01/10 | 54,880 |
| | | KCS Energy, Inc., | |
| B- | 60 | 7.125%, 4/01/12 | 61,050 |
| B- | 110 ² | 7.125%, 4/01/12 | 112,200 |
| A- | 700 | Midamerican Energy Co., 5.75%, 11/01/35 | 687,725 |
| B+ | 99 | Midwest Generation LLC, 8.56%, 1/02/16 | 108,287 |
| B2 | 590 | Mission Energy Holdings Co., 13.50%, 7/15/08 | 685,875 |
| A- | 360 | Occidental Petroleum Corp., 7.20%, 4/01/28 | 431,438 |
| B2 | 130 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 154,050 |
| BBB+ | 790 | Peco Energy Cap. Trust IV, 5.75%, 6/15/33 | 728,092 |
| Baa1 | 1,650 ² | Pemex Project Funding Master Trust, 9.625%, 12/02/08 | 1,866,562 |
| BBB | 720 | Petro Canada, 5.95%, 5/15/35 (Canada) | 704,628 |
| B | 25 | Range Resources Corp., 6.375%, 3/15/15 | 25,063 |
| BB- | 40 | Reliant Energy, Inc., 6.75%, 12/15/14 | 37,100 |
| Aa1 | 290 ² | SP PowerAssets Ltd., 5.00%, 10/22/13 | 287,912 |
| A- | 295 | Suncor Energy, Inc., 5.95%, 12/01/34 (Canada) | 305,612 |
| B2 | 320 ² | Targa Resources, Inc., 8.50%, 11/01/13 | 324,800 |
| AA | 1,050 | Texaco Cap. Inc., 8.875%, 9/01/21 | 1,431,171 |
| BB+ | 20 | Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26 | 21,625 |
| A3 | 725 | Virginia Electric & Power Co., 5.75%, 3/31/06 | 728,349 |
| B2 | 45 ² | Whiting Petroleum Corp., 7.00%, 2/01/14 | 45,113 |
| | | | 23,006,224 |
| Entertainment & Leisure 0.7% | | | |
| B1 | 1,000 | Circus & Eldorado Joint Venture, 10.125%, 3/01/12 | 1,045,000 |
| B- | 150 | Gaylord Entertainment Co., 6.75%, 11/15/14 | 144,000 |

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| | | | |
|-----|------------------|--|-----------|
| B | 110 | Poster Financial Group, Inc., 8.75%, 12/01/11 | 112,200 |
| B | 1,000 | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 | 1,112,500 |
| B+ | 100 ² | San Pasqual Casino, 8.00%, 9/15/13 | 100,000 |
| BB- | 260 ² | Seneca Gaming Corp., 7.25%, 5/01/12 | 266,500 |
| B+ | 115 | Wynn Las Vegas LLC/Wynn Las Vegas Cap. Corp., 6.625%, 12/01/14 | 109,537 |
| | | | <hr/> |
| | | | 2,889,737 |
| | | | <hr/> |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|--|------------|
| Financial Institutions 19.6% | | | |
| AA | \$ 550 ^{2,3} | Allstate Financial Global Funding II, 2.625%, 10/22/06 | \$ 536,833 |
| BB | 320 ² | American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13 | 310,400 |
| | | Bank of America Corp., | |
| Aa2 | 765 | 3.25%, 8/15/08 | 733,222 |
| Aa2 | 1,640 | 3.375%, 2/17/09 | 1,566,315 |
| Aa2 | 1,645 | 4.50%, 8/01/10 | 1,607,905 |
| Aa2 | 325 | Bank One Corp., 3.70%, 1/15/08 | 317,194 |
| Aa2 | 1,400 | BankBoston NA, 6.375%, 3/25/08-4/15/08 | 1,445,869 |
| | | Barclays Bank PLC, | |
| NR | 240 | 6.278%, 12/15/49 | 227,475 |
| AA | 170 ² | 6.86%, 9/29/49 (United Kingdom) | 181,050 |
| B- | 60 | BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg) | 66,000 |
| AA | 350 ² | Belvoir Land LLC, 5.27%, 12/15/47 | 329,088 |
| | | Berkshire Hathaway Finance Corp., | |
| AAA | 1,200 | 3.40%, 7/02/07 | 1,172,080 |
| AAA | 1,440 | 4.125%, 1/15/10 | 1,397,563 |
| AAA | 1,175 | 4.75%, 5/15/12 | 1,155,671 |
| B- | 75 ² | Borden US Finance Corp./Nova Scotia Finance ULC, 9.00%, 7/15/14 | 73,875 |
| AA+ | 600 | CitiFinancial, 6.25%, 1/01/08 | 616,842 |
| | | Citigroup, Inc., | |
| AA+ | 3,010 | 3.625%, 2/09/09 | 2,894,536 |
| AA+ | 5,470 | 4.125%, 2/22/10 | 5,290,857 |
| AA+ | 1,960 | 4.25%, 7/29/09 | 1,913,666 |
| AA+ | 325 | 5.85%, 12/11/34 | 329,696 |
| AA | 185 | 6.00%, 10/31/33 | 187,856 |
| AA+ | 525 | 6.875%, 2/15/98 | 586,903 |
| BB | 1,080 | Crum & Forster Hldgs. Corp., 10.375%, 6/15/13 | 1,155,600 |
| AAA | 2,150 ² | Depfa ACS Bank, 4.25%, 8/16/10 (Ireland) | 2,093,567 |
| AA- | 900 | Deutsche Bank AG Ny, 3.843%, 3/15/07 | 893,430 |
| B+ | 120 ² | E*Trade Financial Corp., 7.375%, 9/15/13 | 118,200 |
| BB | 200 | Fairfax Financial Holdings Ltd., 7.75%, 4/26/12 (Canada) | 182,000 |
| AAA | 3,625 ³ | General Electric Capital Corp., 3.45%, 1/15/08 | 3,591,142 |
| | | HBOS Treasury Services PLC, | |
| AA+ | 855 ² | 3.60%, 8/15/07 (United Kingdom) | 838,165 |
| AA+ | 825 ² | 3.75%, 9/30/08 | 800,159 |
| AA- | 1,820 | Household Fin. Corp., 4.75%, 5/15/09 | 1,799,707 |
| AA- | 635 | Household Finance Corp., 6.375%, 8/01/10 | 667,379 |
| | | HSBC Bank USA, Inc., | |
| AA | 430 | 3.875%, 9/15/09 | 413,871 |
| AA- | 775 | 5.875%, 11/01/34 | 778,038 |
| AA | 1,500 ² | Irwin Land LLC, 5.40%, 12/15/47 | 1,413,975 |
| | | JP Morgan Chase & Co., | |
| Aa3 | 965 | 5.25%, 5/30/07 | 971,726 |
| Aa3 | 600 | 5.35%, 3/01/07 | 604,284 |
| B- | 255 | K&F Acquisition, Inc., 7.75%, 11/15/14 | 255,000 |
| BBB | 825 ² | Liberty Mutual Group, 6.50%, 3/15/35 | 766,084 |
| AA | 1,150 ² | Metropolitan Global Funding I, 4.25%, 7/30/09 | 1,117,834 |
| A | 1,505 | Metlife, Inc., 5.70%, 6/15/35 | 1,449,420 |
| AA- | 2,125 ² | Nationwide Building Society, 3.50%, 7/31/07 (United Kingdom) | 2,078,569 |
| B- | 410 ² | Nell AF, 8.375%, 8/15/15 (Luxembourg) | 393,600 |
| AAA | 850 ² | New York Life Global Funding, 3.875%, 1/15/09 | 823,659 |
| | | Prudential Funding LLC, | |
| A | 500 | 5.40%, 6/13/35 | 461,455 |
| AA- | 1,000 ² | 6.60%, 5/15/08 | 1,039,490 |
| | | Rainbow National Services LLC, | |
| B+ | 200 ² | 8.75%, 9/01/12 | 210,000 |
| B+ | 1,230 ² | 10.375%, 9/01/14 | 1,356,075 |
| AA | 650 | Royal Bank of Scotland Group PLC, 7.648%, 8/31/49 (United Kingdom) | 768,645 |
| A+ | 4,220 | SLM Corp., 3.625%, 3/17/08 | 4,101,587 |

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| | | | |
|----|-------|--|-----------|
| B- | 450 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 428,625 |
| NR | 3,511 | Structured Asset Receivable Trust, 1.649%, 1/21/10 See Notes to Financial Statements. | 3,516,526 |

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|------------|
| Financial Institutions (cont d) | | | |
| A2 | \$ 800 ² | Sumitomo Mitsui Banking Corp., 5.625%, 12/31/49 (Japan) | \$ 782,478 |
| Aa2 | 1,265 | SunTrust Bank, Inc., 4.415%, 6/15/09 | 1,241,092 |
| | | SunTrust Banks, Inc., | |
| Aa3 | 1,635 | 3.625%, 10/15/07 | 1,597,738 |
| Aa3 | 995 | 4.00%, 10/15/08 | 970,344 |
| AAA | 235 ² | TIAA Global Markets, Inc., 3.875%, 1/22/08 | 230,067 |
| Aa2 | 375 | U.S. Bancorp, 3.95%, 8/23/07 | 369,383 |
| B- | 50 | Universal City Florida Hldg. Co. III, 9.00%, 5/01/10 | 51,000 |
| | | US Bank National Assoc., | |
| Aa1 | 1,380 | 2.87%, 2/01/07 | 1,347,598 |
| Aa2 | 2,790 | 6.50%, 2/01/08 | 2,884,609 |
| AAA | 495 ² | USAA Capital Corp., 4.00%, 12/10/07 | 487,040 |
| AA- | 4,200 | Wachovia Corp., 3.50%, 8/15/08 | 4,056,780 |
| | | Wells Fargo & Co., | |
| Aa1 | 1,031 | 3.12%, 8/15/08 | 983,955 |
| Aa1 | 680 | 4.00%, 8/15/08 | 665,570 |
| Aa1 | 355 | 4.20%, 1/15/10 | 344,361 |
| Aa1 | 1,665 | 4.625%, 8/09/10 | 1,636,728 |
| BB- | 50 | Western Financial Bank, 9.625%, 5/15/12 | 56,625 |
| | | | 75,734,076 |
| Health Care 1.0% | | | |
| CCC | 20 | Curative Health Services, Inc., 10.75%, 5/01/11 | 13,500 |
| B | 340 ² | Elan Finance Corp., 7.75%, 11/15/11 (Ireland) | 299,200 |
| B | 420 ² | Insight Health Services Corp., 9.174%, 11/01/11 | 397,950 |
| | | Tenet Healthcare Corp., | |
| B | 70 | 6.375%, 12/01/11 | 61,075 |
| B | 475 | 9.875%, 7/01/14 | 463,125 |
| B3 | 2,000 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 2,165,000 |
| B- | 410 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 414,100 |
| BBB+ | 85 | WellPoint, Inc., 5.95%, 12/15/34 | 86,334 |
| | | | 3,900,284 |
| Industrials 1.7% | | | |
| B- | 70 ² | Chart Industries, Inc., 9.125%, 10/15/15 | 69,125 |
| Caa1 | 1,340 ² | DI Finance/DynCorp. Intl., 9.50%, 2/15/13 | 1,386,900 |
| B- | 635 | ERICO Intl. Corp., 8.875%, 3/01/12 | 654,050 |
| Caa1 | 360 ² | Hydrochem Industrial Services, 9.25%, 2/15/13 | 328,500 |
| B- | 390 | NationsRent Cos., Inc., 9.50%, 5/01/15 | 404,625 |
| CCC+ | 420 | Park-Ohio Inds., Inc., 8.375%, 11/15/14 | 366,450 |
| B3 | 480 ² | Sunstate Equipment Co. LLC, 10.50%, 4/01/13 | 484,800 |
| B | 2,000 | Terex Corp., 9.25%, 7/15/11 | 2,130,000 |
| CCC+ | 375 | Trimas Corp., 9.875%, 6/15/12 | 305,625 |
| Caa1 | 305 | United Rentals NA, Inc., 7.00%, 2/15/14 | 277,550 |
| | | | 6,407,625 |
| Media 4.4% | | | |
| B- | 430 | Allbritton Communications Co., 7.75%, 12/15/12 | 427,850 |
| CCC+ | 340 | American Media Operations, Inc., 10.25%, 5/01/09 | 323,000 |
| | | AOL Time Warner, Inc., | |
| BBB+ | 90 | 6.625%, 5/15/29 | 90,837 |
| BBB+ | 3,040 | 7.57%, 2/01/24 | 3,388,810 |

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| | | | |
|------|--------------------|--|-----------|
| BBB+ | 205 | 7.625%, 4/15/31 | 232,478 |
| BBB+ | 85 | 7.70%, 5/01/32 | 97,256 |
| BBB | 725 ² | BSKYB Finance UK PLC, 6.50%, 10/15/35 (United Kingdom) | 710,319 |
| NR | 510 | Cablecom SCA, 4.935%, 4/30/12 (Luxembourg) (EUR) | 617,064 |
| CCC+ | 2,799 ² | CCH I LLC, 11.00%, 10/01/15 | 2,522,599 |
| CCC+ | 810 | Charter Communications Holdings II, LLC/Charter Communications Holdings II Cap. Corp., 10.25%, 9/15/10 | 812,025 |
| BBB+ | 1,535 | Comcast Corp., 7.05%, 3/15/33 | 1,642,834 |
| BB- | 125 | Echostar DBS Corp., 7.304%, 10/01/08 | 127,187 |
| B | 250 | General Cable Corp., 9.50%, 11/15/10 | 263,125 |
| CCC+ | 100 ² | iesy Repository GmbH, 10.375%, 2/15/15 (Germany) | 107,250 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|--------------|
| Media (cont d) | | | |
| | | News America Holdings, Inc., | |
| BBB | \$ 985 | 7.625%, 11/30/28 | \$ 1,095,330 |
| BBB | 825 | 7.70%, 10/30/25 | 921,335 |
| BBB | 735 | News America, Inc., 6.20%, 12/15/34 | 713,119 |
| B3 | 160 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 141,600 |
| B2 | 440 | Primedia, Inc., 9.715%, 5/15/10 | 448,800 |
| B | 200 | Sinclair Broadcast Group, Inc., 8.75%, 12/15/11 | 211,000 |
| | | TCI Communications, Inc., | |
| BBB+ | 200 | 7.125%, 2/15/28 | 213,190 |
| BBB+ | 620 | 7.875%, 8/01/13 - 2/15/26 | 710,705 |
| | | Vertis, Inc., | |
| Caa1 | 655 | 10.875%, 6/15/09 | 609,150 |
| Caa2 | 90 ² | 13.50%, 12/07/09 | 69,300 |
| Caa1 | 670 | Young Broadcasting, Inc., 10.00%, 3/01/11 | 629,800 |
| | | | 17,125,963 |
| Real Estate 1.8% | | | |
| BB | 3,165 | American Real Estate Partners, 8.125%, 6/01/11 | 3,252,037 |
| | | AvalonBay Communities, Inc., | |
| BBB+ | 350 | 6.625%, 9/15/11 | 370,955 |
| BBB+ | 775 | 8.25%, 7/15/08 | 834,512 |
| | | Rouse Co., | |
| BB+ | 895 | 3.625%, 3/15/09 | 832,780 |
| BB+ | 1,650 | 5.375%, 11/26/13 | 1,554,498 |
| | | | 6,844,782 |
| Technology 0.8% | | | |
| B | 250 | Celestica, Inc. (Canada), 7.625%, 7/01/13 (Canada) | 241,875 |
| BB- | 805 | Lucent Technologies, Inc., 6.50%, 1/15/28 | 684,250 |
| Ba3 | 100 | MagnaChip Semiconductor SA/Magna Semiconductor Finance Co., 7.12%, 12/15/11 (Luxembourg) | 97,500 |
| B+ | 100 | Sanmina-SCI Corp., 6.75%, 3/01/13 | 94,250 |
| BB | 40 | Stats Chippac Ltd., 7.50%, 7/19/10 (Singapore) | 40,200 |
| | | Sungard Data Systems, Inc., | |
| B- | 110 ² | 8.525%, 8/15/13 | 113,300 |
| B- | 350 ² | 9.125%, 8/15/13 | 357,875 |
| B- | 425 ² | 10.25%, 8/15/15 | 420,750 |
| B | 835 | Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12 | 826,650 |
| B- | 310 | UGS Corp., 10.00%, 6/01/12 | 339,450 |
| | | | 3,216,100 |
| Telecommunications 4.9% | | | |
| A | 2,000 ² | Bellsouth Corp., 4.258%, 4/26/21 | 1,994,620 |
| A | 1,700 | Bellsouth Telecommunications, 4.258%, 4/26/06 | 843,914 |
| BB- | 210 | Cincinnati Bell, Inc., 7.25%, 7/15/13 | 218,925 |
| A- | 25 | Deutsche Telekom Intl. Finance BV, 8.75%, 6/15/30 | 31,526 |
| B- | 190 ² | Hawaiian Telcom Communications, Inc., 9.948%, 5/01/13 | 187,625 |
| | | Intelsat Ltd., | |
| Caa1 | 175 | 5.25%, 11/01/08 | 159,250 |
| B2 | 65 ² | 8.25%, 1/15/13 | 65,163 |
| B2 | 405 ² | 8.625%, 1/15/15 | 411,075 |
| B2 | 325 ² | 8.695%, 1/15/12 | 329,875 |

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| | | | |
|------|------------------|---|---------|
| BB- | 180 | Lucent Technologies, Inc., 6.45%, 3/15/29 | 153,900 |
| B- | 70 | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 63,700 |
| | | Qwest Corp., | |
| BB+ | 470 ² | 7.12%, 6/15/13 | 492,325 |
| BB+ | 200 | 7.875%, 9/01/11 | 210,000 |
| BB | 375 | Qwest Services Corp., 13.50%, 12/15/10 | 427,969 |
| BB+ | 155 | Rogers Wireless, Inc., 7.25%, 12/15/12 | 163,138 |
| Caa1 | 730 | Rural Cellular Corp., 9.875%, 2/01/10 | 759,200 |
| A | 780 | SBC Communications, Inc., 6.45%, 6/15/34 | 786,380 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|--------------|
| Telecommunications (cont d) | | | |
| | | Sprint Capital Corp., | |
| A- | \$ 1,715 | 6.875%, 11/15/28 | \$ 1,832,495 |
| A- | 675 | 8.75%, 3/15/32 | 872,890 |
| A- | 1,875 | Telecom Italia Capital SA, 6.00%, 9/30/34 (Luxembourg) | 1,793,662 |
| A- | 725 | Telefonica Europe BV, 7.75%, 9/15/10 | 803,583 |
| A+ | 70 | Verizon Global Funding Corp., 7.75%, 12/01/30 | 80,877 |
| A+ | 125 | Verizon Maryland Incorporated, 5.125%, 6/15/33 | 104,366 |
| | | Verizon New Jersey, Inc., | |
| A+ | 230 | 7.85%, 11/15/29 | 264,196 |
| A+ | 335 | Ser. A, 5.875%, 1/17/12 | 337,807 |
| A+ | 3,150 | Verizon Virginia Inc., 4.625%, 3/15/13 | 2,937,469 |
| A+ | 2,504 | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 2,756,328 |
| | | | 19,082,258 |
| Transportation 1.5% | | | |
| A- | 350 | Canadian National Railway Co., 6.25%, 8/01/34 (Canada) | 381,927 |
| BBB | 1,450 | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) | 1,535,521 |
| B | 355 ² | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 356,775 |
| B | 50 | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 50,437 |
| B3 | 47 | Horizon Lines LLC, 9.00%, 11/01/12 | 49,879 |
| BBB+ | 1,300 | Norfolk Southern Corp., 7.05%, 5/01/37 | 1,528,202 |
| B+ | 90 | OMI Corp., 7.625%, 12/01/13 | 92,475 |
| B | 1,635 | Sea Containers Ltd., 10.50%, 5/15/12 | 1,635,000 |
| | | | 5,630,216 |
| Total Corporate Bonds | | | 205,612,562 |
| U.S. Government and Agency Securities 39.7% | | | |
| AAA | 1,670 | Aid to Israel, 5.50%, 4/26/24-9/18/33 | 1,677,055 |
| AAA | 1,050 | Resolution Funding Corp., Zero Coupon, 7/15/18-10/15/18 | 557,109 |
| | | Tennessee Valley Authority, | |
| AAA | 1,655 | Ser. C, 5.88%, 4/01/36 | 1,827,683 |
| AAA | 2,650 | Ser. D, 4.875%, 12/15/16 | 2,680,449 |
| | | U.S. Treasury Bonds, | |
| AAA | 49,140 ⁴ | 6.125%, 11/15/27 | 57,716,404 |
| AAA | 8,540 | 6.50%, 11/15/26 | 10,401,464 |
| AAA | 21,680 ⁴ | 7.125%, 2/15/23 | 27,455,769 |
| AAA | 10,855 ⁴ | 8.50%, 2/15/20 | 14,983,265 |
| | | U.S. Treasury Notes, | |
| AAA | 830 | 3.625%, 6/30/07 | 819,625 |
| AAA | 20,025 | 4.00%, 8/31/07-9/30/07 | 19,881,023 |
| AAA | 9,475 ⁴ | 4.125%, 8/15/08 | 9,403,937 |
| AAA | 6,005 | 4.25%, 8/15/15 | 5,858,658 |
| Total U.S. Government and Agency Securities | | | 153,262,441 |
| Taxable Municipal Bond 0.1% | | | |
| AA | 350 | Ohana Military Communities LLC, 6.193%, 4/01/49 | 377,758 |
| Foreign Government Bonds 2.2% | | | |
| | | Germany Federal Republic, | |
| AAA | 2,325 | 4.00%, 1/04/37 (EUR) | 2,895,224 |

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| | | | |
|--|-------|--|-------------|
| AAA | 525 | 4.75%, 7/04/34 (EUR) | 735,694 |
| Aaa | 1,700 | Japan Finance Corp. for Municipal Enterprises, 4.625%, 4/21/15 | 1,647,283 |
| | | United Mexican States, | |
| Baa1 | 400 | 6.75%, 9/27/34 | 415,000 |
| Baa1 | 2,255 | 8.00%, 9/24/22 | 2,680,066 |
| | | | |
| Total Foreign Government Bonds | | | 8,373,267 |
| | | | |
| Total investments before outstanding options written 127.5% (cost \$502,449,89 9) | | | 491,529,484 |
| | | | |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Contracts/ Notional Amount (000) | Description | Value |
|---|--|-----------------------|
| OUTSTANDING OPTIONS WRITTEN (0.7)% | | |
| Interest Rate Swaps, | | |
| (5,300) | Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/18 | \$ (191,463) |
| (5,300) | Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/18 | (237,705) |
| (11,500) | Trust pays 3-month LIBOR, Trust Receives 5.67%, expires 1/04/10 | (422,018) |
| (11,500) | Trust pays 5.67%, Trust Receives 3-month LIBOR, expires 1/04/10 | (671,009) |
| (13,300) | Trust pays 3-month LIBOR, Trust Receives 4.725%, expires 6/13/07 | (707,959) |
| (13,300) | Trust pays 4.725%, Trust Receives 3-month LIBOR, expires 6/13/07 | (273,182) |
| (70) | U.S. Treasury Notes Future, expiring 2/24/06 | (37,734) |
| Total Outstanding Options Written (premium received \$2,716,753) | | (2,541,070) |
| Total investments net of outstanding options written 126.8% | | \$ 488,988,414 |
| Liabilities in excess of other assets (26.8)% | | (103,474,625) |
| Net Assets 100% | | \$ 385,513,789 |

¹ Using the higher of S&P's, Moody's or Fitch's rating.

² Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 9.6% of its net assets, with a current market value of \$37,031,132, in securities restricted as to resale.

³ Security, or a portion thereof, pledged as collateral with a value of \$1,504,194 on 57 long U.S. Treasury Note futures contracts expiring December 2005, 568 long U.S. Treasury Bond futures contracts expiring December 2005, 1,176 short U.S. Treasury Note futures contracts expiring December 2005, 208 short Eurodollar futures contracts expiring March 2006 to September 2007 and 101 short Germany Federal Republic Bonds futures contracts expiring December 2005. The notional value of such contracts on October 31, 2005 was (\$117,883,226), with an unrealized gain of \$49,189.

⁴ Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.

⁵ Cost for Federal income tax purposes is \$503,678,690. The net unrealized depreciation on a tax basis is \$12,149,206, consisting of \$2,454,277 gross unrealized appreciation and \$14,603,483 gross unrealized depreciation.

A category in the Corporate Bonds section may contain multiple industries as defined by the SEC's Standard Industry Codes.

KEY TO ABBREVIATIONS

EUR European Monetary Unit

TBA To Be Announced

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS

OCTOBER 31, 2005

BlackRock High Yield Trust (BHY)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|--|------------|
| LONG-TERM INVESTMENTS 136.2% | | | |
| Corporate Bonds 133.8% | | | |
| Aerospace & Defense 4.5% | | | |
| | | AAR Corp., | |
| BB- | \$ 435 | 6.875%, 12/15/07 | \$ 442,612 |
| NR | 350 | Ser. A2, 8.39%, 5/15/11 | 357,000 |
| B | 275 | Argo-Tech Corp., 9.25%, 6/01/11 | 284,625 |
| B+ | 125 | Armor Holdings, Inc., 8.25%, 8/15/13 | 135,000 |
| | | BE Aerospace, Inc., | |
| B+ | 520 | 8.50%, 10/01/10 | 557,700 |
| B- | 320 | 8.875%, 5/01/11 | 336,800 |
| NR | 1,500 ² | Condor Systems, Inc., 11.875%, 5/01/09 | |
| | | Sequa Corp., | |
| BB | 40 | 9.00%, 8/01/09 | 41,650 |
| BB | 19 | Ser. B, 8.875%, 4/01/08 | 19,618 |
| | | | 2,175,005 |
| Automotive 2.7% | | | |
| B- | 200 | Accuride Corp., 8.50%, 2/01/15 | 189,000 |
| BB+ | 65 | Arvinmeritor, Inc., 8.75%, 3/01/12 | 61,425 |
| B2 | 150 | Delco Remy Intl., Inc., 8.15%, 4/15/09 | 142,500 |
| B- | 60 | Goodyear Tire & Rubber Co., 7.857%, 8/15/11 | 57,750 |
| CCC+ | 315 ³ | Metaldyne Corp., 11.00%, 11/01/13 | 282,713 |
| BB | 310 | Navistar Intl. Corp., 6.25%, 3/01/12 | 278,225 |
| B- | 300 | Stanadyne Corp., 10.00%, 8/15/14 | 292,500 |
| | | | 1,304,113 |
| Basic Materials 15.6% | | | |
| BB- | 150 | Abitibi-Consolidated, Inc., 8.375%, 4/01/15 (Canada) | 139,125 |
| B- | 205 | Alpha Natural Resources LLC/Alpha Natural Resources Capital Corp., 10.00%, 6/01/12 | 227,294 |
| BB- | 150 | Arch Western Finance LLC, 6.75%, 7/01/13 | 150,750 |
| B- | 70 ³ | BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 9.65%, 7/15/10 | 70,700 |
| BB- | 315 | Bowater Canada Finance Corp., 7.95%, 11/15/11 (Canada) | 302,400 |
| B- | 600 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 583,500 |
| BB+ | 325 | Cascades, Inc., 7.25%, 2/15/13 (Canada) | 290,875 |
| BB- | 170 | Catalyst Paper Corp., 7.375%, 3/01/14 (Canada) | 151,300 |
| BB- | 305 | Century Alum Co., 7.50%, 8/15/14 | 298,900 |
| BB- | 90 | Donohue Forest Products, 7.625%, 5/15/07 (Canada) | 91,125 |
| | | Equistar Chemicals LP/Equistar Funding Corp., | |
| BB- | 50 | 8.75%, 2/15/09 | 52,625 |
| BB- | 115 | 10.125%, 9/01/08 | 124,200 |
| BB- | 100 | 10.625%, 5/01/11 | 109,500 |
| BB+ | 265 | Georgia-Pacific Corp., 8.00%, 1/15/24 | 287,525 |
| | | Huntsman LLC, | |
| B | 95 | 11.50%, 7/15/12 | 107,350 |
| BB- | 365 | 11.625%, 10/15/10 | 415,187 |
| BB | 80 | IMC Global, Inc., Ser. B, 10.875%, 6/01/08-8/01/13 | 91,313 |
| CCC+ | 645 ³ | Innophos, Inc., 9.125%, 8/15/14 | 653,062 |
| BB+ | 325 | Ipsco, Inc., 8.75%, 6/01/13 (Canada) | 358,312 |
| BBB | 366 | Ispat Inland ULC, 9.75%, 4/01/14 (Canada) | 415,410 |

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| | | | |
|------|----------------------|--|---------|
| | | Lyondell Chemical Co., | |
| BB- | 260 | 10.50%, 6/01/13 | 295,100 |
| BB- | 230 | Ser. A, 9.625%, 5/01/07 | 240,925 |
| | | Nalco Co., | |
| B+ | 20 | 7.75%, 11/15/11 | 20,450 |
| B- | 590 | 8.875%, 11/15/13 | 603,275 |
| CCC+ | 550 | NewPage Corp., 10.00%, 5/01/12 | 503,250 |
| B- | 215 ³ | PQ Corp., 7.50%, 2/15/13 | 195,650 |
| NR | 2,000 ^{2,4} | Republic Technologies Intl. LLC, 13.75%, 7/15/09 | |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Basic Materials (cont d) | | | |
| | | Rhodia SA, | |
| CCC+ | \$ 215 | 8.875%, 6/01/11 (France) | \$ 202,638 |
| B3 | 235 | 10.25%, 6/01/10 (France) | 249,688 |
| B- | 50 ₃ | Rockwood Specialties Grp., 7.50%, 11/15/14 | 48,500 |
| BB- | 125 | Russel Metals, Inc., 6.375%, 3/01/14 (Canada) | 120,625 |
| BBB- | 100 ₃ | Southern Peru Copper Corp., 7.50%, 7/27/35 | 97,250 |
| | | | 7,497,804 |
| Building & Development 3.5% | | | |
| B- | 250 ₃ | Ahern Rentals, Inc., 9.25%, 8/15/13 | 255,313 |
| B+ | 40 | Ainsworth Lumber Co. Ltd., 7.77%, 10/01/10 (Canada) | 40,000 |
| B2 | 150 ₃ | Compression Polymers Corp., 10.50%, 7/01/13, Goodman Global Holding Co., Inc., | 136,500 |
| B- | 45 ₃ | 6.41%, 6/15/12 | 44,325 |
| B- | 480 ₃ | 7.875%, 12/15/12 | 453,600 |
| BB+ | 250 | Hovnanian K Enterprises, Inc., 6.375%, 12/15/14 | 228,750 |
| B | 375 | North American Energy Partners, Inc., 9.00%, 6/01/10 (Canada) | 390,000 |
| Ba3 | 125 | WCI Communities, Inc., 7.875%, 10/01/13 | 118,750 |
| | | | 1,667,238 |
| Business Equipment & Services 0.4% | | | |
| | | Xerox Corp., | |
| BB+ | 60 | 6.875%, 8/15/11 | 62,100 |
| BB+ | 100 | 7.20%, 4/01/16 | 105,750 |
| | | | 167,850 |
| Consumer Products 9.3% | | | |
| B3 | 50 | ALH Finance LLC, 8.50%, 1/15/13 | 45,250 |
| B | 175 | B&G Foods, Inc., 8.00%, 10/01/11 | 176,750 |
| | | Cenveo Corp., | |
| B3 | 150 | 7.875%, 12/01/13 | 138,375 |
| B1 | 150 | 9.625%, 3/15/12 | 158,250 |
| B2 | 540 | Finlay Fine Jewelry Corp., 8.375%, 6/01/12 | 459,000 |
| B2 | 294 | Gold Kist, Inc., 10.25%, 3/15/14 | 332,220 |
| | | GSC Holdings Corp., | |
| Ba3 | 30 ₃ | 7.875%, 10/01/11 | 30,188 |
| Ba3 | 70 ₃ | 8.00%, 10/01/12 | 68,250 |
| B- | 370 ₃ | Knowledge Learning Corp., Inc., 7.75%, 2/01/15 | 344,100 |
| B- | 500 | Lazydays RV Center, Inc., 11.75%, 5/15/12 | 520,000 |
| B | 240 | Levi Strauss & Co., 8.804%, 4/01/12 | 238,500 |
| Caa2 | 255 | Merisant Co., 9.50%, 7/15/13 | 175,950 |
| B3 | 655 | Movie Gallery, Inc., 11.00%, 5/01/12 | 524,000 |
| NR | 1,200 _{2,4} | Nebco Evans Holding Co., 12.375%, 7/15/07 | |
| B2 | 95 ₃ | Neiman-Marcus Group Inc., 9.00%, 10/15/15 | 93,338 |
| B- | 265 | Pantry, Inc., The, 7.75%, 2/15/14 | 260,362 |
| BB- | 100 ₃ | Quiksilver, Inc., 6.875%, 4/15/15 | 92,750 |
| B- | 405 ₃ | Rite Aid Corp., 6.125%, 12/15/08 | 380,700 |
| CCC+ | 115 ₃ | Rural/Metro Corp., 9.875%, 3/15/15 | 120,175 |
| BB | 280 | Smithfield Foods, Inc., 7.00%, 8/01/11 | 285,600 |

4,443,758

| Containers & Packaging 2.3% | | | |
|--|-----|---|---------|
| BB | 55 | Ball Corp., 6.875%, 12/15/12 | 55,894 |
| B | 540 | Crown Cork & Seal, Inc., 8.00%, 4/15/23 | 515,700 |
| B | 115 | Crown European Holdings SA, 7.375%, 12/15/26 | 109,250 |
| B+ | 10 | 9.50%, 3/01/11 (France) | 11,000 |
| B | 30 | 10.875%, 3/01/13 (France) | 35,400 |
| CCC+ | 180 | Graham Packaging Co., Inc., 8.50%, 10/15/12 | 173,700 |
| CCC+ | 110 | 9.875%, 10/15/14 | 104,225 |
| CCC+ | 853 | Pregis Corp., 12.375%, 10/15/13 | 83,300 |

1,088,469

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|-----------|
| Ecological Services & Equipment 0.6% | | | |
| | | Allied Waste NA, Inc., | |
| BB- | \$ 80 | 8.50%, 12/01/08 | \$ 83,200 |
| BB- | 110 | 8.875%, 4/01/08 | 114,400 |
| BB- | 115 | Ser. B, 5.75%, 2/15/11 | 106,950 |
| | | | 304,550 |
| Energy 25.8% | | | |
| B+ | 139 | AES Red Oak LLC, 8.54%, 11/30/19 | 153,678 |
| B1 | 195 | ANR Pipeline Co., 9.625%, 11/01/21 | 235,950 |
| B2 | 565 | Aquila Finance Corp., 7.75%, 6/15/11 (Canada) | 576,300 |
| | | Calpine Corp., | |
| B- | 55 ³ | 8.50%, 7/15/10 | 38,638 |
| B | 95 ³ | 9.625%, 9/30/14 | 96,425 |
| CCC | 25 | Calpine Energy Finance ULC, 8.50%, 5/01/08 (Canada) | 13,563 |
| CCC+ | 160 | Calpine Generating Co. LLC, 11.50%, 4/01/11 | 146,200 |
| Ba1 | 233 | CE Generation LLC, 7.416%, 12/15/18 | 246,179 |
| | | Chesapeake Energy Corp., | |
| BB | 60 | 6.875%, 1/15/16 | 60,600 |
| BB | 250 | 7.00%, 8/15/14 | 258,750 |
| BB | 115 | Chesapeake Energy Finance, 6.25%, 1/15/18 | 111,550 |
| B- | 200 ³ | Clayton Williams Energy, Inc., 7.75%, 8/01/13 | 193,000 |
| | | CMS Energy Corp., | |
| BB- | 10 | 7.50%, 1/15/09 | 10,350 |
| BB- | 40 | 9.875%, 10/15/07 | 43,000 |
| B1 | 40 ³ | Colorado Inst. Gas Co., 6.80%, 11/15/15 | 39,975 |
| Ba3 | 90 ³ | Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France) | 93,600 |
| B | 300 | Compton Petroleum Corp., 9.90%, 5/15/09 (Canada) | 319,125 |
| B2 | 60 | Dresser, Inc., 9.375%, 4/15/11 | 62,550 |
| | | Dynegy Holdings, Inc., | |
| B+ | 40 ³ | 9.875%, 7/15/10 | 43,000 |
| B+ | 365 ³ | 10.125%, 7/15/13 | 401,500 |
| | | El Paso CGP Co., | |
| B- | 100 | 7.42%, 2/15/37 | 90,500 |
| B- | 60 | 7.75%, 6/15/10 | 60,600 |
| B- | 250 | 9.625%, 5/15/12 | 274,062 |
| B- | 215 | 10.75%, 10/01/10 | 234,619 |
| B- | 120 | El Paso Corp., 7.625%, 8/16/07 | 121,800 |
| | | El Paso Natural Gas Co., | |
| B1 | 65 | 7.625%, 8/01/10 | 67,925 |
| B1 | 55 | 8.375%, 6/15/32 | 60,638 |
| Ba2 | 776 | Elwood Energy LLC, 8.159%, 7/05/26 | 859,411 |
| B | 260 | Exco Resources, Inc., 7.25%, 1/15/11 | 265,200 |
| B1 | 200 | Foundation Pennsylvania Coal Co., 7.25%, 8/01/14 | 205,000 |
| BB- | 260 | Frontier Oil Corp., 6.625%, 10/01/11 | 265,200 |
| B | 195 | Hanover Compressor Co., 8.625%, 12/15/10 | 208,650 |
| | | Hilcorp Energy I LP/Hilcorp Finance Corp., | |
| B | 50 ³ | 7.75%, 11/01/15 | 50,000 |
| B | 170 ³ | 10.50%, 9/01/10 | 190,400 |
| BBB- | 99 | Homer City Funding LLC, 8.734%, 10/01/26 | 115,501 |
| BB- | 5 | Hornbeck Offshore Services, Inc., 6.125%, 12/01/14 | 4,950 |
| | | KCS Energy, Inc., | |
| B- | 385 | 7.125%, 4/01/12 | 391,737 |
| B- | 85 ³ | 7.125%, 4/01/12 | 86,700 |
| | | Midwest Generation LLC, | |

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|------|-----|---|---------|
| B+ | 241 | 8.56%, 1/02/16 | 262,982 |
| B+ | 95 | 8.75%, 5/01/34 | 104,738 |
| B2 | 685 | Mission Energy Holdings Co., 13.50%, 7/15/08 Newfield Exploration Co., | 796,312 |
| BB- | 30 | 6.625%, 9/01/14 | 30,750 |
| BB- | 20 | 8.375%, 8/15/12 | 21,400 |
| CCC+ | 400 | North America Energy Partners, Inc., 8.75%, 12/01/11 (Canada) | 376,000 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|------------|
| Energy (cont d) | | | |
| B- | \$ 50 ₃ | Ocean Rig Norway AS, 8.375%, 7/01/13 | \$ 53,875 |
| B2 | 500 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 592,500 |
| Ba2 | 70 | Plains Exploration & Production Co., 7.125%, 6/15/14 | 72,975 |
| Ba3 | 100 ₃ | Pogo Producing Co., 6.875%, 10/01/17 | 99,000 |
| BBB- | 325 | Premcor Refining Group, Inc., 6.75%, 5/01/14 | 342,875 |
| Ba2 | 210 | Pride International, Inc., 7.375%, 7/15/14 | 225,225 |
| | | Range Resources Corp., | |
| B | 25 | 6.375%, 3/15/15 | 25,063 |
| B | 185 | 7.375%, 7/15/13 | 195,175 |
| | | Reliant Energy, Inc., | |
| BB- | 155 | 6.75%, 12/15/14 | 143,762 |
| BB- | 150 | 9.25%, 7/15/10 | 157,500 |
| B | 300 | Roseton/Danskammer, 7.27%, 11/08/10 | 297,750 |
| Ba2 | 40 | Sithe Independence Funding, 9.00%, 12/30/13 | 44,324 |
| B2 | 200 ₃ | Targa Resources, Inc., 8.50%, 11/01/13 | 203,000 |
| B1 | 160 | Tennessee Gas Pipeline Co., 8.375%, 6/15/32 | 178,000 |
| | | Transcontinental Gas Pipe Line Corp., | |
| BB+ | 65 | 7.25%, 12/01/26 | 70,281 |
| BB+ | 400 | Ser. B, 8.875%, 7/15/12 | 466,500 |
| BBB- | 130 | TXU Corp., 6.55%, 11/15/34 | 116,215 |
| | | Whiting Petroleum Corp., | |
| B2 | 140 ₃ | 7.00%, 2/01/14 | 140,350 |
| B2 | 250 | 7.25%, 5/01/12 - 5/01/13 | 253,125 |
| BB | 355 | Williams Cos., Inc., 7.625%, 7/15/19 | 377,187 |
| | | | 12,343,690 |
| Entertainment & Leisure 4.4% | | | |
| B- | 280 | Gaylord Entertainment Co., 6.75%, 11/15/14 | 268,800 |
| BB | 225 | K2, Inc., 7.375%, 7/01/14 | 216,000 |
| | | MGM Mirage, | |
| BB | 270 | 6.00%, 10/01/09 | 264,600 |
| BB | 60 | 6.75%, 9/01/12 | 59,700 |
| B | 240 | Poster Financial Group, Inc., 8.75%, 12/01/11 | 244,800 |
| B- | 185 | Riddell Bell Holdings, Inc., 8.375%, 10/01/12 | 176,675 |
| B+ | 60 ³ | San Pasqual Casino, 8.00%, 9/15/13 | 60,000 |
| BB- | 140 ₃ | Seneca Gaming Corp., 7.25%, 5/01/12 | 143,500 |
| B | 385 ₃ | Virgin River Casino Corp., 9.00%, 1/15/12 | 402,325 |
| B+ | 295 | Wynn Las Vegas LLC/Wynn Las Vegas Cap. Corp., 6.625%, 12/01/14 | 280,987 |
| | | | 2,117,387 |
| Financial Institutions 18.7% | | | |
| B+ | 188 | AES Ironwood LLC, 8.857%, 11/30/25 | 212,551 |
| BB | 185 ₃ | American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13 | 179,450 |
| NR | 500 ₃ | Ameriserve Finance Capital Corp., 12.00%, 9/15/06 | 25,000 |
| B- | 428 | BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg) | 470,800 |
| B- | 140 ₃ | Borden US Finance Corp./Nova Scotia Finance ULC, 9.00%, 7/15/14 | 137,900 |
| Ba2 | 1,000 ₃ | Capital Guardian High Yield CBO Ltd., 11.45%, 5/24/13 | 1,020,100 |
| BB | 340 | Crum & Forster Hldgs. Corp., 10.375%, 6/15/13 | 363,800 |
| B+ | 100 ₃ | E*Trade Financial Corp., 7.375%, 9/15/13 | 98,500 |
| BB | 433 | Fairfax Financial Holdings Ltd., 7.75%, 4/26/12 (Canada) | 394,030 |
| | | Fairfax Financial Holdings, Ltd., | |
| BB | 50 | 6.875%, 4/15/08 (Canada) | 48,250 |
| BB | 50 | 8.30%, 4/15/26 (Canada) | 41,500 |
| Ba3 | 2,500 ₃ | First Dominion Funding II, 11.614%, 4/25/14 | 2,418,500 |
| | | Ford Motor Credit Co., | |

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|------|------------------|--|---------|
| BBB- | 560 | 5.70%, 1/15/10 | 504,062 |
| BBB- | 175 | 7.25%, 10/25/11 | 162,757 |
| Ba3 | 50 | Huntsman Advanced Materials LLC, 11.00%, 7/15/10 | 55,813 |
| B- | 450 | K&F Acquisition, Inc., 7.75%, 11/15/14 | 450,000 |
| B- | 360 ₃ | Nell AF, 8.375%, 8/15/15 (Luxembourg) | 345,600 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|------------|
| Financial Institutions (cont d) | | | |
| | | Rainbow National Services LLC, | |
| B+ | \$ 310 ₃ | 8.75%, 9/01/12 | \$ 325,500 |
| B+ | 490 ₃ | 10.375%, 9/01/14 | 540,225 |
| B- | 455 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 433,387 |
| B- | 30 | Universal City Florida Hldg. Co. I/II, 9.00%, 5/01/10 | 30,600 |
| CCC+ | 335 | Vanguard Health Holding Co. II LLC, 9.00%, 10/01/14 | 348,400 |
| BB- | 70 | Western Financial Bank, 9.625%, 5/15/12 | 79,275 |
| C | 2,550 ³ | Zais Investment Grade Ltd., 9.95%, 9/23/14 | 254,953 |
| | | | 8,940,953 |
| Health Care 5.8% | | | |
| | | Coventry Hlth. Care, Inc., | |
| BBB- | 80 | 5.875%, 1/15/12 | 79,600 |
| BBB- | 80 | 6.125%, 1/15/15 | 80,600 |
| CCC | 50 | Curative Health Services, Inc., 10.75%, 5/01/11 | 33,750 |
| B | 500 ₃ | Elan Finance Corp., 7.75%, 11/15/11 (Ireland) | 440,000 |
| BB+ | 300 | HCA, Inc., 5.50%, 12/01/09 | 292,234 |
| B- | 225 | IASIS Healthcare LLC/IASIS Cap. Corp., 8.75%, 6/15/14 | 230,625 |
| B | 230 ₃ | Insight Health Services Corp., 9.174%, 11/01/11 | 217,925 |
| CCC+ | 90 | Medquest, Inc., 11.875%, 8/15/12 | 89,100 |
| B- | 135 | Norcross Safety Products LLC/Norcross Capital Corp., 9.875%, 8/15/11 | 143,775 |
| B- | 210 ₃ | Select Medical Corp., 9.933%, 9/15/15 | 205,800 |
| | | Tenet Healthcare Corp., | |
| B | 40 | 6.375%, 12/01/11 | 34,900 |
| B | 95 | 9.875%, 7/01/14 | 92,625 |
| B- | 505 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 510,050 |
| B2 | 215 | US Oncology, Inc., 9.00%, 8/15/12 | 227,900 |
| CCC+ | 90 ³ | Warner Chilcott Corp., 8.75%, 2/01/15 | 82,800 |
| | | | 2,761,684 |
| Industrials 7.8% | | | |
| B | 165 | Blount, Inc., 8.875%, 8/01/12 | 173,662 |
| B- | 60 ₃ | Chart Inds, Inc., 9.125%, 10/15/15 | 59,250 |
| B- | 195 | Concentra Operating Corp., 9.125%, 6/01/12 | 200,850 |
| Caa1 | 685 ₃ | DI Finance/DynCorp. Intl., 9.50%, 2/15/13 | 708,975 |
| B- | 575 | ERICO Intl. Corp., 8.875%, 3/01/12 | 592,250 |
| Caa1 | 175 ₃ | Hydrochem Industrial Services, 9.25%, 2/15/13 | 159,688 |
| B+ | 163 | JLG Industries, Inc., 8.375%, 6/15/12 | 172,372 |
| B- | 320 | NationsRent Cos., Inc., 9.50%, 5/01/15 | 332,000 |
| CCC+ | 210 | Park-Ohio Inds., Inc., 8.375%, 11/15/14 | 183,225 |
| B3 | 450 ₃ | Sunstate Equipment Co. LLC, 10.50%, 4/01/13 | 454,500 |
| B | 55 | Terex Corp., 7.375%, 1/15/14 | 54,450 |
| CCC+ | 375 | Trimas Corp., 9.875%, 6/15/12 | 305,625 |
| | | United Rentals NA, Inc., | |
| Caa1 | 265 | 7.00%, 2/15/14 | 241,150 |
| Caa1 | 130 | 7.75%, 11/15/13 | 123,500 |
| | | | 3,761,497 |
| Media 9.2% | | | |
| B- | 265 | Allbritton Communications Co., 7.75%, 12/15/12 | 263,675 |
| CCC+ | 205 | American Media Operations, Inc., 10.25%, 5/01/09 | 194,750 |
| CCC+ | 200 ₃ | CCH I Holdings LLC / Cap. Corp., 11.125%, 1/15/14 | 136,000 |
| CCC+ | 344 ³ | CCH I LLC, 11.00%, 10/01/15 | 310,030 |

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|------|------------------|---|---------|
| CCC+ | 680 | Charter Communications Holdings II, LLC/Charter Communications Holdings II Cap. Corp., 10.25%, 9/15/10 | 681,700 |
| | | CSC Holdings, Inc., | |
| BB- | 525 ₃ | 7.00%, 4/15/12 | 506,625 |
| BB- | 45 | Ser. B, 7.625%, 4/01/11 | 45,000 |
| BB | 55 ₃ | DirectTV Holdings LLC, 6.375%, 6/15/15 | 53,625 |
| | | Echostar DBS Corp., | |
| BB- | 85 | 6.375%, 10/01/11 | 83,087 |
| BB- | 60 | 7.304%, 10/01/08 | 61,050 |
| B2 | 90 | Fisher Communications, Inc., 8.625%, 9/15/14 | 95,850 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|------------|
| Media (cont d) | | | |
| B | \$ 325 | General Cable Corp., 9.50%, 11/15/10 | \$ 342,062 |
| CCC+ | 75 ³ | iesy Repository GmbH, 10.375%, 2/15/15 (Germany) | 80,438 |
| B3 | 110 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 97,350 |
| | | Primedia, Inc., | |
| B2 | 75 | 8.875%, 5/15/11 | 73,125 |
| B2 | 275 | 9.715%, 5/15/10 | 280,500 |
| B | 200 | Sinclair Broadcast Group, Inc., 8.75%, 12/15/11 | 211,000 |
| | | Vertis, Inc., | |
| Caa1 | 435 | 10.875%, 6/15/09 | 404,550 |
| Caa2 | 120 ³ | 13.50%, 12/07/09 | 92,400 |
| Caa1 | 415 | Young Broadcasting, Inc., 10.00%, 3/01/11 | 390,100 |
| | | | 4,402,917 |
| Real Estate 0.6% | | | |
| BB | 300 | American Real Estate Partners, 8.125%, 6/01/11 | 308,250 |
| Technology 7.5% | | | |
| B+ | 40 ³ | Activant Solutions, Inc., 10.054%, 4/01/10 | 40,900 |
| B- | 60 | Amkor Technology, Inc., 9.25%, 2/15/08 | 57,450 |
| B | 285 | Celestica, Inc., 7.625%, 7/01/13 (Canada) | 275,737 |
| BB+ | 80 | Flextronics Intl. Ltd., 6.50%, 5/15/13 (Singapore) | 80,200 |
| | | Freescale Semiconductor, Inc., | |
| BB+ | 50 | 6.875%, 7/15/11 | 51,750 |
| BB+ | 100 | 6.90%, 7/15/09 | 102,500 |
| B+ | 60 ³ | Hynix Semiconductor, Inc., 9.875%, 7/01/12 (Korea) | 66,825 |
| BB- | 522 | Lucent Technologies, Inc., 6.50%, 1/15/28 | 443,700 |
| | | MagnaChip Semiconductor SA/Magna Semiconductor Finance Co., | |
| Ba3 | 100 | 6.875%, 12/15/11 | 93,500 |
| Ba3 | 310 | 7.12%, 12/15/11 (Luxembourg) | 302,250 |
| B2 | 185 | 8.00%, 12/15/14 (Luxembourg) | 167,888 |
| CCC+ | 140 | NDCHealth Corp., 10.50%, 12/01/12 | 159,600 |
| B+ | 70 | Sanmina-SCI Corp., 6.75%, 3/01/13 | 65,975 |
| | | Stats Chippac Ltd., | |
| BB | 215 | 6.75%, 11/15/11 (Singapore) | 207,744 |
| BB | 220 | 7.50%, 7/19/10 (Singapore) | 221,100 |
| | | Sungard Data Systems, Inc., | |
| B- | 60 ³ | 8.525%, 8/15/13 | 61,800 |
| B- | 265 ³ | 9.125%, 8/15/13 | 270,962 |
| B- | 340 ³ | 10.25%, 8/15/15 | 336,600 |
| B | 365 | Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12 | 361,350 |
| B- | 225 | UGS Corp., 10.00%, 6/01/12 | 246,375 |
| | | | 3,614,206 |
| Telecommunications 11.3% | | | |
| NR | 2,000 ² | Asia Global Crossing Ltd., 13.375%, 10/15/10 | 65,000 |
| A | 182 | AT&T Corp., 9.05%, 11/15/11 | 200,937 |
| B3 | 320 | Centennial Communications Corp., 8.125%, 2/01/14 | 331,200 |
| BB- | 205 | Cincinnati Bell, Inc., 7.25%, 7/15/13 | 213,712 |
| B1 | 260 | Dobson Cellular Systems, Inc., 8.375%, 11/01/11 | 271,050 |
| B- | 100 ³ | Hawaiian Telcom Communications, Inc., 9.948%, 5/01/13 | 98,750 |
| | | Intelsat Ltd., | |
| B2 | 55 ³ | 8.25%, 1/15/13 | 55,138 |

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| | | | |
|------|------------------|---|---------|
| B2 | 350 ³ | 8.625%, 1/15/15 | 355,250 |
| B2 | 345 ³ | 8.695%, 1/15/12 | 350,175 |
| BB- | 80 | Lucent Technologies, Inc., 6.45%, 3/15/29 | 68,400 |
| B+ | 119 | MCI, Inc., 6.908%, 5/01/07 | 120,190 |
| B- | 385 | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 350,350 |
| CCC+ | 100 ³ | Ntelos Holdings Corp., 12.90%, 10/15/13 | 99,750 |
| | | PanAmSat Corp., | |
| Ba3 | 210 | 6.875%, 1/15/28 | 182,175 |
| B1 | 140 | 9.00%, 8/15/14 | 147,350 |
| NA | 600 ² | PF Net Communications, Inc., 13.75%, 5/15/10 | 60 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|------------|
| Telecommunications (cont d) | | | |
| | | Qwest Corp., | |
| BB+ | \$ 230 ³ | 7.12%, 6/15/13 | \$ 240,925 |
| BB+ | 600 | 7.875%, 9/01/11 | 630,000 |
| BB+ | 445 | 8.875%, 3/15/12 | 490,612 |
| BB- | 395 | Rogers Wireless Communications, Inc., 8.00%, 12/15/12 (Canada) | 416,725 |
| BB+ | 35 | Rogers Wireless, Inc., 7.25%, 12/15/12 | 36,838 |
| Caa1 | 555 | Rural Cellular Corp., 9.875%, 2/01/10 | 577,200 |
| CCC- | 125 | Suncom Wireless, Inc., 9.375%, 2/01/11 | 95,938 |
| | | | 5,397,725 |
| Transportation 3.8% | | | |
| B | 240 ³ | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 241,200 |
| B | 30 | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 30,263 |
| B3 | 430 | Horizon Lines LLC, 9.00%, 11/01/12 | 456,337 |
| B+ | 265 | OMI Corp., 7.625%, 12/01/13 | 272,287 |
| BB+ | 350 | Overseas Shipholding Group, Inc., 7.50%, 2/15/24 | 343,875 |
| B3 | 500 | Sea Containers Ltd., 10.75%, 10/15/06 | 493,750 |
| | | | 1,837,712 |
| | | Total Corporate Bonds | 64,134,808 |
| Bank Loan 2.1% | | | |
| Health Care 2.1% | | | |
| | 1,000 | HealthSouth Corp., Term Loan, LIBOR + 5.00%, 6/15/10 | 1,001,667 |
| | | | |
| Shares | | | |
| Preferred Stock 0.0% | | | |
| Media 0.0% | | | |
| | 1 ² | Adelphia Business Solutions, Ser. B, 12.875% | |
| Common Stocks 0.3% | | | |
| Consumer Products 0.0% | | | |
| | 15 ⁴ | Mattress Discounters Corp. | |
| Technology 0.3% | | | |
| | 68 | Globix Corp. | 133,298 |
| | | Total Common Stocks | 133,298 |
| Units | | | |
| Warrants 0.0% | | | |
| | 1 ^{3,4,5,7} | Mattress Discounters Corp., expires 7/15/07, strike price \$0.01, 4.85 shares for 1 warrant | |

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| | | |
|--|---|-------------------|
| 54 ^{5,7} | Neon Communications, Inc., expires 12/02/12 | 1 |
| 13 ^{5,7} | PF. Net Communications, Inc., expires 5/15/10, strike price \$0.01, 36.87243 shares for 1 warrant | |
| Total Warrants | | 1 |
| Total Long-Term Investments (cost \$75,697,551) | | 65,269,774 |

Principal Amount (000)

| | | |
|--|--|----------------------|
| SHORT-TERM INVESTMENT 3.5% | | |
| U.S. Government and Agency Zero Coupon Security 3.5% | | |
| \$ 1,700 | FNMA Discount Notes, 3.72%, 11/01/05 ⁶ (cost \$1,700,000) | 1,700,000 |
| Total investments 139.7% (cost \$77,397,55 ⁹) | | \$ 66,969,774 |
| Liabilities in excess of other assets (39.7)% | | (19,045,941) |
| Net Assets 100% | | \$ 47,923,833 |

¹ Using the higher of S&P's, Moody's or Fitch's rating.
² Issuer is in default and/or bankruptcy.
³ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 35.2% of its net assets, with a current market value of \$16,857,761, in securities restricted as to resale.
⁴ Security is fair valued.
⁵ Illiquid security. As of October 31, 2005, the Trust held less than 0.1% of its net assets, with a current market value of \$1.
⁶ Rate shown is the yield to maturity as of October 31, 2005.
⁷ Non-income producing security.
⁸ Cost for Federal income tax purposes is \$77,419,838. The net unrealized depreciation on a tax basis is \$10,450,064 consisting of \$912,633 gross unrealized appreciation and \$11,362,697 gross unrealized depreciation.

A category in the Corporate Bonds section may contain multiple industries as defined by the SEC's Standard Industry Codes.

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS**OCTOBER 31, 2005****BlackRock Income Opportunity Trust (BNA)**

| Rating¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|---------------------------------------|--|--------------|
| LONG-TERM INVESTMENTS 152.3% | | | |
| Mortgage Pass-Through Securities 36.7% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | \$ 1,312 | 4.395%, 1/01/35 | \$ 1,321,983 |
| | 2,040 | 5.152%, 1/01/35 | 2,024,436 |
| | | Federal National Mortgage Assoc., | |
| | 675 | 2.35%, 4/29/06 | 668,048 |
| | 35,105 | 5.50%, 12/01/13 - 5/18/35 | 34,960,155 |
| | 467 ₂ | 5.50%, 12/01/32 | 461,440 |
| | 9,221 ₃ | 5.50%, 1/01/33 | 9,103,665 |
| | 17,537 | 6.00%, 3/01/16 - 7/01/35 | 17,710,950 |
| | 237 | 7.00%, 2/01/24 - 10/01/28 | 248,001 |
| | 3,400 | TBA, 5.50%, 11/30/20 | 3,422,311 |
| | 57,700 | TBA, 5.50%, 11/30/35 | 56,906,625 |
| | 18,800 | TBA, 6.00%, 11/30/35 | 18,958,634 |
| | | Government National Mortgage Assoc., | |
| | 121 | 8.00%, 4/15/24-11/15/25 | 129,610 |
| | | Total Mortgage Pass-Through Securities | 145,915,858 |
| Federal Housing Administration Securities 1.2% | | | |
| | | General Motors Acceptance Corp. Projects, | |
| | 352 | Ser. 37, 7.43%, 5/01/22 | 356,966 |
| | 200 | Ser. 44, 7.43%, 8/01/22 | 203,204 |
| | | Merrill Projects, | |
| | 158 | Ser. 29, 7.43%, 10/01/20 | 159,963 |
| | 230 | Ser. 42, 7.43%, 9/01/22 | 233,837 |
| | 1,856 | Reilly Project, 7.40%, 4/01/21 | 1,880,750 |
| | 1,875 | Westmore Project, 7.25%, 4/01/21 | 1,890,732 |
| | | Total Federal Housing Administration Securities | 4,725,452 |
| Agency Multiple Class Mortgage Pass-Through Securities 6.3% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 3,728 | Ser. 82, Class HJ, 5.50%, 9/25/32 | 3,735,601 |
| | 1,390 | Ser. 2883, Class DR, 5.00%, 11/15/19 | 1,334,623 |
| | 3,880 | Ser. 2922, Class GA, 5.50%, 5/15/34 | 3,881,712 |
| | 2,098 | Ser. 2927, Class BA, 5.50%, 10/15/33 | 2,102,500 |
| | 2,098 | Ser. 2933, Class HD, 5.50%, 2/15/35 | 2,104,875 |
| | 1,725 | Ser. 2968, Class EG, 6.00%, 10/15/34 | 1,774,628 |
| | | Federal National Mortgage Assoc., | |
| | 3,895 | Ser. 5, Class PK, 5.00%, 12/25/34 | 3,833,151 |
| | 2,357 | Ser. 27, Class PC, 5.50%, 5/25/34 | 2,354,862 |
| | 2,055 | Ser. 118, Class FD, 4.438%, 12/25/33 | 2,063,895 |
| | 2 | Ser. 256, Class F, 5.563%, 11/25/23 | 1,807 |
| | 1,822 | Government National Mortgage Assoc., 6.00%, 6/20/15 | 1,856,506 |
| | | Total Agency Multiple Class Mortgage Pass-Through Securities | 25,044,160 |
| Non-Agency Multiple Class Mortgage Pass-Through Securities 1.9% | | | |
| AAA | 7,273 | Residential Funding Securities Corp., 8.50%, 5/25/33 | 7,547,908 |
| AAA | 124 | Summit Mortgage Trust, 6.292%, 12/28/12 | 11,935 |

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| | | |
|--|---------------------------------------|-----------|
| Total Non-Agency Multiple Class Mortgage Pass-Through Securities | | 7,559,843 |
| Inverse Floating Rate Mortgage Securities 0.7% | | |
| Federal Home Loan Mortgage Corp., | | |
| 11 | Ser. 1043, Class H, 26.438%, 2/15/21 | 13,169 |
| 925 | Ser. 1611, Class JC, 10.00%, 8/15/23 | 957,888 |
| Federal National Mortgage Assoc., | | |
| 1,808 | Ser. 23, Class PS, 9.771%, 4/25/23 | 1,867,153 |
| | Ser. 46, Class S, 1,588.688%, 5/25/21 | 4,297 |
| | Ser. 49, Class S, 612.30%, 12/25/21 | 1,797 |
| 82 | Ser. 87, Class S, 15.917%, 8/25/21 | 111,722 |
| 1 | Ser. 145, Class S, 21.831%, 10/25/06 | 1,401 |
| Total Inverse Floating Rate Mortgage Securities | | 2,957,427 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|-----------|
| Interest Only Asset-Backed Securities 1.3% | | | |
| AAA | \$ 1,7384 | Morgan Stanley Cap. Trust I, 1.686%, 6/15/17 | \$ 26,752 |
| | | Sterling Coofs Trust, | |
| NR | 33,862 | Ser. 1, 2.362%, 4/15/29 | 2,793,627 |
| NR | 32,945 | Ser. 2, 1.00%, 3/30/30 | 2,512,057 |
| | | Total Interest Only Asset-Backed Securities | 5,332,436 |
| Interest Only Mortgage-Backed Securities 0.9% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | | Ser. 176, Class M, 1,010.00%, 7/15/21 | 47 |
| | | Ser. 192, Class U, 1,009.033%, 2/15/22 | 60 |
| | | Ser. 200, Class R, 118,500.264%, 12/15/22 | 400 |
| | | Ser. 1054, Class I, 522.36%, 3/15/21 | 265 |
| | | Ser. 1056, Class KD, 1,084.50%, 3/15/21 | 1,320 |
| | | Ser. 1057, Class J, 1,008.001%, 3/15/21 | 2,584 |
| | | Ser. 1148, Class E, 710.464%, 10/15/21 | 823 |
| | | Ser. 1179, Class O, 1,009.389%, 11/15/21 | 172 |
| | | Ser. 1221 Class H, 1,006.50%, 3/15/07 | 89 |
| | 256 | Ser. 1254, Class Z, 8.50%, 4/15/22 | 1,666 |
| | 518 | Ser. 1831, Class PG, 6.50%, 3/15/11 | 49,357 |
| | 7,881 | Ser. 2611, Class QI, 5.50%, 9/15/32 | 1,431,598 |
| | | Federal National Mortgage Assoc., | |
| | 128 | Ser. 5, Class H, 9.00%, 1/25/22 | 17,635 |
| | 8 | Ser. 7, Class 2, 8.50%, 4/01/17 | 1,711 |
| | | Ser. 7, Class S, 686.349%, 3/25/21 | 4,780 |
| | 1 | Ser. 10, Class S, 664.091%, 5/25/21 | 9,188 |
| | 1 | Ser. 12, Class S, 702.701%, 5/25/21 | 13,832 |
| | | Ser. 17, Class S, 663.569%, 6/25/21 | 6,232 |
| | 1 | Ser. 33, Class PV, 1,078.42%, 10/25/21 | 14,742 |
| | | Ser. 38, Class N, 1,008.50%, 4/25/21 | 430 |
| | 6 | Ser. 46, Class H, 1,042.50%, 12/25/09 | 85,583 |
| | 542 | Ser. 50, Class SI, 1.20%, 4/25/23 | 14,677 |
| | | Ser. 84, Class H, 1,100.633%, 8/25/06 | 22 |
| | 15 | Ser. 89, Class 2, 8.00%, 6/01/18 | 2,967 |
| | 34,378 | Ser. 90, Class JH, 2.663%, 11/25/34 | 1,855,039 |
| | 5 | Ser. 94, Class 2, 9.50%, 8/01/21 | 1,072 |
| | | Ser. 99, Class L, 930.00%, 8/25/21 | 2,623 |
| | | Ser. 123, Class M, 1,009.50%, 10/25/20 | 442 |
| | 22 | Ser. 136, Class S, 16.024%, 11/25/20 | 27,448 |
| | | Ser. 139, Class PT, 648.35%, 10/25/21 | 3,186 |
| | 9 | Ser. 141, Class SA, 18.75%, 8/25/07 | 1,822 |
| AAA | 6,4554 | Goldman Sachs Mortgage Securities Corp., 0.997%, 2/19/25 | 139,100 |
| AAA | 3,824 | Salomon Brothers Mortgage Securities VII, 0.401%, 3/25/22 | 1,202 |
| | | Total Interest Only Mortgage-Backed Securities | 3,692,114 |
| Principal Only Mortgage-Backed Securities 0.1% | | | |
| | 1412.5 | Federal Home Loan Mortgage Corp., Ser. 1739, Class B, 7.50%, 2/15/24 | 123,783 |
| | | Federal National Mortgage Assoc., | |
| | 725 | Ser. 51, Class E, 8.00%, 2/25/23 | 56,590 |
| | 175 | Ser. 70, Class A, 7.00%, 5/25/23 | 15,485 |
| | 325 | Ser. 167, Class D, 8.50%, 10/25/17 | 30,778 |
| | 315 | Ser. 203, Class 1, 8.00%, 2/01/23 | 26,754 |
| | 205 | Ser. 228, Class 1, 7.00%, 5/01/23 | 16,391 |
| | | Total Principal Only Mortgage-Backed Securities | 269,781 |

| Commercial Mortgage-Backed Securities 5.3% | | | |
|--|-------|--|-------------------|
| AAA | 1,883 | Banc of America Commercial Mortgage, Inc., 6.00%, 12/25/34 | 1,866,369 |
| | | Bear Stearns Commercial Mortgage Services, | |
| AAA | 2,320 | Ser. 7, Class A2, 4.945%, 2/11/41 | 2,287,520 |
| AAA | 2,400 | Ser. 9, Class A4A, 4.871%, 9/15/42 | 2,334,840 |
| AAA | 2,970 | CS First Boston Mortgage Securities Corp., 4.94%, 12/15/35 | 2,917,687 |
| AAA | 2,090 | First Union National Bank Commercial Mortgage Trust, 7.202%, 10/15/32 | 2,265,602 |
| AAA | 2,475 | General Motors Acceptance Corp. Commercial Mortgage Securities, Inc., 4.547%, 12/10/41 | 2,399,884 |
| | | JP Morgan Chase Commercial Mortgage Securities Corp., | |
| AAA | 1,990 | Ser. C1, Class A3, 5.857%, 10/12/35 | 2,065,162 |
| AAA | 2,380 | Ser. CBX, Class A4, 4.529%, 1/12/37 | 2,310,004 |
| AAA | 2,530 | LB-UBS Commercial Mortgage Trust, 4.985%, 6/15/29 | 2,533,238 |
| Total Commercial Mortgage-Backed Securities | | | 20,980,306 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|-----------|
| Collateralized Mortgage Obligation Residuals 0.0% | | | |
| | | Collateralized Mortgage Obligation Trust, | |
| AAA | \$ | Ser. 40, Class R, 580.50%, 4/01/18 | \$ 334 |
| AAA | | Ser. 42, Class R, 6,000.00%, 10/01/14 | 5,481 |
| | | Federal Home Loan Mortgage Corp., | |
| | | Ser. 173, Class R, 9.00%, 11/15/21 | 17 |
| | | Ser. 173, Class RS, 9.072%, 11/15/21 | 18 |
| | | Ser. 19, Class R, 11,078.201%, 3/15/20 | 2,119 |
| | | Ser. 75, Class R, 9.50%, 1/15/21 | 3 |
| | | Ser. 75, Class RS, 15.485%, 1/15/21 | 3 |
| NR | 6 ⁶ | PaineWebber CMO Trust, 13.80%, 9/01/18 | |
| | | Total Collateralized Mortgage Obligation Residuals | 7,975 |
| Collateralized Mortgage Obligations 1.9% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 1,472 | Ser. 2582, Class TB, 3.50%, 10/15/21 | 1,465,040 |
| | 3,489 | Ser. 2806, Class VC, 6.00%, 12/15/19 | 3,545,892 |
| AAA | 2,310 | GE Capital Commercial Mortgage Corp., 6.269%, 12/10/35 | 2,437,396 |
| | | Total Collateralized Mortgage Obligations | 7,448,328 |
| Corporate Bonds 46.6% | | | |
| Aerospace & Defense 2.2% | | | |
| B+ | 100 | Armor Holdings, Inc., 8.25%, 8/15/13 | 108,000 |
| B- | 670 | BE Aerospace, Inc., 8.875%, 5/01/11 | 705,175 |
| BBB+ | 1,620 | Lockheed Martin Corp., 8.50%, 12/01/29 | 2,195,003 |
| BBB+ | 1,000 | Northrop Grumman Corp., 7.125%, 2/15/11 | 1,089,830 |
| | | Raytheon Co., | |
| BBB | 712 | 6.15%, 11/01/08 | 734,677 |
| NR | 2,500 | 7.00%, 5/15/06 | 2,609,925 |
| BB | 100 | Sequa Corp., 8.875%, 4/01/08 | 103,250 |
| A+ | 1,250 | United Technologies Corp., 4.875%, 5/01/15 | 1,226,200 |
| | | | 8,772,060 |
| Automotive 0.2% | | | |
| B- | 270 | Accuride Corp., 8.50%, 2/01/15 | 255,150 |
| BB+ | 90 | Arvinmeritor, Inc., 8.75%, 3/01/12 | 85,050 |
| B- | 110 | Goodyear Tire & Rubber Co., 7.857%, 8/15/11 | 105,875 |
| CCC+ | 350 ⁴ | Metaldyne Corp., 11.00%, 11/01/13 | 314,125 |
| BB | 185 | Navistar Intl. Corp., 6.25%, 3/01/12 | 166,038 |
| | | | 926,238 |
| Basic Materials 2.8% | | | |
| BB- | 50 | Abitibi-Consolidated, Inc., 8.375%, 4/01/15 (Canada) | 46,375 |
| B- | 80 ⁴ | BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 9.65%, 7/15/10 | 80,800 |
| B- | 3,185 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 3,097,412 |
| BB- | 170 | Donohue Forest Products, 7.625%, 5/15/07 (Canada) | 172,125 |
| BB- | 300 | Equistar Chemicals LP/Equistar Funding Corp., 10.625%, 5/01/11 | 328,500 |
| | | Huntsman LLC, | |
| B | 72 | 11.50%, 7/15/12 | 81,360 |

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| | | | |
|------|--------------------|--|-----------|
| BB- | 230 | 11.625%, 10/15/10 | 261,625 |
| BB | 70 | IMC Global, Inc., 10.875%, 6/01/08 | 78,225 |
| CCC+ | 1,150 ⁴ | Innophos, Inc., 9.125%, 8/15/14 | 1,164,375 |
| BBB | 135 | Ispat Inland ULC, 9.75%, 4/01/14 (Canada) | 153,225 |
| | | Lyondell Chemical Co., | |
| BB- | 130 | 10.50%, 6/01/13 | 147,550 |
| BB- | 2,700 | 11.125%, 7/15/12 | 3,010,500 |
| B- | 95 | Nalco Co., 8.875%, 11/15/13 | 97,138 |
| CCC+ | 445 | NewPage Corp., 10.00%, 5/01/12 | 407,175 |
| Ba3 | 1,000 | Oregon Steel Mills, Inc., 10.00%, 7/15/09 | 1,071,250 |
| B- | 140 ⁴ | PQ Corp., 7.50%, 2/15/13 Rhodia SA, | 127,400 |
| CCC+ | 260 | 8.875%, 6/01/11 (France) | 245,050 |
| B3 | 40 | 10.25%, 6/01/10 (France) | 42,500 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|------------|
| Basic Materials (cont d) | | | |
| BBB- | \$ 170 ⁴ | Southern Peru Copper Corp., 7.50%, 7/27/35 | \$ 165,325 |
| BBB | 300 | Teck Cominco Ltd., 6.125%, 10/01/35 (Canada) | 283,089 |
| | | | 11,060,999 |
| Building & Development 0.6% | | | |
| B- | 80 ⁴ | Ahern Rentals, Inc., 9.25%, 8/15/13 | 81,700 |
| B2 | 230 ⁴ | Compression Polymers Corp., 10.50%, 7/01/13 | 209,300 |
| B- | 835 ⁴ | Goodman Global Holding Co., Inc., 7.875%, 12/15/12 | 789,075 |
| BB+ | 455 | Hovnanian K Enterprises, Inc., 6.25%, 1/15/16 | 407,225 |
| BB+ | 560 | KB Home, 6.25%, 6/15/15 | 526,400 |
| B | 300 | North American Energy Partners, Inc., 9.00%, 6/01/10 (Canada) | 312,000 |
| BBB+ | 60 | Pulte Homes, Inc., 5.20%, 2/15/15 | 55,484 |
| | | | 2,381,184 |
| Conglomerates 0.0% | | | |
| BB- | 30 | Stena AB, 7.00%, 12/01/16 (Sweden) | 27,750 |
| Consumer Products 3.2% | | | |
| B3 | 95 | ALH Finance LLC, 8.50%, 1/15/13 | 85,975 |
| BBB- | 1,500 | Autonation, Inc., 9.00%, 8/01/08 | 1,623,750 |
| B3 | 2,000 | Buffets, Inc., 11.25%, 7/15/10 | 2,000,000 |
| B3 | 275 | Cenveo Corp., 7.875%, 12/01/13 | 253,687 |
| B1 | 375 | 9.625%, 3/15/12 | 395,625 |
| BB+ | 470 | Delhaize America, Inc., 9.00%, 4/15/31 | 528,172 |
| BBB+ | 560 | Federated Dept. Stores, Inc., 6.79%, 7/15/27 | 569,722 |
| B2 | 535 | Finlay Fine Jewelry Corp., 8.375%, 6/01/12 | 454,750 |
| B2 | 90 | Gold Kist, Inc., 10.25%, 3/15/14 | 101,700 |
| Ba3 | 70 ⁴ | GSC Holdings Corp., 7.875%, 10/01/11 | 70,438 |
| Ba3 | 120 ⁴ | 8.00%, 10/01/12 | 117,000 |
| B- | 735 ⁴ | Knowledge Learning Corp., Inc., 7.75%, 2/01/15 | 683,550 |
| B- | 380 | Lazydays RV Center, Inc., 11.75%, 5/15/12 | 395,200 |
| B | 470 | Levi Strauss & Co., 8.804%, 4/01/12 | 467,062 |
| B3 | 750 | Movie Gallery, Inc., 11.00%, 5/01/12 | 600,000 |
| AA- | 3,000 | Procter & Gamble Co., 6.875%, 9/15/09 | 3,217,260 |
| BB- | 300 ⁴ | Quiksilver, Inc., 6.875%, 4/15/15 | 278,250 |
| B- | 730 ⁴ | Rite Aid Corp., 6.125%, 12/15/08 | 686,200 |
| CCC+ | 240 ⁴ | Rural/Metro Corp., 9.875%, 3/15/15 | 250,800 |
| | | | 12,779,141 |
| Containers & Packaging 1.3% | | | |
| B+ | 1,500 | Crown European Holdings SA, 9.50%, 3/01/11 (France) | 1,650,000 |
| CCC+ | 60 | Graham Packaging Co., Inc., 9.875%, 10/15/14 | 56,850 |
| BB- | 1,850 | Owens-Brockway Glass Container, Inc., 8.875%, 2/15/09 | 1,937,875 |
| CCC+ | 170 ⁴ | Pregis Corp., 12.375%, 10/15/13 | 166,600 |
| B+ | 1,240 | Stone Container Corp., 9.25%, 2/01/08 | 1,258,600 |
| | | | 5,069,925 |

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| Ecological Services & Equipment 0.7% | | | |
|---|-------|---|-----------|
| BB- | 255 | Allied Waste NA, Inc., 5.75%, 2/15/11 | 237,150 |
| B | 2,250 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 2,413,125 |
| | | | <hr/> |
| | | | 2,650,275 |

| Energy 4.1% | | | |
|--------------------|------------------|---|-----------|
| ANR Pipeline Co., | | | |
| B1 | 145 | 7.375%, 2/15/24 | 150,981 |
| B1 | 565 | 9.625%, 11/01/21 | 683,650 |
| B2 | 1,200 | Aquila Finance Corp., 7.75%, 6/15/11 (Canada) | 1,224,000 |
| B- | 30 ⁴ | Calpine Corp., 8.50%, 7/15/10 | 21,075 |
| CCC | 5 | Calpine Energy Finance ULC, 8.50%, 5/01/08 (Canada) | 2,713 |
| CCC+ | 320 | Calpine Generating Co. LLC, 11.50%, 4/01/11 | 292,400 |
| B- | 130 ⁴ | Clayton Williams Energy, Inc., 7.75%, 8/01/13 | 125,450 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|------------|
| Energy (cont d) | | | |
| | | CMS Energy Corp., | |
| BB- | \$ 35 | 7.50%, 1/15/09 | \$ 36,225 |
| BB- | 105 | 9.875%, 10/15/07 | 112,875 |
| Ba3 | 180 ⁴ | Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France) | 187,200 |
| B2 | 445 | Dresser, Inc., 9.375%, 4/15/11 | 463,912 |
| | | Dynegy Holdings, Inc., | |
| B+ | 80 ⁴ | 9.875%, 7/15/10 | 86,000 |
| B+ | 995 ⁴ | 10.125%, 7/15/13 | 1,094,500 |
| | | El Paso CGP Co., | |
| B- | 175 | 7.42%, 2/15/37 | 158,375 |
| B- | 100 | 9.625%, 5/15/12 | 109,625 |
| B- | 125 | 10.75%, 10/01/10 | 136,406 |
| B- | 120 | El Paso Corp., 7.80%, 8/01/31 | 118,950 |
| | | El Paso Natural Gas Co., | |
| B1 | 1,000 | 7.625%, 8/01/10 | 1,045,000 |
| B1 | 150 | 8.375%, 6/15/32 | 165,375 |
| Ba2 | 217 | Elwood Energy LLC, 8.159%, 7/05/26 | 240,059 |
| B | 430 | Exco Resources, Inc., 7.25%, 1/15/11 | 438,600 |
| BBB- | 480 | FirstEnergy Corp., 6.45%, 11/15/11 | 505,378 |
| AA- | 575 | Florida Power & Light Co., 4.95%, 6/01/35 | 513,164 |
| BBB | 190 | Halliburton Co., 7.60%, 8/15/96 | 218,458 |
| | | Hilcorp Energy I LP/Hilcorp Finance Corp., | |
| B | 100 ⁴ | 7.75%, 11/01/15 | 100,000 |
| B | 136 ⁴ | 10.50%, 9/01/10 | 152,320 |
| | | KCS Energy, Inc., | |
| B- | 80 | 7.125%, 4/01/12 | 81,400 |
| B- | 135 ⁴ | 7.125%, 4/01/12 | 137,700 |
| BBB+ | 1,250 | Kinder Morgan Energy Partners LP, 7.30%, 8/15/33 | 1,411,625 |
| BBB | 1,000 | Kinder Morgan, Inc., 6.50%, 9/01/12 | 1,058,470 |
| A- | 765 | Midamerican Energy Co., 5.75%, 11/01/35 | 751,586 |
| B+ | 118 | Midwest Generation LLC, 8.56%, 1/02/16 | 128,913 |
| B2 | 1,020 | Mission Energy Holdings Co., 13.50%, 7/15/08 | 1,185,750 |
| B- | 110 ⁴ | Ocean Rig Norway AS, 8.375%, 7/01/13 | 118,525 |
| B2 | 140 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 165,900 |
| Baa2 | 1,800 | Progress Energy, Inc., 6.75%, 3/01/06 | 1,812,330 |
| B | 25 | Range Resources Corp., 6.375%, 3/15/15 | 25,063 |
| BB- | 105 | Reliant Energy, Inc., 6.75%, 12/15/14 | 97,387 |
| B2 | 360 ⁴ | Targa Resources, Inc., 8.50%, 11/01/13 | 365,400 |
| AA | 325 | Texaco Cap. Inc., 8.875%, 9/01/21 | 442,981 |
| BB+ | 30 | Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26 | 32,438 |
| BBB- | 135 | Txu Corp., 6.50%, 11/15/24 | 122,353 |
| B2 | 55 ⁴ | Whiting Petroleum Corp., 7.00%, 2/01/14 | 55,138 |
| | | | 16,375,650 |
| Entertainment & Leisure 2.1% | | | |
| B+ | 2,000 | Boyd Gaming Corp., 8.75%, 4/15/12 | 2,135,000 |
| B- | 250 | Gaylord Entertainment Co., 6.75%, 11/15/14 | 240,000 |
| Ba3 | 1,000 | MGM Mirage, 9.75%, 6/01/07 | 1,050,000 |
| BB+ | 2,000 | Park Place Entertainment Corp., 8.875%, 9/15/08 | 2,150,000 |

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| | | | |
|-----|------------------|---|-----------|
| B | 205 | Poster Financial Group, Inc., 8.75%, 12/01/11 | 209,100 |
| B+ | 110 ⁴ | San Pasqual Casino, 8.00%, 9/15/13 | 110,000 |
| BB- | 290 ⁴ | Seneca Gaming Corp., 7.25%, 5/01/12 | 297,250 |
| BB+ | 1,930 | Starwood Hotels & Resorts Worldwide, Inc., 7.875%, 5/01/12 | 2,079,575 |
| B+ | 125 | Wynn Las Vegas LLC/Wynn Las Vegas Cap. Corp., 6.625%, 12/01/14 | 119,062 |
| | | | 8,389,987 |
| | | Financial Institutions 12.8% | |
| BB | 350 ⁴ | American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13 | 339,500 |
| Aa2 | 2,000 | Bank of America Corp., 4.50%, 8/01/10 | 1,954,900 |
| Aa3 | 2,450 | 7.80%, 2/15/10 | 2,707,495 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|--------------|
| Financial Institutions (cont d) | | | |
| Aa3 | \$ 1,400 ² | Bank One Corp., 6.50%, 2/01/06 | \$ 1,407,504 |
| AA | 2,000 ⁴ | Barclays Bank PLC, 6.86%, 9/29/49 (United Kingdom) | 2,130,000 |
| B- | 315 | BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg) | 346,500 |
| A+ | 500 | Bear Stearns Co., Inc., 6.50%, 5/01/06 | 504,755 |
| AAA | 2,525 | Berkshire Hathaway Fin. Corp., 3.375%, 10/15/08 | 2,429,631 |
| AAA | 1,440 | Berkshire Hathaway Finance Corp., 4.125%, 1/15/10 | 1,397,563 |
| B- | 90 ⁴ | Borden US Finance Corp./Nova Scotia Finance ULC, 9.00%, 7/15/14 | 88,650 |
| AA+ | 5,975 | Citigroup, Inc., 4.125%, 2/22/10 | 5,779,319 |
| AA+ | 275 | 5.85%, 12/11/34 | 278,974 |
| AA+ | 550 | 6.875%, 2/15/98 | 614,850 |
| AA- | 700 ² | Credit Suisse First Boston, Inc., 6.125%, 11/15/11 | 733,859 |
| AA- | 1,000 | 7.125%, 7/15/32 | 1,153,600 |
| BB | 1,090 | Crum & Forster Hldgs. Corp., 10.375%, 6/15/13 | 1,166,300 |
| AA- | 950 | Deutsche Bank AG NY, 3.843%, 3/15/07 | 943,065 |
| B+ | 130 ⁴ | E*Trade Financial Corp., 7.375%, 9/15/13 | 128,050 |
| BB | 200 | Fairfax Financial Holdings Ltd., 7.75%, 4/26/12 (Canada) | 182,000 |
| AAA | 3,000 | General Electric Cap. Corp., 6.75%, 3/15/32 | 3,432,780 |
| AAA | 3,670 | General Electric Capital Corp., 3.45%, 1/15/08 | 3,635,722 |
| AA- | 1,000 | Goldman Sachs Group, Inc., 6.60%, 1/15/12 | 1,068,880 |
| AA | 2,525 | HSBC Bank USA, Inc., 3.875%, 9/15/09 | 2,430,287 |
| B- | 360 | K&F Acquisition, Inc., 7.75%, 11/15/14 | 360,000 |
| AAA | 3,000 | KFW Intl. Finance, Inc., 5.25%, 6/28/06 | 3,017,190 |
| A+ | 1,500 | Lehman Brothers Holdings, Inc., 6.625%, 1/18/12 | 1,614,435 |
| A | 1,925 | Metlife, Inc., 5.70%, 6/15/35 | 1,853,910 |
| B- | 460 ⁴ | Nell AF, 8.375%, 8/15/15 (Luxembourg) | 441,600 |
| A | 700 | Prudential Funding LLC, 5.40%, 6/13/35 | 646,037 |
| B+ | 225 ⁴ | Rainbow National Services LLC, 8.75%, 9/01/12 | 236,250 |
| B+ | 1,445 ⁴ | 10.375%, 9/01/14 | 1,593,112 |
| AA- | 395 | RBS Capital Trust I, 4.709%, 12/29/49 | 371,434 |
| B- | 465 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 442,913 |
| AA | 2,000 | UBS Preferred Funding Trust I, 8.622%, 10/29/49 | 2,288,762 |
| B- | 50 | Universal City Florida Hldg. Co. I/II, 9.00%, 5/01/10 | 51,000 |
| Aa1 | 1,000 | Wells Fargo & Co., 4.625%, 8/09/10 | 983,020 |
| Aa1 | 2,000 | Wells Fargo Bank, 7.55%, 6/21/10 | 2,201,640 |
| BB- | 50 | Western Financial Bank, 9.625%, 5/15/12 | 56,625 |
| | | | 51,012,112 |
| Health Care 1.3% | | | |
| CCC | 20 | Curative Health Services, Inc., 10.75%, 5/01/11 | 13,500 |
| B | 200 ⁴ | Elan Finance Corp., 7.75%, 11/15/11 (Ireland) | 176,000 |
| NR | 2,000 | HealthSouth Corp., 7.00%, 6/15/08 | 1,960,000 |
| B | 460 ⁴ | Insight Health Services Corp., 9.174%, 11/01/11 | 435,850 |
| BB+ | 1,500 | Omnicare, Inc., 8.125%, 3/15/11 | 1,565,625 |
| B | 80 | Tenet Healthcare Corp., 6.375%, 12/01/11 | 69,800 |
| B | 100 | 9.875%, 7/01/14 | 97,500 |
| B- | 450 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 454,500 |
| BBB+ | 350 | WellPoint, Inc., 5.95%, 12/15/34 | 355,495 |

| Industrials 2.2% | | | |
|-------------------------|--------------------|---|-----------|
| BBB- | 2,000 | Briggs & Stratton Corp., 8.875%, 3/15/11 | 2,260,000 |
| B- | 80 ⁴ | Chart Industries, Inc., 9.125%, 10/15/15 | 79,000 |
| Caa1 | 1,520 ⁴ | DI Finance/DynCorp. Intl., 9.50%, 2/15/13 | 1,573,200 |
| B- | 780 | ERICO Intl. Corp., 8.875%, 3/01/12 | 803,400 |
| Caa1 | 375 ⁴ | Hydrochem Industrial Services, 9.25%, 2/15/13 | 342,188 |
| B | 1,306 | Manitowoc, Inc., 10.50%, 8/01/12 | 1,452,925 |
| B- | 470 | NationsRent Cos., Inc., 9.50%, 5/01/15 | 487,625 |
| CCC+ | 465 | Park-Ohio Inds., Inc., 8.375%, 11/15/14 | 405,712 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|------------|
| Industrials (cont d) | | | |
| B3 | \$ 530 ⁴ | Sunstate Equipment Co. LLC, 10.50%, 4/01/13 | \$ 535,300 |
| CCC+ | 360 | Trimas Corp., 9.875%, 6/15/12 | 293,400 |
| Caa1 | 345 | United Rentals NA, Inc., 7.00%, 2/15/14 | 313,950 |
| | | | 8,546,700 |
| Media 5.8% | | | |
| B- | 460 | Allbritton Communications Co., 7.75%, 12/15/12 | 457,700 |
| CCC+ | 390 | American Media Operations, Inc., 10.25%, 5/01/09 | 370,500 |
| | | AOL Time Warner, Inc., | |
| BBB+ | 1,635 | 7.57%, 2/01/24 | 1,822,600 |
| BBB+ | 3,000 | 9.125%, 1/15/13 | 3,599,310 |
| BBB+ | 950 | AT&T Broadband Corp., 8.375%, 3/15/13 | 1,094,200 |
| BBB | 700 ⁴ | BSKYB Finance UK PLC, 6.50%, 10/15/35 (United Kingdom) | 685,825 |
| CCC+ | 2,088 ⁴ | CCH I LLC, 11.00%, 10/01/15 | 1,881,810 |
| CCC+ | 745 | Charter Communications Holdings II, LLC/Charter Communications Holdings II Cap. Corp., 10.25%, 9/15/10 | 746,862 |
| BBB+ | 1,000 | Comcast Cable Communications, Inc., 6.75%, 1/30/11 Comcast Corp., | 1,056,690 |
| BBB+ | 250 | 5.65%, 6/15/35 | 223,553 |
| BBB+ | 2,210 | 7.05%, 3/15/33 | 2,365,252 |
| BB- | 135 | Echostar DBS Corp., 7.304%, 10/01/08 | 137,363 |
| B | 250 | General Cable Corp., 9.50%, 11/15/10 | 263,125 |
| CCC+ | 90 | iesy Repository GmbH, 10.375%, 2/15/15 (Germany) | 96,525 |
| BBB | 2,995 | News America, Inc., 6.20%, 12/15/34 | 2,905,839 |
| B3 | 180 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 159,300 |
| B2 | 460 | Primedia, Inc., 9.715%, 5/15/10 | 469,200 |
| B | 1,000 | Quebecor Media, Inc., 11.125%, 7/15/11 (Canada) | 1,087,500 |
| B | 400 | Sinclair Broadcast Group, Inc., 8.75%, 12/15/11 | 422,000 |
| BBB+ | 1,495 | TCI Communications, Inc., 8.75%, 8/01/15 Vertis, Inc., | 1,818,219 |
| Caa1 | 825 | 10.875%, 6/15/09 | 767,250 |
| Caa2 | 80 ⁴ | 13.50%, 12/07/09 | 61,600 |
| Caa1 | 715 | Young Broadcasting, Inc., 10.00%, 3/01/11 | 672,100 |
| | | | 23,164,323 |
| Real Estate 1.5% | | | |
| BBB+ | 1,000 | AvalonBay Communities, Inc., 6.625%, 9/15/11 EOP Operating LP, | 1,059,870 |
| BBB+ | 850 | 4.65%, 10/01/10 | 826,404 |
| BBB+ | 1,070 | 7.25%, 6/15/28 | 1,179,621 |
| A | 585 | ERP Operating LP, 5.25%, 9/15/14 Rouse Co., | 576,787 |
| BB+ | 725 | 3.625%, 3/15/09 | 674,598 |
| BB+ | 1,715 | 5.375%, 11/26/13 | 1,615,736 |
| | | | 5,933,016 |
| Technology 1.6% | | | |
| B | 355 | Celestica, Inc., 7.625%, 7/01/13 (Canada) | 343,462 |
| B+ | 100 ⁴ | Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea) | 111,375 |
| BB- | 895 | Lucent Technologies, Inc., 6.50%, 1/15/28 | 760,750 |

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| | | | |
|-----|------------------|--|-----------|
| Ba3 | 220 | MagnaChip Semiconductor SA/Magna Semiconductor Finance Co., 7.12%, 12/15/11 (Luxembourg) | 214,500 |
| B+ | 115 | Sanmina-SCI Corp., 6.75%, 3/01/13 | 108,388 |
| BB+ | 2,000 | Seagate Technology Holdings, 8.00%, 5/15/09 | 2,095,000 |
| | | Stats Chippac Ltd., | |
| BB | 350 | 6.75%, 11/15/11 (Singapore) | 338,188 |
| BB | 50 | 7.50%, 7/19/10 (Singapore) | 50,250 |
| | | Sungard Data Systems, Inc., | |
| B- | 120 ⁴ | 8.525%, 8/15/13 | 123,600 |
| B- | 300 ⁴ | 9.125%, 8/15/13 | 306,750 |
| B- | 480 ⁴ | 10.25%, 8/15/15 | 475,200 |
| B | 905 | Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12 | 895,950 |
| B- | 370 | UGS Corp., 10.00%, 6/01/12 | 405,150 |
| | | | 6,228,563 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|-------------|
| Telecommunications 3.0% | | | |
| A | \$ 1,700 | Bellsouth Telecommunications, Zero Coupon, 12/15/95 | \$ 843,914 |
| BB- | 270 | Cincinnati Bell, Inc., 7.25%, 7/15/13 | 281,475 |
| B- | 170 ⁴ | Hawaiian Telcom Communications, Inc., 9.948%, 5/01/13 | 167,875 |
| | | Intelsat Ltd., | |
| Caa1 | 180 | 5.25%, 11/01/08 | 163,800 |
| B2 | 70 ⁴ | 8.25%, 1/15/13 | 70,175 |
| B2 | 460 ⁴ | 8.625%, 1/15/15 | 466,900 |
| B2 | 315 ⁴ | 8.695%, 1/15/12 | 319,725 |
| BB- | 200 | Lucent Technologies, Inc., 6.45%, 3/15/29 | 171,000 |
| B- | 80 | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 72,800 |
| | | Qwest Corp., | |
| BB+ | 375 ⁴ | 7.12%, 6/15/13 | 392,813 |
| BB+ | 55 | 7.875%, 9/01/11 | 57,750 |
| BB | 400 | Qwest Services Corp., 13.50%, 12/15/10 | 456,500 |
| Caa1 | 790 | Rural Cellular Corp., 9.875%, 2/01/10 | 821,600 |
| A | 435 | SBC Communications, Inc., 6.45%, 6/15/34 | 438,558 |
| | | Sprint Capital Corp., | |
| A- | 1,205 | 6.875%, 11/15/28 | 1,287,555 |
| A- | 1,250 | 8.75%, 3/15/32 | 1,616,462 |
| A+ | 635 | Verizon Global Funding Corp., 7.75%, 12/01/30 - 6/15/32 | 735,765 |
| A+ | 540 | Verizon Maryland Incorporated, 5.125%, 6/15/33 | 450,862 |
| A+ | 1,410 | Verizon Pennsylvania, Inc., 5.65%, 11/15/11 | 1,402,104 |
| A+ | 750 | Verizon Virginia Inc., 4.625%, 3/15/13 | 699,398 |
| A+ | 1,000 | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 1,100,770 |
| | | | 12,017,801 |
| Transportation 1.2% | | | |
| A- | 1,000 | Canadian National Railway Co., 6.375%, 10/15/11 (Canada) | 1,064,430 |
| BBB | 1,475 | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) | 1,561,995 |
| B | 400 ⁴ | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 402,000 |
| B | 50 | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 50,438 |
| B3 | 47 | Horizon Lines LLC, 9.00%, 11/01/12 | 49,879 |
| BBB+ | 1,400 | Norfolk Southern Corp., 7.05%, 5/01/37 | 1,645,756 |
| B+ | 115 | OMI Corp., 7.625%, 12/01/13 | 118,162 |
| | | | 4,892,660 |
| Total Corporate Bonds | | | 185,356,654 |
| U.S. Government and Agency Securities 48.9% | | | |
| | | Overseas Private Investment Corp., | |
| | 329 | 4.09%, 5/29/12 | 300,317 |
| | 919 | 4.30%, 5/29/12 | 858,214 |
| | 686 | 4.64%, 5/29/12 | 650,716 |
| | 387 | 4.68%, 5/29/12 | 359,479 |
| | 2,925 | 4.87%, 5/29/12 | 2,806,453 |
| | 3,655 | 5.40%, 5/29/12 | 3,646,134 |
| | 419 | 5.46%, 2/15/06 | 430,081 |
| | 742 | 5.79%, 5/29/12 | 759,933 |
| | 510 ⁶ | 5.88%, 2/15/06 | 512,946 |

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| | | |
|---------------------|--|------------|
| 1,408 | 5.94%, 5/29/12 | 1,447,533 |
| 401 | 5.95%, 5/29/12 | 409,546 |
| 473 | 6.10%, 5/29/12 | 488,602 |
| 572 | 6.81%, 5/29/12 | 599,331 |
| 4,567 | 6.89%, 5/29/12 | 4,802,098 |
| 1,535 | 6.91%, 5/29/12 | 1,600,529 |
| 413 | 7.35%, 2/15/06 | 436,510 |
| | Small Business Administration, 6.95%, 11/01/16 | 1,381,982 |
| | Tennessee Valley Authority, | |
| 1,800 ³ | Ser. C, 5.88%, 4/01/36 | 1,987,812 |
| 2,900 ³ | Ser. D, 4.875%, 12/15/16 | 2,933,321 |
| | U.S. Treasury Bonds, | |
| 32,000 ³ | 6.00%, 2/15/26 | 36,787,488 |
| 6,160 ³ | 6.125%, 11/15/27 | 7,235,105 |
| 24,320 ³ | 6.50%, 11/15/26 | 29,621,031 |
| 9,795 ³ | 7.125%, 2/15/23 | 12,404,486 |
| 445 | 8.125%, 8/15/19 | 594,146 |
| 17,370 ³ | 8.50%, 2/15/20 | 23,975,985 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Principal Amount (000) | Description | Value |
|--|--|---------------|
| U.S. Government and Agency Securities (cont d) | | |
| \$ 59,235 | U.S. Treasury Notes, 4.00%, 8/31/07-2/15/15 | \$ 57,805,729 |
| | Total U.S. Government and Agency Securities | 194,835,507 |
| U.S. Government and Agency Zero Coupon Bond 0.5% | | |
| 6,055 ³ | Resolution Funding Corp., 4/15/30 | 1,823,949 |
| | Total Long-Term Investments (cost \$611,353,630) | 605,949,790 |
| SHORT-TERM INVESTMENTS 0.6% | | |
| U.S. Government and Agency Zero Coupon Bonds 0.6% | | |
| 200 | Federal Home Loan Bank, 3.65%, 11/01/05 ⁷ | 200,000 |
| 900 | FNMA Discount Notes, 3.72%, 11/01/05 ⁷ | 900,000 |
| 1,400 | U.S. Treasury Bills, 3.17%, 11/10/05 ⁷ | 1,398,895 |
| | Total Short-Term Investments (cost \$2,498,895) | 2,498,895 |
| | Total investments before TBA Commitments and outstanding options written 152.9% (cost \$613,852,525 ⁸) | 608,448,685 |
| TBA SALE COMMITMENTS (30.7)% | | |
| Mortgage Pass-Through Securities (30.7)% | | |
| | Federal National Mortgage Assoc. TBA, | |
| (300) | 5.50%, 11/30/20 | (301,968) |
| (87,500) | 5.50%, 11/30/35 | (86,296,875) |
| (35,200) | 6.00%, 11/30/35 | (35,497,018) |
| | Total TBA Sale Commitments (proceeds \$122,969,414) | (122,095,861) |
| Contracts/ Notional Amount (000) | | |
| OUTSTANDING OPTIONS WRITTEN (0.7)% | | |
| | Interest Rate Swaps, | |
| (5,700) | Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/18 | (205,912) |
| (5,700) | Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/18 | (255,645) |
| (12,400) | Trust pays 3-month LIBOR, Trust Receives 5.67%, expires 1/04/10 | (455,046) |
| (12,400) | | (723,523) |

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| | | |
|----------|---|----------------|
| | Trust pays 5.67%, Trust Receives 3-month LIBOR, expires 1/04/10 | |
| (14,200) | Trust pays 3-month LIBOR, Trust Receives 4.725%, expires 6/13/07 | (755,866) |
| (14,200) | Trust pays 4.725%, Trust Receives 3-month LIBOR, expires 6/13/07 | (291,668) |
| (76) | U.S. Treasury Notes Futures, expires 2/24/06 | (40,969) |
| | | (2,728,629) |
| | Total Outstanding Options Written (premium received \$2,917,398) | (2,728,629) |
| | Total investments net of TBA sale commitments and outstanding options written 121.5% | \$ 483,624,195 |
| | Liabilities in excess of other assets (21.5%) | (85,546,142) |
| | Net Assets 100% | \$ 398,078,053 |

- ¹ Using the higher of S&P's, Moody's or Fitch's rating.
- ² Security, or a portion thereof, pledged as collateral with a value of \$2,448,265 on 234 long U.S. Treasury Note futures contracts expiring December 2005, 780 long U.S. Treasury Bond futures contracts expiring December 2005, 1,163 short U.S. Treasury Note futures contracts expiring December 2005 and 228 short Eurodollar futures contracts expiring March 2006 to September 2007. The notional value of such contracts on October 31, 2005 was (\$64,718,528), with an unrealized loss of \$1,194,797.
- ³ Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.
- ⁴ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 5.5% of its net assets, with a current market value of \$21,777,631, in securities restricted as to resale.
- ⁵ Rate shown is interest rate or effective yield as of October 31, 2005 of the underlying collateral.
- ⁶ Security is fair valued.
- ⁷ Rate shown is yield to maturity as of October 31, 2005.
- ⁸ Cost for Federal income tax purposes is \$614,171,549. The net unrealized depreciation on a tax basis is \$5,722,864, consisting of \$6,715,839 gross unrealized appreciation and \$12,438,703 gross unrealized depreciation.
- A category in the Corporate Bonds section may contain multiple industries as defined by the SEC's Standard Industry Codes.

KEY TO ABBREVIATIONS

TBA To Be Announced

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2005
BlackRock Income Trust Inc. (BKT)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|--------------|
| LONG-TERM INVESTMENTS 140.7% | | | |
| Mortgage Pass-Through Securities 32.1% | | | |
| | | CWALT, Inc., | |
| AAA | \$ 3,870 | Class 1 A1, 4.768%, 10/25/35 | \$ 3,908,961 |
| AAA | 7,532 | Class 1 A5, 5.50%, 8/25/35 | 7,539,458 |
| | | Federal Home Loan Mortgage Corp., | |
| | 1,277 ² | 4.173%, 1/01/35 | 1,269,263 |
| | 43 | 4.655%, 2/01/25 | 43,338 |
| | 1,054 ² | 4.959%, 10/01/34 | 1,037,245 |
| | 11,855 | 5.50%, 10/01/16 - 5/01/17 | 11,936,866 |
| | 41 | 5.555%, 11/01/30 | 41,724 |
| | 32 | 5.885%, 11/01/17 | 32,246 |
| | 81 | 6.50%, 5/01/29 - 5/01/30 | 83,980 |
| | 15 | 7.50%, 2/01/23 | 15,543 |
| | 81 | 8.00%, 11/01/15 | 84,327 |
| | 30 | 8.50%, 10/01/06 - 3/01/08 | 30,966 |
| | 203 | 9.00%, 9/01/20 | 219,347 |
| | | Federal National Mortgage Assoc., | |
| | 25,482 ² | 5.00%, 6/01/33 - 11/01/35 | 24,589,573 |
| | 59,531 ^{2,3} | 5.50%, 12/01/13 - 10/01/35 | 59,432,339 |
| | 7,154 | 6.00%, 11/01/31 - 8/01/34 | 7,221,184 |
| | 3,714 ² | 6.50%, 2/01/26 - 5/01/31 | 3,818,632 |
| | 6,127 | 7.00%, 6/01/26 - 01/01/32 | 6,404,273 |
| | 5,115 | 7.50%, 11/01/14 - 9/01/23 | 5,236,701 |
| | 305 | 8.00%, 5/01/08 - 5/01/22 | 313,238 |
| | 12 | 9.50%, 1/01/19 - 9/01/19 | 12,916 |
| | | Government National Mortgage Assoc., | |
| | 115 | 7.00%, 10/15/17 | 120,892 |
| | 604 | 7.50%, 8/15/21 - 12/15/23 | 640,864 |
| | 395 | 8.00%, 10/15/22 - 2/15/29 | 424,833 |
| | 41 | 9.00%, 6/15/18 - 9/15/21 | 44,823 |
| | | Total Mortgage Pass-Through Securities | 134,503,532 |
| Federal Housing Administration Securities 2.9% | | | |
| | 517 | GMAC Colonial, 7.40%, 12/01/22 | 523,708 |
| | 4,058 | GMAC Projects, Ser. 56, 7.43%, 11/01/22 - 2/01/23 | 4,116,906 |
| | 53 | Merrill Projects, 7.43%, 5/15/23 | 53,630 |
| | 837 | Reilly Project, 8.28%, 3/01/20 | 849,835 |
| | 6,440 | USGI Projects, Ser. 99, 7.43%, 6/01/21 - 10/01/23 | 6,532,675 |
| | | Total Federal Housing Administration Securities | 12,076,754 |
| Agency Multiple Class Mortgage Pass-Through Securities 19.9% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 5,654 | Ser. 11, Class A9, 2.504%, 1/25/28 | 4,721,151 |
| | 4,000 | Ser. 40, Class K, 6.50%, 10/15/08 - 8/17/24 | 4,104,330 |
| | 10,200 | Ser. 2542, Class UC, 6.00%, 12/15/22 | 10,350,960 |
| | 12,344 ² | Ser. 2758, Class KV, 5.50%, 5/15/23 | 12,367,429 |
| | 1,654 | Ser. 2765, Class UA, 4.00%, 3/15/11 | 1,551,280 |
| | | Federal National Mortgage Assoc., | |
| | 29,119 | Ser. 28, Class PB, 6.00%, 9/25/15 - 1/25/34 | 29,611,606 |
| | 124 | Ser. 38, Class F, 8.325%, 4/25/21 | 132,602 |
| | 5,157 | Ser. 43, Class E, 7.50%, 4/25/22 - 5/25/34 | 5,479,783 |

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| | | |
|-------|---|-----------|
| 1,687 | Ser. 60, Class PA, 5.50%, 3/01/34 - 4/25/34 | 1,648,685 |
| 4 | Ser. 256, Class F, 5.563%, 11/25/23 | 4,066 |
| 3,052 | Freddie Mac Structured Pass, 5.50%, 6/15/35 | 3,058,883 |

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

| Principal Amount (000) | Description | Value |
|--|---|-------------------|
| Agency Multiple Class Mortgage Pass-Through Securities (cont d) | | |
| | Government National Mortgage Assoc., | |
| \$ 1,571 | Ser. 5, Class Z, 7.00%, 5/16/26 | \$ 1,621,683 |
| 2,500 | Ser. 33, Class PB, 6.50%, 7/20/31 | 2,572,709 |
| 12,725 | Ser. 75, Class IJ, 5.50%, 7/20/25 | 676,348 |
| 5,267 | Ser. 89, Class PE, 6.00%, 10/20/34 | 5,445,020 |
| | Total Agency Multiple Class Mortgage Pass-Through Securities | 83,346,535 |
| Non-Agency Multiple Class Mortgage Pass-Through Securities 2.7% | | |
| 10,909 | Residential Funding Securities Corp., 8.50%, 5/25/33 | 11,321,861 |
| 82 ⁴ | Summit Mortgage Trust, 6.292%, 12/28/12 | 82,114 |
| | Total Non-Agency Multiple Class Mortgage Pass-Through Securities | 11,403,975 |
| Inverse Floating Rate Mortgage Securities 1.6% | | |
| | Federal Home Loan Mortgage Corp., | |
| 24 | Ser. 1043, Class H, 26.438%, 2/15/21 | 28,274 |
| 47 | Ser. 1160, Class F, 22.631%, 10/15/21 | 48,545 |
| 455 ³ | Ser. 1616, Class SB, 8.50%, 11/15/08 | 454,922 |
| 1,449 | Ser. 1688, Class S, 9.754%, 12/15/13 | 1,473,235 |
| | Federal National Mortgage Assoc., | |
| 126 | Ser. 38, Class SA, 10.186%, 4/25/21 | 129,584 |
| | Ser. 46, Class S, 1,588.688%, 5/25/21 | 9,219 |
| | Ser. 49, Class S, 612.30%, 12/25/21 | 3,859 |
| 661 | Ser. 72, Class S, 8.75%, 5/25/08 | 663,430 |
| 180 | Ser. 87, Class S, 15.917%, 8/25/21 | 244,113 |
| 283 | Ser. 93, Class S, 8.50%, 5/25/08 | 282,767 |
| 3 | Ser. 145, Class S, 21.831%, 10/25/06 | 2,851 |
| 130 | Ser. 170, Class SC, 9.00%, 9/25/08 | 131,639 |
| 1,253 | Ser. 196, Class SC, 8.313%, 10/25/08 | 1,264,300 |
| 469 | Ser. 214, Class SH, 7.73%, 12/25/08 | 450,206 |
| 1,392 | Ser. 247, Class SN, 10.00%, 12/25/23 | 1,375,449 |
| 242 | Kidder Peabody Acceptance Corp., 9.123%, 8/25/23 | 241,266 |
| | Total Inverse Floating Rate Mortgage Securities | 6,803,659 |
| Interest Only Asset-Backed Securities 1.5% | | |
| 5,776 ⁴ | Morgan Stanley Cap. Trust I, 1.686%, 6/15/17 | 88,915 |
| | Sterling Coofs Trust, | |
| 42,140 | Ser. 1, 2.362%, 4/15/29 | 3,476,514 |
| 33,705 | Ser. 2, 1.00%, 3/30/30 | 2,570,006 |
| | Total Interest Only Asset-Backed Securities | 6,135,435 |
| Interest Only Mortgage-Backed Securities 9.2% | | |
| 3,581 | ABN Amro Mortgage Corp., 5.50%, 3/25/33 | 116,933 |
| 245 | American Housing Trust, Zero Coupon, 3/25/19 | 5,000 |
| 82,632 ⁵ | Commercial Mortgage Acceptance Corp., 0.919% 11/15/17 | 1,544,981 |
| 26,515 ⁴ | CS First Boston Mortgage Securities Corp., 1.721%, 6/20/29 | 858,570 |
| | Federal Home Loan Mortgage Corp., | |
| 9,093 | Ser. 60, Class HS, 1.938%, 4/25/24 | 113,393 |
| | Ser. 176, Class M, 1,010.00%, 7/15/21 | 102 |
| | Ser. 192, Class U, 1,009.033%, 2/15/22 | 129 |

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| | | |
|-------|--|---------|
| 2,601 | Ser. 204, 6.00%, 5/01/29 | 596,502 |
| | Ser. 1054, Class I, 522.36%, 3/15/21 | 569 |
| | Ser. 1056, Class KD, 1,084.50%, 3/15/21 | 2,834 |
| | Ser. 1057, Class J, 1,008.001%, 3/15/21 | 5,546 |
| 1 | Ser. 1148, Class E, 710.464%, 10/15/21 | 1,768 |
| | Ser. 1179, Class O, 1,009.389%, 11/15/21 | 369 |
| | Ser. 1221 Class H, 1,006.50%, 3/15/07 | 191 |
| 513 | Ser. 1706, Class IA, 7.00%, 10/15/23 | 31,338 |
| 160 | Ser. 1720, Class PK, 7.50%, 1/15/24 | 11,444 |
| 5,925 | Ser. 1914, Class PC, 0.75%, 12/15/11 | 69,148 |

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

| Principal Amount (000) | Description | Value |
|--|--|-----------|
| Interest Only Mortgage-Backed Securities (cont d) | | |
| | Federal Home Loan Mortgage Corp., (cont d) | |
| \$ 3,842 | Ser. 2002, Class HJ, 3.00%, 10/15/08 | \$ 43,468 |
| 1,432 | Ser. 2296, Class SA, 3.635%, 3/15/16 | 76,799 |
| 791 | Ser. 2444, Class ST, 3.855%, 9/15/29 | 43,496 |
| 48,068 | Ser. 2687, Class IQ, 5.50%, 8/15/13-9/15/32 | 4,305,349 |
| 29,415 | Ser. 2773, Class OX, 5.00%, 9/15/12-4/15/26 | 3,173,347 |
| 9,448 | Ser. 2559, Class IO, 0.961%, 8/15/30 | 44,294 |
| 50,585 | Ser. 2786, Class PI, 4.50%, 10/15/10-7/15/19 | 2,522,471 |
| 16,219 | Ser. 2779, Class YS, 3.035%, 1/15/33 | 1,123,023 |
| 22,027 | Ser. 2780, Class SM, 1.885%, 4/15/34 | 564,110 |
| 6,727 | Ser. 2825, Class NI, 5.50%, 3/15/30 | 1,558,171 |
| 43,942 | Ser. 2990, Class WR, 2.431%, 6/15/35 | 2,842,531 |
| | Federal National Mortgage Assoc., | |
| 328 | Ser. 5, Class H, 9.00%, 1/25/22 | 45,348 |
| 18 | Ser. 7, Class 2, 8.50%, 4/01/17 | 3,674 |
| 1 | Ser. 7, Class S, 686.349%, 3/25/21 | 10,261 |
| 2 | Ser. 10, Class S, 664.091%, 5/25/21 | 19,726 |
| 1 | Ser. 12, Class C, 1,016.898%, 2/25/22 | 13,497 |
| 1 | Ser. 12, Class S, 702.701%, 5/25/21 | 29,697 |
| 1 | Ser. 17, Class S, 663.569%, 6/25/21 | 13,381 |
| | Ser. 20, Class H, 856.27%, 3/25/06 | 1 |
| 1 | Ser. 33, Class PV, 1,078.42%, 10/25/21 | 31,648 |
| | Ser. 38, Class N, 1,008.50%, 4/25/21 | 924 |
| 1 | Ser. 50, Class G, 1,158.628%, 12/25/21 | 10,809 |
| 1,084 | Ser. 50, Class SI, 1.20%, 4/25/23 | 29,353 |
| 916 | Ser. 60, Class SB, 1.60%, 10/25/22 | 20,260 |
| 6,749 | Ser. 68, Class SC, 4.038%, 3/25/09-1/25/24 | 436,493 |
| 42,143 | Ser. 82, Class IR, 5.00%, 9/25/12-7/25/33 | 3,844,264 |
| | Ser. 84, Class H, 1,100.633%, 8/25/06 | 48 |
| 18,202 | Ser. 88, Class TI, 4.50%, 11/25/13 | 912,079 |
| 32 | Ser. 89, Class 2, 8.00%, 6/01/18 | 6,371 |
| 10 | Ser. 94, Class 2, 9.50%, 8/01/21 | 2,302 |
| | Ser. 99, Class L, 930.00%, 8/25/21 | 5,631 |
| 42,740 | Ser. 90, Class JH, 2.663%, 11/25/34 | 2,306,265 |
| 18,471 | Ser. 90, Class M, 6.00%, 1/25/28 | 2,868,691 |
| 3,507 | Ser. 122, Class IA, 4.00%, 9/25/09 | 63,196 |
| | Ser. 123, Class M, 1,009.50%, 10/25/20 | 947 |
| 48 | Ser. 136, Class S, 16.024%, 11/25/20 | 58,931 |
| 1 | Ser. 139, Class PT, 648.35%, 10/25/21 | 6,840 |
| 20 | Ser. 141, Class SA, 18.75%, 8/25/07 | 3,911 |
| 3,217 | Ser. 199, Class SB, 3.438%, 10/25/23 | 156,456 |
| 20,382 | Ser. 602, Class BI, 5.50%, 7/25/15-8/25/33 | 2,392,796 |
| 904 | Ser. W4, 6.50%, 12/25/28 | 137,859 |
| 131 | First Boston Mortgage Securities Corp., 10.965%, 4/25/17 | 21,891 |
| 26,591 | GMAC Commercial Mortgage Securities, Inc., 1.563%, 7/15/27 | 900,627 |
| 12,832 ⁴ | Goldman Sachs Mortgage Securities Corp., 0.997%, 2/19/25 | 276,520 |
| | Government National Mortgage Assoc., | |
| 2,601 | Ser. 39, Class ID, 5.00%, 5/20/33 | 484,320 |
| 3,361 | Ser. 58, Class IT, 5.50%, 7/20/33 | 372,329 |
| 26,626 | Ser. 89, Class SA, 1.779%, 10/16/33 | 1,215,231 |
| 108 | Kidder Peabody Acceptance Corp., 9.50%, 4/22/18 | 23,048 |
| 2,055 | Merrill Lynch Mortgage Investors, Inc., 1.216%, 6/15/21 | 93,370 |
| 83,062 | MLCC Mortgage Investors Inc., 0.83%, 3/25/28 | 1,453,587 |
| 2,439 | Morgan Stanley Cap. Trust I, 5.00%, 5/25/19 | 290,774 |
| 15,751 | Small Business Administration, 1.38%, 4/01/15 | 59,066 |
| 129,420 | Vendee Mortgage Trust, 5.40%, 5/15/29 | 301,549 |

Total Interest Only Mortgage-Backed Securities

38,579,847

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

| Principal Amount (000) | Description | Value |
|--|---|------------|
| Principal Only Mortgage-Backed Securities 7.2% | | |
| \$ 100 ⁶ | Collateralized Mortgage Obligation Trust, Ser. 29, Class A, 11.50%, 5/23/17 | \$ 98,961 |
| 11,393 ⁶ | Countrywide Home Loans, Inc., Ser. J8, Class PO, 4.787%, 9/25/23 | 8,395,432 |
| 516 ⁶ | Drexel Burnham Lambert, Inc., Ser. V, Class 1, 11.50%, 9/01/18 | 458,152 |
| | Federal Home Loan Mortgage Corp., | |
| 359 ⁶ | Ser. 8, Class A10, 6.737%, 11/15/28 | 282,220 |
| 234 ⁶ | Ser. 1418, Class M, 7.50%, 11/15/22 | 214,786 |
| 580 ⁶ | Ser. 1571, Class G, 7.50%, 8/15/23 | 521,887 |
| 3,333 ⁶ | Ser. 1739, Class B, 7.50%, 2/15/24 | 2,870,880 |
| | Federal National Mortgage Assoc., | |
| 458 ⁶ | Ser. 2, Class KB, 8.00%, 1/25/23 | 366,747 |
| 16,330 ⁶ | Ser. W4, Class PO, 5.985%, 2/25/29 | 12,839,758 |
| 435 ⁶ | MASTR Asset Securitization Trust, Ser. 3, Class 4A15, 5.65%, 3/25/34 | 335,651 |
| 13,000 ⁶ | Resolution Funding Corp., Zero Coupon, 4/15/30 | 3,915,990 |
| 27 ⁶ | Structured Mortgage Asset Residential Trust, Ser. 3C, Class CX, 7.031%, 4/25/24 | 23,806 |
| | Total Principal Only Mortgage-Backed Securities | 30,324,270 |
| Collateralized Mortgage Obligation Residuals 0.0% | | |
| | Collateralized Mortgage Obligation Trust, | |
| 1 | Ser. 40, Class R, 580.50%, 4/01/18 | 718 |
| | Ser. 42, Class R, 6,000.00%, 10/01/14 | 11,766 |
| | Federal Home Loan Mortgage Corp., | |
| | Ser. 19, Class R, 11,078.201%, 3/15/20 | 4,550 |
| | Ser. 75, Class R, 9.50%, 1/15/21 | 7 |
| | Ser. 75, Class RS, 15.485%, 1/15/21 | 7 |
| | Ser. 173, Class R, 9.00%, 11/15/21 | 38 |
| | Ser. 173, Class RS, 9.072%, 11/15/21 | 38 |
| | Ser. 200, Class R, 118,500.264%, 12/15/22 | 858 |
| 13 ⁵ | PaineWebber CMO Trust, 13.80%, 9/01/18 | |
| | Total Collateralized Mortgage Obligation Residuals | 17,982 |
| Collateralized Mortgage Obligations 20.1% | | |
| | FBC Mortgage Securities Trust 16, 4.804%, 7/01/17 | 283,265 |
| | Federal Home Loan Mortgage Corp., | |
| 8,382 | Ser. 2218 Class Z, 8.50%, 3/15/20 - 3/15/30 | 9,382,648 |
| 15,695 | Ser. 2461, Class Z, 6.50%, 5/15/12 - 6/15/32 | 16,134,998 |
| 2,475 | Ser. 2562 Class PG, 5.00%, 1/15/18 | 2,467,501 |
| 1,492 | Ser. 2582, Class TB, 3.50%, 10/15/21 | 1,484,678 |
| 2,050 | Ser. 2750, Class TC, 5.25%, 2/15/34 | 2,006,438 |
| 3,551 | Ser. 2806, Class VC, 6.00%, 12/15/19 | 3,609,314 |
| 2,152 | Ser. 2927, Class BZ, 5.50%, 2/15/35 | 2,021,196 |
| | Federal National Mortgage Assoc., | |
| 7,380 | Ser. 47, Class AK, 5.00%, 6/25/20 | 7,302,424 |
| 5,996 | Ser. 59, Class S, 6.328%, 10/25/22 | 876,345 |
| 3,371 | Ser. 68, Class PC, 5.50%, 7/25/35 | 3,361,443 |
| 7,736 | Ser. 73, Class DS, 7.053%, 8/25/35 | 6,859,413 |
| | GSR Mortgage Loan Trust, | |
| 5,435 | Ser. 10, Class 2A1, 4.475%, 10/25/33 | 5,172,453 |
| 5,145 | Ser. 13, Class 1A1, 4.506%, 10/25/33 | 4,948,582 |
| 6,725 | Indymac MBS, Inc., 4.388%, 10/25/18 | 6,716,509 |
| 2,129 | MASTR Alternative Loan Trust, 6.00%, 1/25/19 | 306,065 |
| 2,308 | MASTR Alternative Loan Trust, 8.00%, 11/25/18 | 2,384,615 |
| 9,183 | MASTR Asset Securitization Trust, 5.25%, 10/25/14 | 8,912,313 |

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Total Collateralized Mortgage Obligations

84,230,200

Corporate Bonds 1.0%

Financial Institutions 1.0%

3,961 Structured Asset Receivable Trust, 1.649%, 1/21/10

3,967,183

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

| Principal Amount (000) | Description | Value |
|--|---|--------------------|
| U.S. Government and Agency Securities 42.5% | | |
| | Overseas Private Investment Corp., | |
| \$ 299 | 4.09%, 5/29/12 | \$ 273,015 |
| 835 | 4.30%, 5/29/12 | 780,194 |
| 623 | 4.64%, 5/29/12 | 591,559 |
| 352 | 4.68%, 5/29/12 | 326,799 |
| 2,659 | 4.87%, 5/29/12 | 2,551,321 |
| 3,323 | 5.40%, 5/29/12 | 3,314,668 |
| 381 | 5.46%, 2/15/06 | 390,982 |
| 674 | 5.79%, 5/29/12 | 690,849 |
| 464 ⁵ | 5.88%, 2/15/06 | 466,314 |
| 1,280 | 5.94%, 5/29/12 | 1,315,939 |
| 364 | 5.95%, 5/29/12 | 372,315 |
| 430 | 6.10%, 5/29/12 | 444,184 |
| 520 | 6.81%, 12/16/06 | 544,846 |
| 4,152 | 6.89%, 5/29/12 | 4,365,544 |
| 1,396 | 6.91%, 5/29/12 | 1,455,026 |
| 375 | 7.35%, 2/15/06 | 396,827 |
| | Small Business Administration, | |
| 969 | Ser. 20C-1, 7.15%, 3/01/17 | 1,013,911 |
| 1,214 | Ser. 20E-1, 7.60%, 5/01/16 | 1,271,851 |
| 1,643 | Ser. 20F-1, 7.55%, 6/01/16 | 1,722,268 |
| 1,107 | Ser. 20G-1, 7.70%, 7/01/16 | 1,163,720 |
| 1,428 | Ser. 20H-1, 7.25%, 8/01/16 | 1,493,021 |
| 2,517 | Ser. 20K-1, 6.95%, 11/01/16 | 2,616,682 |
| 1,689 | Small Business Investment Cos., 6.12%, 2/01/08 | 1,727,920 |
| 129,000 ² | U.S. Treasury Bonds, Zero Coupon, 11/15/24 | 51,133,278 |
| | U.S. Treasury Notes, | |
| 40,000 ² | 1.50%, 3/31/06 | 39,568,800 |
| 2,930 ² | 2.50%, 5/31/06 | 2,900,700 |
| 915 | 3.625%, 1/15/10 | 885,546 |
| 21,000 ² | 3.75%, 3/31/07 | 20,809,740 |
| 19,400 | 4.00%, 8/31/07 | 19,263,618 |
| 9,000 ² | 4.25%, 11/15/13 | 8,814,420 |
| 5,145 | 4.25%, 11/15/13 | 5,019,615 |
| | Total U.S. Government and Agency Securities | 177,685,472 |
| | Total Long-Term Investments (cost \$610,664,067) | 589,074,844 |
| SHORT-TERM INVESTMENT 0.2% | | |
| | U.S. Government and Agency Zero Coupon Security 0.2% | |
| 640 | U.S. Treasury Bills, 3.44%, 11/10/05 ⁹ (cost \$639,481) | 639,481 |
| | Total investments before investments sold short, borrowed bonds, TBA sale commitments and outstanding options written (cost \$611,303,548 ⁷) | 589,714,325 |

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

| Principal/ Amount (000) | Description | Value |
|---|--|-----------------------|
| INVESTMENTS SOLD SHORT (17.2)% | | |
| | U.S. Treasury Bonds, | |
| \$ (12,930) | 5.375%, 2/15/31 | \$ (14,097,708) |
| (15,750) | 6.25%, 8/15/23 | (18,373,320) |
| | U.S. Treasury Notes, | |
| (14,900) | 4.00%, 2/15/15 | (14,250,509) |
| (12,000) | 4.125%, 8/15/10 | (11,820,000) |
| (13,900) | 4.25%, 11/15/14 | (13,560,646) |
| Total Investments Sold Short (proceeds \$73,151,527) | | (72,102,183) |
| BORROWED BONDS 17.4% | | |
| | U.S. Treasury Bonds, | |
| 14,288 ⁸ | 5.375%, 11/02/05 | 14,287,650 |
| 18,624 ⁸ | 6.25%, 11/02/05 | 18,624,375 |
| | U.S. Treasury Notes, | |
| 14,397 ⁸ | 4.00%, 11/02/05 | 14,397,125 |
| 11,940 ⁸ | 4.125%, 11/02/05 | 11,940,000 |
| 13,848 ⁸ | 4.25%, 11/02/05 | 13,847,875 |
| Total Borrowed Bonds (cost \$73,097,025) | | 73,097,025 |
| TBA SALE COMMITMENTS (5.1)% | | |
| | Federal National Mortgage Assoc. TBA, | |
| (8,000) | 5.00%, 11/30/35 | (7,697,504) |
| (14,000) | 5.50%, 11/30/35 | (13,807,500) |
| Total TBA Sale Commitments (proceeds \$21,750,313) | | (21,505,004) |
| Notional Amount (000) | | |
| OUTSTANDING OPTIONS WRITTEN (0.6)% | | |
| | Interest Rate Swaps, | |
| (5,700) | Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/18 | (205,912) |
| (5,700) | Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/18 | (255,645) |
| (12,400) | Trust pays 3-month LIBOR, Trust Receives 5.67%, expires 1/04/10 | (455,046) |
| (12,400) | Trust pays 5.67%, Trust Receives 3-month LIBOR, expires 1/04/10 | (723,523) |
| (14,200) | Trust pays 3-month LIBOR, Trust Receives 4.725%, expires 6/13/07 | (750,543) |
| (14,200) | Trust pays 4.725%, Trust Receives 3-month LIBOR, expires 6/13/07 | (289,614) |
| Total Outstanding Options Written (premium received \$2,868,468) | | (2,680,283) |
| Total investments net of investments sold short, borrowed bonds, TBA sale commitments and outstanding options written 135.4% | | \$ 566,523,880 |
| Liabilities in excess of other assets (35.4)% | | (148,133,756) |
| Net Assets 100% | | \$ 418,390,124 |

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.
- 3 Security, or a portion thereof, pledged as collateral with a value of \$2,646,906 on 362 short U.S. Treasury Note futures contracts expiring December 2005, 847 short U.S. Treasury Bond futures contracts expiring December 2005 and 296 short Eurodollar futures contracts expiring March 2006 to September 2007. The notional value of such contracts on October 31, 2005 was (\$203,956,400), with an unrealized gain of \$5,144,471.
- 4 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 0.3% of its net assets, with a current market value of \$1,306,119, in securities restricted as to resale.
- 5 Security is fair valued.
- 6 Rate shown is interest rate or effective yield as of October 31, 2005 of the underlying collateral.
- 7 Cost for Federal income tax purposes is \$615,022,603. The net unrealized depreciation on a tax basis is \$25,308,278, consisting of \$11,463,907 gross unrealized appreciation and \$36,772,185 gross unrealized depreciation.
- 8 The interest rate and maturity date shown represent the terms of the bonds borrowed transaction, not the security borrowed (see Note 1).
- 9 Rate shown is yield to maturity as of October 31, 2005.

KEY TO ABBREVIATIONS

TBA To Be Announced

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2005
BlackRock Limited Duration Income Trust (BLW)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|---|--------------|
| LONG-TERM INVESTMENTS 138.7% | | | |
| Corporate Bonds 59.8% | | | |
| Aerospace & Defense 2.6% | | | |
| NR | \$ 1,560 | AAR Corp., 8.39%, 5/15/11 | \$ 1,591,200 |
| NR | 2,134 | Aero Invest, 10.634%, 3/22/15 (Luxembourg) | 2,531,370 |
| B- | 1,020 | BE Aerospace, Inc., 8.875%, 5/01/11 | 1,073,550 |
| NR | 4,750 | Raytheon Co., 7.00%, 5/15/06 | 4,958,857 |
| BB | 5,3502 | Sequa Corp., 8.875%, 4/01/08 | 5,523,875 |
| B- | 2,755 | Transdigm, Inc., 8.375%, 7/15/11 | 2,865,200 |
| | | | 18,544,052 |
| Automotive 2.1% | | | |
| B- | 1,140 | Accuride Corp., 8.50%, 2/01/15 | 1,077,300 |
| BB+ | 270 | Arvinmeritor, Inc., 8.75%, 3/01/12 | 255,150 |
| A3 | 7,5002 | DaimlerChrysler NA Holding Corp., 4.05%, 6/04/08 | 7,289,700 |
| B- | 470 | Goodyear Tire & Rubber Co., 7.857%, 8/15/11 | 452,375 |
| CCC+ | 1,1053 | Metaldyne Corp., 11.00%, 11/01/13 | 991,738 |
| BB | 530 | Navistar Intl. Corp., 6.25%, 3/01/12 | 475,675 |
| BB- | 3,729 | TRW Automotive, Inc., 9.375%, 2/15/13 | 4,008,675 |
| | | | 14,550,613 |
| Basic Materials 6.9% | | | |
| BB- | 420 | Abitibi-Consolidated, Inc., 8.375%, 4/01/15 (Canada) | 389,550 |
| B- | 3503 | BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 9.65%, 7/15/10 | 353,500 |
| B- | 4,2502 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 4,133,125 |
| BB- | 740 | Donohue Forest Products, 7.625%, 5/15/07 (Canada) | 749,250 |
| BB+ | 5,6852 | Georgia Pacific Corp., 8.875%, 2/01/10 | 6,317,456 |
| | | Huntsman LLC, | |
| B | 310 | 11.50%, 7/15/12 | 350,300 |
| BB- | 1,950 | 11.625%, 10/15/10 | 2,218,125 |
| BB | 300 | IMC Global, Inc., 10.875%, 6/01/08 | 335,250 |
| CCC+ | 2,6253 | Innophos, Inc., 9.125%, 8/15/14 | 2,657,812 |
| BB+ | 5,000 | Ipsco, Inc., 8.75%, 6/01/13 (Canada) | 5,512,500 |
| | | Lyondell Chemical Co., | |
| BB- | 560 | 10.50%, 6/01/13 | 635,600 |
| BB- | 4,500 | 11.125%, 7/15/12 | 5,017,500 |
| B- | 340 | Nalco Co., 8.875%, 11/15/13 | 347,650 |
| | | NewPage Corp., | |
| CCC+ | 500 | 10.00%, 5/01/12 | 457,500 |
| B3 | 1,500 | 10.50%, 5/01/12 | 1,402,500 |
| B- | 3703 | PQ Corp., 7.50%, 2/15/13 | 336,700 |
| | | Rhodia SA, | |
| CCC+ | 1,175 | 8.875%, 6/01/11 (France) | 1,107,438 |
| B3 | 125 | 10.25%, 6/01/10 (France) | 132,813 |
| B- | 3,645 | Rockwood Specialties Group, Inc., 10.625%, 5/15/11 | 3,900,150 |
| B- | 4503 | Rockwood Specialties Grp., 7.50%, 11/15/14 | 436,500 |
| | | Southern Peru Copper Corp., | |
| BBB- | 2103 | 6.375%, 7/27/15 | 205,724 |
| BBB- | 7003 | 7.50%, 7/27/35 | 680,750 |
| BB | 3,250 | US Steel LLC, 10.75%, 8/01/08 | 3,607,500 |
| BBB | 7,5002 | Weyerhaeuser Co., 5.25%, 12/15/09 | 7,479,345 |

48,764,538

| Building & Development 1.1% | | | |
|--|--------|---|-----------------------|
| B- | 3503 | Ahern Rentals, Inc., 9.25%, 8/15/13 | 357,438 |
| B2 | 7503 | Compression Polymers Corp., 10.50%, 7/01/13 | 682,500 |
| BBB- | 3,000 | DR Horton, Inc., 5.875%, 7/01/13 | 2,898,975 |
| B- | 3753 | Goodman Global Hldgs., Inc., 6.41%, 6/15/12 | 369,375 |
| B- | 3,1703 | Goodman Global Holding Co., Inc., 7.875%, 12/15/12 | 2,995,650 |
| B | 550 | North American Energy Partners, Inc., 9.00%, 6/01/10 (Canada) | 572,000 |
| | | | <hr/> 7,875,938 <hr/> |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|------------|
| Conglomerates 1.1% | | | |
| BB- | \$ 75 | Stena AB, 7.00%, 12/01/16 (Sweden) | \$ 69,375 |
| BBB+ | 7,5002 | Tyco Intl. Group SA, 6.125%, 11/01/08 (Luxembourg) | 7,721,775 |
| | | | 7,791,150 |
| Consumer Products 6.2% | | | |
| B3 | 300 | ALH Finance LLC, 8.50%, 1/15/13 | 271,500 |
| B1 | 5,000 | Cenveo Corp., 9.625%, 3/15/12 | 5,275,000 |
| CCC+ | 1,610 | Duane Reade, Inc., 8.37%, 12/15/10 | 1,543,587 |
| B2 | 1,630 | Finlay Fine Jewelry Corp., 8.375%, 6/01/12 | 1,385,500 |
| B2 | 2,140 | Gold Kist, Inc., 10.25%, 3/15/14 | 2,418,200 |
| B+ | 5,000 | Group 1 Automotive, Inc., 8.25%, 8/15/13 | 4,750,000 |
| | | GSC Holdings Corp., | |
| Ba3 | 3003 | 7.875%, 10/01/11 | 301,875 |
| Ba3 | 5103 | 8.00%, 10/01/12 | 497,250 |
| BBB- | 4,400 | JC Penney Co., Inc., 8.00%, 3/01/10 | 4,757,500 |
| B- | 2,8353 | Knowledge Learning Corp., Inc., 7.75%, 2/01/15 | 2,636,550 |
| B- | 1,550 | Lazydays RV Center, Inc., 11.75%, 5/15/12 | 1,612,000 |
| B | 2,075 | Levi Strauss & Co., 8.804%, 4/01/12 | 2,062,031 |
| B3 | 4,605 | Movie Gallery, Inc., 11.00%, 5/01/12 | 3,684,000 |
| B2 | 2233 | Neiman-Marcus Group Inc., 9.00%, 10/15/15 | 219,098 |
| BB- | 6003 | Quiksilver, Inc., 6.875%, 4/15/15 | 556,500 |
| | | Rite Aid Corp., | |
| B- | 3753 | 6.125%, 12/15/08 | 352,500 |
| BB- | 5,000 | 8.125%, 5/01/10 | 5,062,500 |
| CCC+ | 7003 | Rural/Metro Corp., 9.875%, 3/15/15 | 731,500 |
| B1 | 2,500 | Sheridan Group, Inc., 10.25%, 8/15/11 | 2,600,000 |
| B | 3,500 | Sonic Automotive, Inc., 8.625%, 8/15/13 | 3,316,250 |
| | | | 44,033,341 |
| Containers & Packaging 0.6% | | | |
| | | Graham Packaging Co., Inc., | |
| CCC+ | 785 | 8.50%, 10/15/12 | 757,525 |
| CCC+ | 935 | 9.875%, 10/15/14 | 885,913 |
| B- | 2,500 | Graphic Packaging Intl., Inc., 9.50%, 8/15/13 | 2,250,000 |
| CCC+ | 6653 | Pregis Corp., 12.375%, 10/15/13 | 651,700 |
| | | | 4,545,138 |
| Ecological Services & Equipment 0.3% | | | |
| B | 2,000 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 2,145,000 |
| Energy 6.4% | | | |
| BB+ | 5,5003 | AES Corp., 8.75%, 5/15/13 | 5,933,125 |
| | | ANR Pipeline Co., | |
| B1 | 460 | 7.375%, 2/15/24 | 478,975 |
| B1 | 1,780 | 9.625%, 11/01/21 | 2,153,800 |
| B2 | 3,440 | Aquila Finance Corp., 7.75%, 6/15/11 (Canada) | 3,508,800 |
| | | Calpine Corp., | |

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| | | | |
|-----|--------|---|-----------|
| B- | 1803 | 8.50%, 7/15/10 | 126,450 |
| B | 7003 | 9.625%, 9/30/14 | 710,500 |
| CCC | 15 | Calpine Energy Finance ULC, 8.50%, 5/01/08 (Canada) | 8,138 |
| BB | 4,000 | Chesapeake Energy Corp., 7.50%, 9/15/13 | 4,220,000 |
| B- | 1,0953 | Clayton Williams Energy, Inc., 7.75%, 8/01/13 | 1,056,675 |
| | | CMS Energy Corp., | |
| BB- | 150 | 7.50%, 1/15/09 | 155,250 |
| BB- | 460 | 9.875%, 10/15/07 | 494,500 |
| Ba3 | 7503 | Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France) | 780,000 |
| B+ | 2,3503 | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 2,585,000 |
| | | El Paso CGP Co., | |
| B- | 400 | 7.42%, 2/15/37 | 362,000 |
| B- | 525 | 9.625%, 5/15/12 | 575,531 |
| B- | 225 | 10.75%, 10/01/10 | 245,531 |
| B- | 400 | El Paso Corp., 7.80%, 8/01/31 | 396,500 |
| B1 | 400 | El Paso Natural Gas Co., 8.375%, 6/15/32 | 441,000 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Energy (cont d.) | | | |
| B | \$ 260 | Exco Resources, Inc., 7.25%, 1/15/11 | \$ 265,200 |
| B | 4303 | Hilcorp Energy I LP/Hilcorp Finance Corp., 7.75%, 11/01/15 | 430,000 |
| B | 2,4343 | 10.50%, 9/01/10 | 2,726,080 |
| | | KCS Energy, Inc., 7.125%, 4/01/12 | 330,687 |
| B- | 325 | 7.125%, 4/01/12 | 408,000 |
| | | Midwest Generation LLC, 8.56%, 1/02/16 | 5,208,061 |
| B+ | 4,778 | Ser. A, 8.30%, 7/02/09 | 1,367,600 |
| B2 | 500 | Mission Energy Holdings Co., 13.50%, 7/15/08 | 581,250 |
| B- | 4503 | Ocean Rig Norway AS, 8.375%, 7/01/13 | 484,875 |
| B2 | 580 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 687,300 |
| B | 110 | Range Resources Corp., 6.375%, 3/15/15 | 110,275 |
| BB- | 215 | Reliant Energy, Inc., 6.75%, 12/15/14 | 199,413 |
| B | 5,000 | Swift Energy Co., 9.375%, 5/01/12 | 5,400,000 |
| B2 | 1,4753 | Targa Resources, Inc., 8.50%, 11/01/13 | 1,497,125 |
| BB+ | 100 | Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26 | 108,125 |
| B2 | 1903 | Whiting Petroleum Corp., 7.00%, 2/01/14 | 190,475 |
| BB | 1,000 | Williams Cos., Inc., 7.125%, 9/01/11 | 1,036,250 |
| | | | 45,262,491 |
| Entertainment & Leisure 1.0% | | | |
| Ba3 | 5,425 | MGM Mirage, 9.75%, 6/01/07 | 5,696,250 |
| B | 250 | Poster Financial Group, Inc., 8.75%, 12/01/11 | 255,000 |
| B+ | 4603 | San Pasqual Casino, 8.00%, 9/15/13 | 460,000 |
| B+ | 400 | Wynn Las Vegas LLC/Wynn Las Vegas Cap. Corp., 6.625%, 12/01/14 | 381,000 |
| | | | 6,792,250 |
| Financial Institutions 8.2% | | | |
| BB | 1,4803 | American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13 | 1,435,600 |
| B- | 2,333 | BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg) | 2,566,300 |
| BB | 3,360 | Crum & Forster Hldgs. Corp., 10.375%, 6/15/13 | 3,595,200 |
| B+ | 5503 | E*Trade Financial Corp., 7.375%, 9/15/13 | 541,750 |
| BB | 1,000 | Fairfax Financial Holdings Ltd., 7.75%, 4/26/12 (Canada) | 910,000 |
| | | Ford Motor Credit Co., 7.25%, 10/25/11 | 465,020 |
| BBB- | 500 | 7.375%, 2/01/11 | 7,043,977 |
| BBB- | 7,5002 | General Motors Acceptance Corp., 5.05%, 1/16/07 | 2,941,560 |
| BB | 7,5003 | 6.875%, 8/28/12 | 7,201,800 |
| Ba3 | 2,500 | Huntsman Advanced Materials, LLC, 11.00%, 7/15/10 | 2,790,625 |
| B- | 900 | K&F Acquisition, Inc., 7.75%, 11/15/14 | 900,000 |
| Baa2 | 5,0003 | Kazkommerts Intl. BV, 10.125%, 5/08/07 | 5,287,500 |
| BBB | 200 | Marsh & McLennan Cos., Inc., 4.27%, 7/13/07 | 199,256 |
| B- | 1,8003 | Nell AF, 8.375%, 8/15/15 (Luxembourg) | 1,728,000 |
| | | Rainbow National Services LLC, 8.75%, 9/01/12 | 971,250 |
| B+ | 9253 | 10.375%, 9/01/14 | 5,495,962 |
| B+ | 4,9853 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 1,028,700 |
| B- | 1,080 | Structured Asset Receivable Trust, 1.649%, 1/21/10 | 7,145,761 |
| NR | 7,135 | | |

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| | | | |
|-----|--------|---|------------|
| B- | 220 | Universal City Florida Hldg. Co. I/II, 9.00%, 5/01/10 | 224,400 |
| BB- | 4,4252 | Western Financial Bank, 9.625%, 5/15/12 | 5,011,313 |
| | | | 57,483,974 |

Health Care 2.8%

| | | | |
|-----|--------|--|-----------|
| B- | 5,000 | Concentra Operating Corp., 9.50%, 8/15/10 | 5,150,000 |
| CCC | 80 | Curative Health Services, Inc., 10.75%, 5/01/11 | 54,000 |
| B | 1,3453 | Elan Finance Corp., 7.75%, 11/15/11 (Ireland) | 1,183,600 |
| B | 1,7503 | Insight Health Services Corp., 9.174%, 11/01/11 | 1,658,125 |
| B- | 3,000 | Norcross Safety Products LLC/Norcross Capital Corp., 9.875%, 8/15/11 | 3,195,000 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|--|------------|
| Health Care (cont d.) | | | |
| | | Tenet Healthcare Corp., | |
| B | \$ 340 | 6.375%, 12/01/11 | \$ 296,650 |
| B | 1,470 | 9.875%, 7/01/14 | 1,433,250 |
| B3 | 4,500 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 4,871,250 |
| B- | 1,880 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 1,898,800 |
| | | | <hr/> |
| | | | 19,740,675 |
| Industrials 3.2% | | | |
| B- | 3003 | Chart Industries, Inc., 9.125%, 10/15/15 | 296,250 |
| Caa1 | 5,7603 | DI Finance/DynCorp. Intl., 9.50%, 2/15/13 | 5,961,600 |
| B- | 2,665 | ERICO Intl. Corp., 8.875%, 3/01/12 | 2,744,950 |
| B- | 4,000 | Fasten Tech, Inc., 11.50%, 5/01/11 | 4,140,000 |
| Caa1 | 1,6703 | Hydrochem Industrial Services, 9.25%, 2/15/13 | 1,523,875 |
| B- | 1,880 | NationsRent Cos., Inc., 9.50%, 5/01/15 | 1,950,500 |
| CCC+ | 1,955 | Park-Ohio Inds., Inc., 8.375%, 11/15/14 | 1,705,737 |
| B3 | 2,2403 | Sunstate Equipment Co. LLC, 10.50%, 4/01/13 | 2,262,400 |
| CCC+ | 2,395 | Trimas Corp., 9.875%, 6/15/12 | 1,951,925 |
| | | | <hr/> |
| | | | 22,537,237 |
| Media 7.3% | | | |
| B- | 740 | Allbritton Communications Co., 7.75%, 12/15/12 | 736,300 |
| CCC+ | 1,550 | American Media Operations, Inc., 10.25%, 5/01/09 | 1,472,500 |
| NR | 2,360 | Cablecom SCA, 4.935%, 4/30/12 (Luxembourg) | 2,855,435 |
| CCC+ | 3,500 | CBD Media Inc., 8.625%, 6/01/11 | 3,548,125 |
| CCC+ | 880 | Charter Communications Holdings II, LLC/Charter Communications Holdings II Cap. Corp., 10.25%, 9/15/10 | 882,200 |
| BBB+ | 6,6852 | Comcast Cable Communications, Inc., 6.875%, 6/15/09 | 7,034,291 |
| BB- | 6,0002 | CSC Holdings, Inc., 7.875%, 12/15/07 | 6,157,500 |
| B1 | 1,300 | Dex Media East LLC, 12.125%, 11/15/12 | 1,521,000 |
| | | Echostar DBS Corp., | |
| | | 5.75%, 10/01/08 | 1,955,000 |
| BB- | 5,100 | 7.304%, 10/01/08 | 5,189,250 |
| B- | 5,000 | Houghton Mifflin Co., 9.875%, 2/01/13 | 5,212,500 |
| CCC+ | 3003 | iesy Repository GmbH, 10.375%, 2/15/15 (Germany) | 321,750 |
| B3 | 760 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 672,600 |
| B3 | 2,750 | Nextmedia Operating, Inc., 10.75%, 7/01/11 | 2,997,610 |
| B1 | 2,5003 | Paxson Communications Corp., 6.90%, 1/15/10 | 2,493,750 |
| B2 | 1,200 | Primedia, Inc., 9.715%, 5/15/10 | 1,224,000 |
| B2 | 2,000 | Salem Communications Corp., 7.75%, 12/15/10 | 2,075,000 |
| | | Vertis, Inc., | |
| Caa1 | 2,540 | 10.875%, 6/15/09 | 2,362,200 |
| Caa2 | 953 | 13.50%, 12/07/09 | 73,150 |
| Caa1 | 2,875 | Young Broadcasting, Inc., 10.00%, 3/01/11 | 2,702,500 |
| | | | <hr/> |
| | | | 51,486,661 |
| Real Estate 1.1% | | | |
| BB | 5,860 | American Real Estate Partners, 8.125%, 6/01/11 | 6,021,150 |
| BB+ | 2,000 | Rouse Co., 5.375%, 11/26/13 | 1,884,240 |
| | | | <hr/> |
| | | | 7,905,390 |

| Technology 2.9% | | | |
|------------------------|--------|--|-----------|
| B- | 1,958 | Amkor Tech. Inc., 7.75%, 5/15/13 | 1,664,300 |
| B | 1,145 | Celestica, Inc., 7.625%, 7/01/13 (Canada) | 1,107,787 |
| BB+ | 3,232 | Flextronics Intl. Ltd., 6.50%, 5/15/13 (Singapore) | 3,240,080 |
| B+ | 4303 | Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea) | 478,913 |
| BB- | 3,830 | Lucent Technologies, Inc., 6.50%, 1/15/28 | 3,255,500 |
| Ba3 | 500 | MagnaChip Semiconductor SA/Magna Semiconductor Finance Co., 7.12%, 12/15/11 (Luxembourg) | 487,500 |
| B+ | 485 | Sanmina-SCI Corp., 6.75%, 3/01/13 | 457,113 |
| BB | 200 | Stats Chippac Ltd., 7.50%, 7/19/10 (Singapore) | 201,000 |
| | | Sungard Data Systems, Inc., | |
| B- | 5003 | 8.525%, 8/15/13 | 515,000 |
| B- | 1,9003 | 9.125%, 8/15/13 | 1,942,750 |
| B- | 1,8303 | 10.25%, 8/15/15 | 1,811,700 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|---|--------------|
| Technology (cont d.) | | | |
| B | \$ 3,515 | Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12 | \$ 3,479,850 |
| B- | 1,440 | UGS Corp., 10.00%, 6/01/12 | 1,576,800 |
| | | | 20,218,293 |
| Telecommunications 5.0% | | | |
| BB- | 920 | Cincinnati Bell, Inc., 7.25%, 7/15/13 | 959,100 |
| A- | 5,0002 | Deutsche Telekom Intl. Finance BV, 8.50%, 6/15/10 | 5,575,200 |
| B- | 8603 | Hawaiian Telcom Communications, Inc., 9.948%, 5/01/13 | 849,250 |
| Intelsat Ltd., | | | |
| Caa1 | 800 | 5.25%, 11/01/08 | 728,000 |
| B2 | 4603 | 8.25%, 1/15/13 | 461,150 |
| B2 | 2,2503 | 8.625%, 1/15/15 | 2,283,750 |
| B2 | 2,3603 | 8.695%, 1/15/12 | 2,395,400 |
| BB- | 120 | Lucent Technologies, Inc., 6.45%, 3/15/29 | 102,600 |
| B- | 300 | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 273,000 |
| B1 | 2,737 | PanAmSat Corp., 9.00%, 8/15/14 | 2,880,692 |
| BB | 4,000 | Qwest Communications Intl., Inc, 7.84%, 2/15/09 | 4,000,000 |
| Qwest Corp., | | | |
| BB+ | 2,5003 | 7.12%, 6/15/13 | 2,618,750 |
| BB+ | 1,000 | 7.875%, 9/01/11 | 1,050,000 |
| BB+ | 6,0002 | 8.875%, 3/15/12 | 6,615,000 |
| BB | 1,320 | Qwest Services Corp., 13.50%, 12/15/10 | 1,506,450 |
| BB+ | 460 | Rogers Wireless, Inc., 7.25%, 12/15/12 | 484,150 |
| Caa1 | 2,030 | Rural Cellular Corp., 9.875%, 2/01/10 | 2,111,200 |
| | | | 34,893,692 |
| Transportation 1.0% | | | |
| B | 1,575 ₃ | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 1,582,875 |
| B | 140 | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 141,225 |
| B3 | 111 | Horizon Lines LLC, 9.00%, 11/01/12 | 117,799 |
| B+ | 360 | OMI Corp., 7.625%, 12/01/13 | 369,900 |
| BB+ | 1,650 | Overseas Shipholding Group, Inc., 8.75%, 12/01/13 | 1,856,250 |
| B | 3,015 | Sea Containers Ltd., 10.50%, 5/15/12 | 3,015,000 |
| | | | 7,083,049 |
| Total Corporate Bonds | | | 421,653,482 |
| Bank Loans 43.8% | | | |
| Aerospace & Defense 0.8% | | | |
| | 985 | Arinc, Inc., Term Loan B, LIBOR + 2.00%, 3/10/11 | 992,388 |
| | 976 | Camp Acquisition Co., Term Loan A, LIBOR + 3.25%, 8/30/11 | 978,246 |
| | 1,990 | Dyncorp International LLC, Term Loan B, LIBOR + 2.75%, 2/11/11 | 1,990,000 |
| | 1,465 | Transdigm, Inc., Term Loan, LIBOR + 2.25%, 7/22/10 | 1,484,113 |
| | | | 5,444,747 |
| Automotive 1.4% | | | |
| | 1,229 | Dayco Products, LLC, Term Loan B, LIBOR + 3.00%, 6/23/11 | 1,239,487 |
| | | Goodyear Tire & Rubber Co. (The), | |

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| | | |
|-------|--|-----------|
| 500 | Term Loan, LIBOR + 2.75%, 4/30/10 | 503,854 |
| 2,000 | Term Loan, LIBOR + 3.50%, 4/01/11 | 1,983,000 |
| 995 | Hilite International, Term Loan, LIBOR + 4.00%, 4/15/10 | 950,225 |
| 999 | Metaldyne Co. LLC, Term Loan D, LIBOR + 4.50%, 12/31/09 | 991,751 |
| 1,000 | Polar Corp., Term Loan, LIBOR, 6/15/10 | 1,015,000 |
| 500 | Precision Parts Intl., Term Loan B, LIBOR + 3.75%, 10/15/11 | 503,750 |
| 517 | Tenneco Automotive, Inc., Term Loan B-1, LIBOR + 2.25%, 12/12/10 | 523,448 |
| 2,481 | TRW Automotive Acquisitions Corp., Term Loan B, LIBOR + 1.50%, 6/30/12 | 2,501,926 |

10,212,441

Basic Materials 2.9%

| | | |
|-----|--------------------------------------|---------|
| | Basell Fin. Co., | |
| 83 | Term Loan B4, LIBOR + 2.50%, 9/07/13 | 84,531 |
| 83 | Term Loan C4, LIBOR + 2.50%, 9/07/14 | 84,635 |
| | Basell NV, | |
| 417 | Term Loan B2, LIBOR + 2.50%, 9/07/13 | 422,656 |
| 417 | Term Loan C2, LIBOR + 3.00%, 9/07/14 | 423,177 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Principal Amount (000) | Description | Value |
|--|---|--------------|
| Basic Materials (cont d.) | | |
| \$ 998 | Berry Plastics Corp., Term Loan, LIBOR + 2.00%, 12/02/11 | \$ 1,008,223 |
| 956 | Boise Cascade Corp., Term Loan D, LIBOR + 1.75%, 10/29/11 | 968,307 |
| 2,201 | Celanese, Ag, Term Loan B, LIBOR + 2.25%, 4/06/11 | 2,230,691 |
| 3,000 | Cognis Deutschland, Term Loan, LIBOR + 4.75%, 11/15/13 | 3,061,500 |
| 1,946 | Huntsman International, LLC, Term Loan B, LIBOR + 1.75%, 8/16/12 | 1,955,279 |
| 920 | Ineos Grp. Holdings, PLC, Term Loan C, LIBOR + 3.50%, 4/26/09 | 921,639 |
| 1,850 | Invista, B.V., Term Loan B-1, LIBOR + 2.25%, 4/29/11 | 1,877,411 |
| 803 | Term Loan B-2, LIBOR + 2.25%, 4/29/11 | 814,546 |
| 2,497 | Nalco Co., Term Loan B, LIBOR + 2.00%, 11/04/10 | 2,532,793 |
| 498 | PQ Corp., Term Loan, LIBOR + 2.00%, 2/10/12 | 500,609 |
| 995 | Rockwood Specialties Group, Inc., Term Loan D, LIBOR + 2.50%, 12/10/12 | 1,010,132 |
| 1,611 | SP Newsprint, Term Loan B, Zero Coupon, 1/09/08 | 1,633,264 |
| 656 | Term Loan, LIBOR + 2.25%, 1/08/10 | 665,274 |
| | | 20,194,667 |
| Building & Development 0.5% | | |
| 242 | Atrium Companies, Inc., Term Loan, LIBOR + 3.75%, 12/28/11 | 242,108 |
| 1,500 | Custom Building Products, Inc., Term Loan, LIBOR + 5.00%, 4/29/12 | 1,490,625 |
| 250 | Euramax International, Inc., Term Loan, LIBOR + 7.00%, 6/29/13 | 245,000 |
| 495 | Nortek, Inc., Term Loan B, LIBOR + 2.25%, 8/27/11 | 499,702 |
| 1,250 | Professional Service, Inc., TBD | 1,253,125 |
| | | 3,730,560 |
| Conglomerates 4.0% | | |
| 995 | Atlantis Plastics, Inc., Term Loan, LIBOR + 2.75%, 9/30/11 | 990,025 |
| 500 | Term Loan, LIBOR + 7.25%, 3/11/05 | 501,875 |
| 1,985 | Colfax Corp., Term Loan B, LIBOR + 2.25%, 5/30/09 | 2,001,541 |
| 3,125 | Fidelity National Information Solutions, Inc., Term Loan B, LIBOR + 1.75%, 3/09/13 | 3,134,013 |
| 494 | Fisher Scientific International, Inc., Term Loan B, LIBOR + 1.50%, 8/02/11 | 496,219 |
| 500 | Gentek, Inc., Term Loan, LIBOR + 5.75%, 3/15/12 | 490,250 |
| 1,481 | Honeywell Security, Term Loan B, PRIME + 2.00%, 6/28/10 | 1,488,664 |
| 1,496 | IAP Acquisition Corp., Term Loan, LIBOR + 2.75%, 3/01/11 | 1,516,824 |
| 625 | Term Loan, LIBOR + 5.75%, 3/01/12 | 636,979 |
| 1,000 | Invensys Intl Holdings, Ltd., Term Loan, 0.50%, 3/05/09 | 970,000 |
| 1,144 | Term Loan B1, LIBOR + 3.50%, 9/05/09 | 1,152,513 |
| 4,250 | Term Loan, LIBOR + 4.75%, 11/30/09 | 4,345,625 |
| 998 | Jarden Corp., Term Loan B2, LIBOR + 1.75%, 1/24/12 | 1,001,618 |
| 1,109 | Term Loan, LIBOR + 2.00%, 8/15/11 | 1,116,456 |
| 1,000 | Mueller Group, Inc., Term Loan B, LIBOR + 2.25%, 10/03/12 | 1,012,857 |

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| | | |
|-------|---|------------|
| 466 | Penn Engineering & Manufacturing, Term Loan, LIBOR + 2.25%, 5/25/11 | 471,157 |
| 292 | Precise Technology, Inc., Term Loan, LIBOR + 3.00%, 3/31/11 | 292,502 |
| 1,220 | Sensus Metering Systems, Inc., Term Loan B1, LIBOR + 2.50%, 12/17/10 | 1,228,712 |
| 190 | Term Loan B2, LIBOR + 2.50%, 12/17/10 | 191,699 |
| 876 | St. John Knits International, Inc., Term Loan B, LIBOR + 2.50%, 3/18/12 | 886,902 |
| 2,494 | Sungard Data Systems, Inc., Term Loan B, LIBOR + 2.50%, 2/11/13 | 2,513,870 |
| 1,425 | Visant Holding Corp., Term Loan B, LIBOR + 2.50%, 10/04/11 | 1,445,930 |
| | | 27,886,231 |

Consumer Products 7.2%

| | | |
|-------|--|-----------|
| 1,000 | 24 Hour Fitness Worldwide, Inc., Term Loan B, LIBOR + 3.00%, 6/08/12 | 1,014,375 |
| 488 | Adams Outdoor Advertising, L.P., Term Loan, LIBOR + 2.00%, 10/18/12 | 494,573 |
| 1,053 | Alimentation Couche-Tard, Inc., Term Loan, LIBOR + 1.75%, 12/17/10 | 1,063,863 |
| 499 | Arby's Restaurant Group, Inc., Term Loan B, LIBOR + 2.25%, 7/25/12 | 501,244 |
| 963 | Berkline Bench Craft, Term Loan B, LIBOR + 3.00%, 11/03/11 | 943,250 |
| 1,000 | Term Loan, PRIME + 7.00%, 4/30/12 | 900,000 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Principal Amount (000) | Description | Value |
|------------------------------------|---|------------|
| Consumer Products (cont d.) | | |
| \$ 500 | Buffets, Inc., LIBOR + 0.10%, 6/28/09 | \$ 502,500 |
| 499 | Burger King Corp., Term Loan B, LIBOR + 1.75%, 6/30/12 | 503,381 |
| 744 | Central Garden & Pet Co., Term Loan B, LIBOR + 1.75%, 5/31/09 | 753,630 |
| | Chiquita Brands International, Inc., Term Loan B, LIBOR + 2.50%, 6/28/12 | 303,672 |
| 299 | Term Loan C, LIBOR + 2.50%, 6/28/12 | 504,984 |
| 499 | CKE Restaurants, Inc., Term Loan, LIBOR + 2.00%, 5/01/10 | 987,522 |
| 983 | Delaware Laboratories, Inc., TBD | 639 |
| 1 | Denny's Corp., Term Loan, LIBOR + 5.13%, 9/30/10 | 1,023,125 |
| 1,000 | Dole Food Co., Inc., Term Loan B, LIBOR + 1.50%, 4/18/12 | 553,059 |
| 549 | Douglas Dynamics, LLC, Term Loan, PRIME + 1.00%, 12/16/10 | 501,213 |
| 496 | Dr. Pepper Bottling Co. of Texas, Inc., Term Loan B, PRIME + 1.00%, 12/19/10 | 2,938,734 |
| | Eastman Kodak Co., Term Loan B-2, 1.50%, 10/18/12 | 363,971 |
| 368 | Term Loan B1, LIBOR + 2.25%, 10/18/12 | 877,721 |
| 882 | Eye Care Centers of America, Inc., Term Loan, LIBOR + 3.00%, 2/16/12 | 1,001,219 |
| 995 | Keystone Foods Holdings, LLC, Term Loan, LIBOR + 1.75%, 6/16/11 | 799,979 |
| 792 | Knoll, Inc., Term Loan, LIBOR + 2.00%, 10/03/12 | 506,250 |
| 500 | Language Line, Inc., Term Loan B, LIBOR + 4.25%, 6/10/11 | 906,960 |
| 902 | Le-Natures, Inc., Term Loan B, LIBOR + 3.00%, 5/30/10 | 1,657,526 |
| 1,653 | MD Beauty, Inc., Term Loan, PRIME + 6.00%, 2/18/13 | 498,750 |
| 500 | Michael Foods, Inc., Term Loan B, LIBOR + 2.25%, 11/21/10 | 2,777,617 |
| 2,738 | Movie Gallery, Inc., Term Loan B, LIBOR + 3.75%, 4/27/11 | 972,147 |
| 998 | Neiman-Marcus Group, Inc., Term Loan, LIBOR + 2.50%, 4/06/13 | 1,757,656 |
| 1,750 | NewPage, Term Loan B, LIBOR + 3.00%, 5/02/11 | 2,009,962 |
| 1,995 | Nice Pak Products, Term Loan, LIBOR + 3.50%, 6/15/10 | 953,563 |
| 950 | Olympus Cable Holdings, LLC, Term Loan A, PRIME + 1.25%, 6/30/10 | 1,965,358 |
| 2,000 | Term Loan B, PRIME + 2.00%, 9/30/10 | 3,463,750 |
| 3,500 | Oriental Trading Co., Inc., Term Loan, LIBOR + 4.75%, 1/08/11 | 501,563 |
| 500 | Oriental Trading Company, Inc., Term Loan B, LIBOR + 2.25%, 8/06/10 | 2,641,205 |
| 2,633 | OSI Group LLC, Term Loan B, LIBOR + 2.00%, 9/02/11 | 3,002,174 |
| 2,970 | Pantry, Inc. (The), Term Loan B, LIBOR + 2.25%, 3/12/11 | 1,768,920 |
| 1,745 | PBM Products, LLC, Term Loan B, LIBOR + 3.00%, 7/26/11 | 957,821 |
| 953 | Pierre Foods, Inc., Term Loan B, LIBOR + 2.75%, 6/30/10 | 853,312 |
| 844 | Pivotal Promontory, LLC, Term Loan, LIBOR + 6.50%, 8/31/11 | 753,750 |
| 750 | Prestige Brands Holdings, Inc., Term Loan B, LIBOR + 2.25%, 4/06/11 | 1,494,122 |
| 1,478 | R.H. Donnelley, Inc., Term Loan D, LIBOR + 1.75%, 6/30/11 | 3,487,072 |
| 3,470 | Sealy Mattress Co., Term Loan D, LIBOR + 1.75%, 4/06/12 | 445,658 |
| 442 | Synventive Acquisition, Inc., Term Loan, LIBOR + 14.0%, 7/29/14 | 600,000 |
| 600 | Travelcenters of America, Inc., Term Loan B, LIBOR + 1.75%, 12/01/11 | 505,000 |
| 500 | | 505,000 |
| | | 51,012,790 |

Containers & Packaging 1.8%

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| | | |
|-------|--|------------|
| 868 | Bway Corp., Term Loan, LIBOR + 2.25%, 6/30/11 | 878,850 |
| 353 | Flexsol Packaging Corp., Term Loan, LIBOR + 3.25%, 11/30/11 | 352,440 |
| | Graham Packaging Company, L.P., | |
| 1,985 | Term Loan B, LIBOR + 2.50%, 10/07/11 | 2,007,953 |
| 2,000 | Term Loan C, LIBOR + 4.25%, 4/07/12 | 2,031,666 |
| 1,383 | Graphic Packaging International, Inc., Term Loan C, LIBOR + 2.50%, 6/30/10 | 1,393,710 |
| | Owens-Illinois Group, Inc., | |
| 3,170 | Term Loan A1, LIBOR + 2.75%, 4/01/07 | 3,188,516 |
| 589 | Term Loan C1, LIBOR + 1.75%, 4/01/08 | 592,796 |
| 568 | Smurfit-Stone Container Corp., Term Loan, LIBOR + 2.10%, 11/01/11 | 573,558 |
| 1,970 | Solo Cup, Inc., Term Loan, LIBOR + 2.50%, 2/27/11 | 1,974,432 |
| | | <hr/> |
| | | 12,994,921 |
| | | <hr/> |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Principal Amount (000) | Description | Value |
|---|--|--------------|
| Ecological Services & Equipment 0.6% | | |
| | Allied Waste North America, Inc., | |
| \$ 1,003 | Term Loan A, LIBOR + 2.00%, 1/15/12 | \$ 1,008,256 |
| 2,655 | Term Loan, LIBOR + 2.00%, 1/15/12 | 2,667,712 |
| 500 | Envirosolutions, Inc., Term Loan, LIBOR + 3.50%, 7/07/12 | 508,125 |
| | | 4,184,093 |
| Energy 3.1% | | |
| 429 | AES Corp., Term Loan, LIBOR + 1.75%, 4/30/08 | 433,607 |
| 998 | Cellnet Technology, Inc., Term Loan B, LIBOR + 3.00%, 4/26/12 | 1,002,487 |
| 600 | Coffeyville Resources, LLC, Term Loan, LIBOR + 2.50%, 6/24/12 | 609,250 |
| 898 | Term Loan B, LIBOR + 2.50%, 6/24/12 | 911,591 |
| 777 | Cogentrix Delaware Holdings, Inc., Term Loan, LIBOR + 1.75%, 4/14/12 | 785,129 |
| 250 | Complete Production Services, Inc., Term Loan B, LIBOR, 9/12/12 | 251,979 |
| 375 | El Paso Corp., Term Loan, LIBOR + 2.85%, 11/30/07 | 377,448 |
| 615 | Term Loan B, LIBOR + 2.75%, 11/23/09 | 619,015 |
| 998 | Kerr-McGee Corp., Term Loan B, PRIME + 1.50%, 5/24/11 | 999,495 |
| 1,500 | Key Energy Services, Term Loan B, 1.00%, 6/30/12 | 1,520,625 |
| 500 | Magellan Midstream Holdings, L.P., Term Loan, LIBOR + 2.13%, 6/30/12 | 506,562 |
| 2,429 | MDCP Acquisitions, Term Loan B3, LIBOR + 2.75%, 12/31/08 | 2,425,867 |
| 2,429 | Term Loan C3, LIBOR + 2.75%, 10/31/11 | 2,428,702 |
| 250 | Petrohawk, Term Loan, LIBOR + 4.50%, 7/31/10 | 250,938 |
| 304 | Pike Electric, Inc., Term Loan B, LIBOR + 2.25%, 7/01/12 | 306,849 |
| 1,500 | Reliant Energy Resources Corp., Term Loan, LIBOR + 2.38%, 9/30/10 | 1,503,214 |
| 2,729 | Term Loan, LIBOR + 2.38%, 4/30/10 | 2,735,224 |
| 797 | Semcrude, L.P., Term Loan, LIBOR + 2.50%, 3/16/11 | 804,467 |
| 697 | Term Loan, LIBOR + 2.50%, 3/16/11 | 703,465 |
| 1,000 | Targa Resources Asst. Sale, TBD | 1,000,000 |
| 500 | Trout Coal Holdings, LLC, Term Loan, LIBOR + 6.50%, 3/15/12 | 503,750 |
| 995 | Universal Compression, Inc., Term Loan, 0.35%, 2/15/12 | 1,004,640 |
| | | 21,684,304 |
| Entertainment & Leisure 2.6% | | |
| 988 | Boyd Gaming Corp., Term Loan B, LIBOR + 1.50%, 6/30/11 | 997,992 |
| 498 | CCM Merger, Inc., Term Loan, 0.50%, 7/25/12 | 502,484 |
| 750 | Term Loan B, LIBOR + 2.00%, 4/25/12 | 755,156 |
| 2,790 | Greektown Casino, LLC, Term Loan D, LIBOR + 3.50%, 12/31/05 | 2,800,245 |
| 493 | Green Valley Ranch Gaming, LLC, Term Loan B, LIBOR + 2.00%, 12/17/11 | 498,685 |
| 1,241 | Isle of Capri Casinos, Inc., Term Loan, LIBOR + 1.75%, 2/04/11 | 1,251,869 |
| 985 | Loews Cineplex Entertainment Corp., Term Loan B, LIBOR + 2.25%, 7/31/11 | 987,879 |

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|-------|--|------------|
| 5,000 | Metro-Goldwyn-Mayer Studios, Inc., Term Loan B, LIBOR + 2.25%, 4/08/12 | 5,039,375 |
| 2,000 | Penn National Gaming, Term Loan B, PRIME + 1.00%, 10/03/12 | 2,023,126 |
| 499 | Volume Svcs. America, Inc., Term Loan, PRIME + 1.25%, 10/01/10 | 503,111 |
| 651 | Wyndham International, Inc., TBD | 650,650 |
| 1,099 | Term Loan E, LIBOR, 9/11/07 | 1,099,350 |
| 1,000 | Wynn Las Vegas, LLC, Term Loan, 1.00%, 12/14/11 | 1,009,000 |
| 500 | Yellowstone Mtn. Club, Term Loan, LIBOR + 2.38%, 9/30/10 | 505,000 |
| | | <hr/> |
| | | 18,623,922 |
| | | <hr/> |

Financial Institutions 1.2%

| | | |
|-------|---|-----------|
| 1,500 | Arias Acquisitions, Inc., Term Loan, LIBOR + 3.75%, 7/26/11 | 1,494,375 |
| 956 | CCC Information Services, Inc., Term Loan B, LIBOR + 2.75%, 8/20/10 | 955,563 |
| 1,432 | Global Cash Access, LLC, Term Loan, LIBOR + 2.25%, 3/10/10 | 1,450,932 |
| 966 | N.E.W. Holdings I, LLC, Term Loan, LIBOR + 3.25%, 7/08/11 | 977,776 |
| 250 | Term Loan, LIBOR + 7.00%, 6/30/12 | 253,438 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Principal Amount (000) | Description | Value |
|---|---|-------------------|
| Financial Institutions (cont d.) | | |
| \$ 1,975 | SBA Sen. Finance, Inc., Term Loan D, LIBOR + 2.25%, 10/31/08 | \$ 1,979,114 |
| 463 | Universal American Financial Corp., Term Loan, LIBOR + 2.25%, 3/31/09 | 462,500 |
| 981 | USI Holdings Corp., Term Loan B, LIBOR + 2.50%, 8/11/08 | 981,838 |
| | | <u>8,555,536</u> |
| Health Care 4.3% | | |
| 494 | Accellent Corp., Term Loan B, LIBOR + 2.25%, 6/30/10 | 494,676 |
| 181 | Ameripath, Inc., Term Loan, LIBOR + 3.25%, 3/27/10 | 182,529 |
| 1,500 | CCS Medical, Term Loan B, TBD | 1,497,499 |
| 719 | Colgate Medical, Ltd., Term Loan B, LIBOR + 2.00%, 12/30/08 | 724,713 |
| 2,970 | Community Health Systems, Inc., Term Loan, LIBOR + 1.75%, 8/19/11 | 3,005,269 |
| 2,500 | Concentra Operating Corp., Term Loan B, LIBOR + 2.00%, 9/30/11 | 2,526,562 |
| 1,922 | Davita, Inc., Term Loan B, LIBOR + 2.25%, 10/05/12 | 1,947,990 |
| 1,000 | Duloxetine Royalty Sub., Term Loan, LIBOR + 4.50%, 10/15/13 HealthSouth Corp., | 1,000,000 |
| 638 | Term Loan B, 0.50%, 2/28/10 | 639,492 |
| 2,357 | Term Loan, LIBOR + 2.50%, 6/14/07 | 2,363,958 |
| 2,000 | Term Loan, LIBOR + 5.00%, 6/15/10 | 2,003,334 |
| 988 | IASIS Healthcare Corp., Term Loan B, LIBOR + 2.25%, 6/30/11 | 1,000,256 |
| 2,970 | Jean Coudu Group, Inc., Term Loan B, LIBOR + 2.25%, 7/30/11 | 3,001,093 |
| 776 | Kinetic Concepts, Inc., Term Loan B-2, LIBOR + 1.75%, 8/11/10 | 784,151 |
| 827 | NDC Hlth Corp., Term Loan, PRIME + 2.00%, 11/26/08 | 827,036 |
| 993 | Pacificare Health Systems, Inc., Term Loan B, LIBOR + 1.50%, 12/13/10 | 993,534 |
| 995 | Select Med. Corp., Term Loan B, LIBOR + 1.75%, 2/24/12 | 994,862 |
| 500 | Triumph Healthcare Second Holdings, Inc., Term Loan, PRIME + 7.50%, 8/31/12 | 499,062 |
| 1,000 | Vanguard Hlth. Holding Co. II, Term Loan, LIBOR + 2.25%, 9/23/11 Warner Chilcott Corp., | 1,012,500 |
| 530 | Term Loan, 1.375%, 1/31/06 - 6/30/06 | 531,482 |
| 2,173 | Term Loan B, LIBOR + 2.75%, 1/18/12 | 2,178,931 |
| 876 | Term Loan C, LIBOR + 2.75%, 1/18/12 | 878,003 |
| 404 | Term Loan D, LIBOR + 2.75%, 1/18/12 | 405,613 |
| 988 | Wellcare Holdings, LLC, Term Loan, LIBOR + 2.50%, 5/13/09 | 993,672 |
| | | <u>30,486,217</u> |
| Industrials 1.5% | | |
| 236 | Alderwoods Group, Inc., Term Loan B2, LIBOR + 2.00%, 9/29/09 | 238,464 |
| 3,198 | Buhrmann U.S., Inc., Term Loan C1, LIBOR + 2.50%, 12/31/10 | 3,254,235 |
| 780 | Novelis, Inc., Term Loan, LIBOR + 1.75%, 1/06/12 | 788,455 |
| 499 | Roller Bearing Co. of America, Term Loan B, LIBOR + 3.75%, 12/29/10 | 506,231 |
| 1,961 | Trimas Corp., Term Loan B, LIBOR + 3.75%, 12/31/09 | 1,976,846 |
| 1,806 | United Rentals (North America), Inc., Term Loan B, LIBOR + 2.25%, 2/14/11 | 1,818,926 |

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|-------|--|------------|
| 1,698 | Worldspan, L.P., Term Loan, LIBOR + 2.75%, 2/16/10 | 1,653,211 |
| | | 10,236,368 |
| | Media 5.8% | |
| 1,741 | American Lawyers Media, Inc., Term Loan, 0.75%, 3/05/10 | 1,739,800 |
| 4,000 | Century Cable Holdings, LLC, Term Loan, PRIME + 2.00%, 6/30/09 | 3,957,856 |
| 3,452 | Charter Communications Operating, LLC, Term Loan, LIBOR + 3.25%, 4/27/11 | 3,458,862 |
| 3,684 | Dex Media West, LLC, Term Loan B, LIBOR + 1.75%, 3/09/10 | 3,697,028 |
| 2,333 | DirecTV Holdings, LLC, Term Loan B, LIBOR + 1.50%, 4/13/13 | 2,351,806 |
| 2,978 | Emmis Communications Co., Term Loan B, LIBOR + 1.75%, 11/10/11 | 2,994,993 |
| 2,581 | Insight Midwest Holdings, LLC, Term Loan C, LIBOR + 2.00%, 12/31/09 | 2,614,884 |
| 249 | Masonite International Corp., Term Loan, LIBOR + 2.00%, 4/05/13 | 247,943 |
| 1,990 | Mediacom Communications Corp., Term Loan C, LIBOR + 2.00%, 2/01/14 | 2,017,363 |
| 1,985 | Mediacom Illinois, LLC, Term Loan B, LIBOR + 2.25%, 3/31/13 | 2,014,156 |
| 1,946 | Mission Broadcasting, Inc., Term Loan B, LIBOR + 1.75%, 8/14/12 | 1,955,645 |
| 500 | NEP Supershooters, L.P., Term Loan, LIBOR + 8.00%, 2/01/11 | 495,000 |
| 1,981 | Nexstar Broadcasting, Inc., Term Loan B, LIBOR + 1.75%, 8/14/12 | 1,990,749 |
| 3,000 | NTL Investment Holding Ltd., Term Loan B, LIBOR + 3.00%, 5/19/12 | 3,006,750 |
| 750 | Puerto Rico Cable Acquisition Co., Term Loan, PRIME + 5.25%, 2/28/12 | 760,313 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Principal Amount (000) | Description | Value |
|--------------------------------|--|--------------|
| Media (cont d.) | | |
| \$ 2,500 | Raycom Media, Inc., Term Loan B, LIBOR + 1.75%, 3/31/12 | \$ 2,509,375 |
| 122 | Relizon Co. (The), Term Loan B-1, LIBOR + 3.00%, 2/20/11 | 122,336 |
| 1,118 | Term Loan, LIBOR + 3.00%, 2/20/11 | 1,120,697 |
| 2,000 | UPC Distribution Corp., Term Loan H, LIBOR + 2.50%, 9/30/12 | 2,015,416 |
| 1,968 | WMG Acquisition Corp., Term Loan, LIBOR + 2.00%, 2/28/11 | 1,986,422 |
| | | 41,057,394 |
| Publishing 0.1% | | |
| 750 | Endurance Business Media, Term Loan B, PRIME + 1.25%, 3/08/12 | 755,625 |
| Real Estate 1.7% | | |
| 627 | Crescent Real Estate Equities, L.P., Term Loan, LIBOR + 2.25%, 1/12/06 | 628,893 |
| 1,766 | General Growth Properties, Inc., Term Loan A, LIBOR + 1.75%, 11/12/07 | 1,772,128 |
| 3,003 | Term Loan B, LIBOR + 2.00%, 11/12/08 | 3,034,339 |
| 731 | Kyle Acquisition Group, LLC, Term Loan B, PRIME, 7/20/08 | 738,661 |
| 300 | Term Loan, PRIME, 7/20/10 | 303,000 |
| 1,000 | Landsource Communities Development, LLC, Term Loan B, LIBOR + 2.50%, 3/31/10 | 1,006,250 |
| 476 | Macerich Partnership, L.P., Term Loan, LIBOR + 1.60%, 4/25/06 | 476,154 |
| 249 | Masonite Intl. Corp., Term Loan, LIBOR + 2.00%, 4/05/13 | 247,521 |
| 61 | Ply Gem Industries, Inc., Term Loan, LIBOR + 2.50%, 3/15/10 | 61,745 |
| 1,916 | Term Loan B, LIBOR + 2.50%, 2/12/11 | 1,925,819 |
| 712 | Stewart Enterprises, Inc., Term Loan B, LIBOR + 1.75%, 11/19/11 | 720,132 |
| 1,000 | Williams Scotsman, Inc., Term Loan B, LIBOR + 2.50%, 6/28/10 | 1,011,875 |
| | | 11,926,517 |
| Technology 0.4% | | |
| 413 | Coinstar, Inc., Term Loan, LIBOR + 2.25%, 7/07/11 | 419,792 |
| 498 | Federal IT Systems, Inc., Term Loan, LIBOR + 2.75%, 4/01/11 | 502,786 |
| 1,441 | Verifone, Inc., Term Loan B, LIBOR + 2.00%, 6/30/11 | 1,448,415 |
| 241 | Westcom Corp., Term Loan B, LIBOR + 2.75%, 12/16/10 | 242,312 |
| | | 2,613,305 |
| Telecommunications 3.4% | | |
| 250 | AAT Communications Corp., Term Loan, LIBOR + 1.75%, 7/27/12 | 253,125 |
| 1,000 | Alaska Communications Systems Holdings, Inc., Term Loan, LIBOR + 2.00%, 1/31/12 | 1,012,000 |
| 1,000 | Atlantic Broadband Finance, LLC, Term Loan B1, LIBOR + 2.75%, 8/04/12 | 1,015,000 |

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|-------|---|------------|
| | Centennial Cellular Operating Co., | |
| 489 | Term Loan, LIBOR + 2.25%, 2/09/11 | 490,913 |
| 991 | Term Loan, LIBOR + 2.25%, 2/09/11 | 995,669 |
| 1,481 | Cons. Communications, Inc., Term Loan D, LIBOR + 2.25%, 10/14/11 | 1,496,062 |
| 500 | Country Road Communications, LLC, Term Loan, LIBOR, 7/15/13 | 506,250 |
| 750 | Fairpoint Communications, Inc., Term Loan, LIBOR + 1.75%, 2/15/12 | 756,750 |
| 1,244 | Freedom Communications, Inc., Term Loan B, LIBOR + 1.50%, 5/01/13 | 1,251,834 |
| 993 | Intelsat Zeus, Ltd., Term Loan, 0.75%, 7/28/11 | 1,000,358 |
| 2,000 | Iowa Telecommunications Services, Inc., Term Loan B, LIBOR + 1.75%, 11/23/11 | 2,017,500 |
| | IPC Acquisition Corp., | |
| 1,000 | Term Loan, LIBOR + 2.75%, 8/05/11 | 1,003,333 |
| 500 | Term Loan, LIBOR + 7.25%, 8/05/12 | 490,000 |
| 1,000 | Madison River Capital, LLC, Term Loan B, LIBOR + 2.50%, 7/29/12 | 1,013,333 |
| 2,500 | Nextel Partners Operating Corp., Term Loan D, LIBOR + 1.50%, 5/31/12 | 2,505,730 |
| | Ntelos, Inc., | |
| 744 | Term Loan, LIBOR + 2.50%, 8/25/11 | 749,027 |
| 750 | Term Loan, LIBOR + 5.00%, 2/25/12 | 754,688 |
| 2,000 | Qwest Corp., Term Loan A, LIBOR + 4.75%, 6/30/07 | 2,059,444 |
| 2,000 | Satbirds Finance, Term Loan, LIBOR + 4.25%, 10/15/13 | 2,414,536 |
| 1,933 | Valor Telecommunication Enterprises II, LLC, Term Loan B, LIBOR + 1.75%, 2/14/12 | 1,953,703 |
| | | <hr/> |
| | | 23,739,255 |
| | | <hr/> |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|-------------|
| Transportation 0.5% | | | |
| | \$ 500 | Delta Air Lines, Inc., Term Loan B, LIBOR + 6.50%, 3/16/08 | \$ 516,750 |
| | 988 | Kenan Advantage Group, Inc., Term Loan, LIBOR + 3.50%, 6/30/10 | 997,375 |
| | 1,000 | Sirva Worldwide, Inc., Term Loan, LIBOR + 3.50%, 12/01/10 | 954,500 |
| | 750 | Transport Industries, L.P., Term Loan B, LIBOR + 2.50%, 9/30/11 | 755,625 |
| | | | 3,224,250 |
| Total Bank Loans | | | 308,562,143 |
| Mortgage Pass-Through Securities 21.2% | | | |
| | | Federal National Mortgage Assoc., | |
| | 988 ₂ | 5.00%, 6/01/20 - 8/01/20 | 974,650 |
| | 3,519 | 5.50%, 12/01/28 - 11/01/33 | 3,476,430 |
| | 7,725 ₂ | 5.50%, 7/01/33 - 10/01/33 | 7,627,858 |
| | 170,002 | 7.25%, 1/15/10 | 18,582,020 |
| | 120,700 | TBA, 5.00%, 11/30/20 | 119,040,375 |
| | | | 149,701,333 |
| Total Mortgage Pass-Through Securities | | | 149,701,333 |
| Interest Only Asset-Backed Securities 1.3% | | | |
| | | Sterling Coofs Trust, | |
| NR | 58,694 | Ser. 1, 2.362%, 4/15/29 | 4,842,287 |
| NR | 54,298 | Ser. 2, 1.00%, 3/30/30 | 4,140,202 |
| | | | 8,982,489 |
| Total Interest Only Asset-Backed Securities | | | 8,982,489 |
| Asset-Backed Securities 2.7% | | | |
| AAA | 2,080 ₂ | Citibank Credit Card Issuance Trust, 2.50%, 4/07/08 | 2,063,651 |
| AAA | 4,031 ₂ | DaimlerChrysler Auto Trust, 2.25%, 8/08/07 | 4,008,902 |
| AAA | 5,170 ₂ | Honda Auto Receivables Class A3, 2.30%, 10/18/07 | 5,116,536 |
| AAA | 7,910 ₂ | MBNA Credit Card Master Note Trust, 5.75%, 10/15/08 | 7,965,528 |
| | | | 19,154,617 |
| Total Asset-Backed Securities | | | 19,154,617 |
| Collateralized Mortgage Obligations 2.1% | | | |
| | | GSR Mortgage Loan Trust, | |
| AAA | 7,764 | Ser. 10, Class 2A1, 4.475%, 10/25/33 | 7,389,218 |
| AAA | 7,510 | Ser. 13, Class 1A1, 4.506%, 10/25/33 | 7,224,207 |
| | | | 14,613,425 |
| Total Collateralized Mortgage Obligations | | | 14,613,425 |
| U.S. Government and Agency Securities 5.3% | | | |
| | | U.S. Treasury Notes, | |
| | 20,425 ₂ | 3.375%, 12/15/08 - 9/15/09 | 19,773,303 |
| | 10,000 ₂ | 3.75%, 3/31/07 | 9,909,400 |
| | 6,000 ₂ | 3.875%, 5/15/09 | 5,889,360 |
| | 1,815 ₂ | 4.25%, 8/15/15 | 1,770,768 |
| | | | 37,342,831 |

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| | | | |
|---|-------|---|-------------|
| | | Total U.S. Government and Agency Securities | 37,342,831 |
| | | | <hr/> |
| Foreign Government Bonds 2.5% | | | |
| B+ | 1,190 | Bolivarian Republic of Venezuela, 4.563%, 12/18/07 | 1,184,462 |
| BB | 5,000 | Republic of Colombia, 9.75%, 4/23/09 | 5,597,500 |
| BB | 5,000 | Republic of Peru, 9.125%, 2/21/12 | 5,780,000 |
| BB- | 5,000 | Republic of Turkey, 11.375%, 11/27/06 | 5,350,000 |
| | | | <hr/> |
| | | Total Foreign Government Bonds | 17,911,962 |
| | | | <hr/> |
| Warrants 0.0% | | | |
| NR | 107 | Reliant Resources, Inc., expires 8/25/05, strike price \$0.001, 1 share for 1 warrant | 77,609 |
| | | | <hr/> |
| Total Long-Term Investments (cost 978,248,319) | | | 977,999,891 |
| | | | <hr/> |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|-----------------------|
| SHORT-TERM INVESTMENT 0.6% | | | |
| U.S. Government and Agency Zero Coupon Bond 0.6% | | | |
| A-1+ | \$ 4,000 | FNMA Discount Notes, 3.72%, 11/01/05 ⁶ (cost \$4,000,000) | \$ 4,000,000 |
| Total investments before borrowed bond (cost \$982,248,319 ⁴) | | | 981,999,891 |
| BORROWED BOND 1.2% | | | |
| | 8,671 ⁵ | U.S. Treasury Note, 4.25%, 11/04/05 (cost \$8,670,825) | 8,670,825 |
| Total investments net of borrowed bonds 140.5% | | | 990,670,716 |
| Liabilities in excess of other assets (40.5)% | | | (285,709,299) |
| Net Assets 100% | | | \$ 704,961,417 |

¹ Using the higher of S&P's, Moody's or Fitch's rating.

² Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.

³ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 12.3% of its net assets, with a current market value of \$86,425,365, in securities restricted as to resale.

⁴ Cost for Federal income tax purposes is \$982,455,182. The net unrealized depreciation on a tax basis is \$455,291, consisting of \$12,636,533 gross unrealized appreciation and \$13,091,824 gross unrealized depreciation.

⁵ The interest rate and maturity date shown represent the terms of the borrowed bond transaction, not the security borrowed (see Note 1).

⁶ Rate shown is yield to maturity as of October 31, 2005.

⁷ Non-income producing security.

A category in the Corporate Bonds and Bank Loans sections may contain multiple industries as defined by the SEC's Standard Industry Codes.

KEY TO ABBREVIATIONS

TBA To Be Announced
TBD To Be Determined

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2005
BlackRock Strategic Bond Trust (BHD)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|--|------------|
| LONG-TERM INVESTMENTS 130.0% | | | |
| Corporate Bonds 122.7% | | | |
| Aerospace & Defense 6.7% | | | |
| NR | \$ 250 | AAR Corp., 8.39%, 5/15/11 | \$ 255,000 |
| B- | 320 | BE Aerospace, Inc., 8.875%, 5/01/11 | 336,800 |
| BBB+ | 2,000 | Lockheed Martin Corp., 8.50%, 12/01/29 | 2,709,880 |
| BBB+ | 1,000 | Northrop Grumman Corp., 7.125%, 2/15/11 | 1,089,830 |
| BBB | 650 | Raytheon Co., 4.85%, 1/15/11 | 640,913 |
| BB | 350 | Sequa Corp., 8.875%, 4/01/08 | 361,375 |
| A+ | 1,000 ² | United Technologies Corp., 6.35%, 3/01/11 | 1,062,460 |
| | | | 6,456,258 |
| Automotive 3.4% | | | |
| B- | 180 | Accuride Corp., 8.50%, 2/01/15 | 170,100 |
| BB+ | 60 | Arvinmeritor, Inc., 8.75%, 3/01/12 | 56,700 |
| A3 | 1,000 ² | DaimlerChrysler NA Holding Corp., 7.30%, 1/15/12 | 1,074,330 |
| Caa1 | 1,000 | Delco Remy Intl., Inc., 11.00%, 5/01/09 | 482,500 |
| BB | 300 | General Motors Acceptance Corp., 8.00%, 11/01/31 | 309,129 |
| B- | 80 | Goodyear Tire & Rubber Co., 7.857%, 8/15/11 | 77,000 |
| CCC+ | 200 ³ | Metaldyne Corp., 11.00%, 11/01/13 | 179,500 |
| BB | 130 | Navistar Intl. Corp., 6.25%, 3/01/12 | 116,675 |
| BB- | 717 | TRW Automotive, Inc., 9.375%, 2/15/13 | 770,775 |
| | | | 3,236,709 |
| Basic Materials 6.2% | | | |
| BB- | 105 | Abitibi-Consolidated, Inc., 8.375%, 4/01/15 (Canada) | 97,388 |
| B- | 80 ³ | BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 9.65%, 7/15/10 | 80,800 |
| BB- | 415 | Bowater Canada Finance Corp., 7.95%, 11/15/11 (Canada) | 398,400 |
| B- | 2,175 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 2,115,187 |
| BB- | 120 | Donohue Forest Products, 7.625%, 5/15/07 (Canada) | 121,500 |
| B | 99 | Huntsman LLC, 11.50%, 7/15/12 | 111,870 |
| BB- | 50 | 11.625%, 10/15/10 | 56,875 |
| BB | 70 | IMC Global, Inc., 10.875%, 6/01/08 | 78,225 |
| CCC+ | 1,155 ³ | Innophos, Inc., 9.125%, 8/15/14 | 1,169,437 |
| BB- | 300 | Lyondell Chemical Co., 9.50%, 12/15/08 | 314,250 |
| BB- | 130 | 10.50%, 6/01/13 | 147,550 |
| B- | 85 | Nalco Co., 8.875%, 11/15/13 | 86,913 |
| CCC+ | 310 | NewPage Corp., 10.00%, 5/01/12 | 283,650 |
| B- | 80 ³ | PQ Corp., 7.50%, 2/15/13 | 72,800 |
| CCC+ | 300 | Rhodia SA, 8.875%, 6/01/11 (France) | 282,750 |
| B3 | 30 | 10.25%, 6/01/10 (France) | 31,875 |
| BBB- | 110 ³ | Southern Peru Copper Corp., 7.50%, 7/27/35 | 106,975 |
| BBB | 441 | Weyerhaeuser Co., 6.125%, 3/15/07 | 448,069 |
| | | | 6,004,514 |

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| Building & Development 2.2% | | | |
|--|------------------|---|-----------|
| B- | 75 ³ | Ahern Rentals, Inc., 9.25%, 8/15/13 | 76,594 |
| BB+ | 1,000 | Beazer Homes USA, Inc., 8.625%, 5/15/11 | 1,017,500 |
| B2 | 150 ³ | Compression Polymers Corp., 10.50%, 7/01/13 | 136,500 |
| B- | 775 ³ | Goodman Global Holding Co., Inc., 7.875%, 12/15/12 | 732,375 |
| B | 200 | North American Energy Partners, Inc., 9.00%, 6/01/10 (Canada) | 208,000 |
| | | | 2,170,969 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Conglomerates 1.6% | | | |
| A+ | \$ 325 | Honeywell Intl., Inc., 7.50%, 3/01/10 | \$ 357,718 |
| BB- | 30 | Stena AB, 7.00%, 12/01/16 (Sweden) | 27,750 |
| BBB+ | 1,132 ² | Tyco Intl. Group, 6.375%, 2/15/06 | 1,137,388 |
| | | | 1,522,856 |
| Consumer Products 10.6% | | | |
| B3 | 90 | ALH Finance LLC, 8.50%, 1/15/13 | 81,450 |
| BBB- | 2,000 | Autonation, Inc., 9.00%, 8/01/08 | 2,165,000 |
| B1 | 2,000 | Cenveo Corp., 9.625%, 3/15/12 | 2,110,000 |
| B2 | 465 | Finlay Fine Jewelry Corp., 8.375%, 6/01/12 | 395,250 |
| BBB+ | 1,000 ² | General Mills, Inc., 5.125%, 2/15/07 | 1,003,020 |
| B2 | 320 | Gold Kist, Inc., 10.25%, 3/15/14 | 361,600 |
| GSC Holdings Corp., | | | |
| Ba3 | 70 ³ | 7.875%, 10/01/11 | 70,438 |
| Ba3 | 125 ³ | 8.00%, 10/01/12 | 121,875 |
| B- | 460 ³ | Knowledge Learning Corp., Inc., 7.75%, 2/01/15 | 427,800 |
| B- | 380 | Lazydays RV Center, Inc., 11.75%, 5/15/12 | 395,200 |
| B | 270 | Levi Strauss & Co., 8.804%, 4/01/12 | 268,312 |
| B3 | 530 | Movie Gallery, Inc., 11.00%, 5/01/12 | 424,000 |
| B- | 500 | Pantry, Inc., The, 7.75%, 2/15/14 | 491,250 |
| BB- | 100 ³ | Quiksilver, Inc., 6.875%, 4/15/15 | 92,750 |
| B- | 500 ³ | Rite Aid Corp., 6.125%, 12/15/08 | 470,000 |
| CCC+ | 75 ³ | Rural/Metro Corp., 9.875%, 3/15/15 | 78,375 |
| B | 1,400 | Sonic Automotive, Inc., 8.625%, 8/15/13 | 1,326,500 |
| | | | 10,282,820 |
| Containers & Packaging 1.5% | | | |
| Crown European Holdings SA, | | | |
| B+ | 200 | 9.50%, 3/01/11 (France) | 220,000 |
| B | 800 | 10.875%, 3/01/13 (France) | 944,000 |
| CCC+ | 95 | Graham Packaging Co., Inc., 9.875%, 10/15/14 | 90,013 |
| CCC+ | 230 ³ | Pregis Corp., 12.375%, 10/15/13 | 225,400 |
| | | | 1,479,413 |
| Ecological Services & Equipment 1.9% | | | |
| BB- | 265 | Allied Waste NA, Inc., 5.75%, 2/15/11 | 246,450 |
| B | 1,500 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 1,608,750 |
| | | | 1,855,200 |
| Energy 15.1% | | | |
| ANR Pipeline Co., | | | |
| B1 | 185 | 7.375%, 2/15/24 | 192,631 |
| B1 | 655 | 9.625%, 11/01/21 | 792,550 |
| B2 | 1,010 | Aquila Finance Corp., 7.75%, 6/15/11 (Canada) | 1,030,200 |
| Calpine Corp., | | | |
| B- | 35 ³ | 8.50%, 7/15/10 | 24,588 |
| B | 225 ³ | 9.625%, 9/30/14 | 228,375 |
| CCC | 5 | Calpine Energy Finance ULC, 8.50%, 5/01/08 (Canada) | 2,713 |

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| | | | |
|------|--------------------|--|-----------|
| CCC+ | 255 | Calpine Generating Co. LLC, 11.50%, 4/01/11 | 233,006 |
| B- | 270 ³ | Clayton Williams Energy, Inc., 7.75%, 8/01/13 | 260,550 |
| | | CMS Energy Corp., | |
| BB- | 95 | 7.50%, 1/15/09 | 98,325 |
| BB- | 295 | 9.875%, 10/15/07 | 317,125 |
| Ba3 | 120 ³ | Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France) | 124,800 |
| A1 | 1,000 | ConocoPhillips Holding Co., 6.95%, 4/15/29 | 1,190,220 |
| BBB+ | 1,000 ² | Dominion Resources, Inc., 5.70%, 9/17/12 | 1,016,340 |
| B2 | 470 | Dresser, Inc., 9.375%, 4/15/11 | 489,975 |
| BBB | 250 | DTE Energy Co., 7.05%, 6/01/11 | 268,247 |
| B+ | 610 ³ | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 671,000 |
| | | El Paso CGP Co., | |
| B- | 200 | 7.42%, 2/15/37 | 181,000 |
| B- | 165 | 9.625%, 5/15/12 | 180,881 |
| B- | 100 | 10.75%, 10/01/10 | 109,125 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Energy (cont d) | | | |
| | | El Paso Corp., | |
| B- | \$ 165 | 7.75%, 1/15/32 | \$ 164,588 |
| B- | 205 | 7.80%, 8/01/31 | 203,206 |
| B1 | 175 | El Paso Natural Gas Co., 8.375%, 6/15/32 | 192,938 |
| B | 250 | Exco Resources, Inc., 7.25%, 1/15/11 | 255,000 |
| BBB- | 1,075 | FirstEnergy Corp., 7.375%, 11/15/31 | 1,224,169 |
| | | Hilcorp Energy I LP/Hilcorp Finance Corp., | |
| B | 100 ³ | 7.75%, 11/01/15 | 100,000 |
| B | 97 ³ | 10.50%, 9/01/10 | 108,640 |
| | | KCS Energy, Inc., | |
| B- | 70 | 7.125%, 4/01/12 | 71,225 |
| B- | 125 ³ | 7.125%, 4/01/12 | 127,500 |
| | | Midwest Generation LLC, | |
| B+ | 596 | 8.56%, 1/02/16 | 649,720 |
| B+ | 370 | 8.75%, 5/01/34 | 407,925 |
| B2 | 120 | Mission Energy Holdings Co., 13.50%, 7/15/08 | 139,500 |
| A- | 250 | Occidental Petroleum Corp., 6.75%, 1/15/12 | 274,997 |
| B- | 110 ³ | Ocean Rig Norway AS, 8.375%, 7/01/13 | 118,525 |
| B2 | 140 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 165,900 |
| | | Progress Energy, Inc., | |
| Baa2 | 1,000 | 6.75%, 3/01/06 | 1,006,850 |
| Baa2 | 1,000 | 7.75%, 3/01/31 | 1,149,070 |
| B | 30 | Range Resources Corp., 6.375%, 3/15/15 | 30,075 |
| | | Reliant Energy, Inc., | |
| BB- | 70 | 6.75%, 12/15/14 | 64,925 |
| BB- | 75 | 9.25%, 7/15/10 | 78,750 |
| B2 | 400 ³ | Targa Resources, Inc., 8.50%, 11/01/13 | 406,000 |
| BB+ | 30 | Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26 | 32,438 |
| B2 | 60 ³ | Whiting Petroleum Corp., 7.00%, 2/01/14 | 60,150 |
| BB | 100 | Williams Cos., Inc., 7.125%, 9/01/11 | 103,625 |
| | | | 14,547,367 |
| Entertainment & Leisure 4.0% | | | |
| BB | 195 | MGM Mirage, 6.00%, 10/01/09 | 191,100 |
| B | 55 | Poster Financial Group, Inc., 8.75%, 12/01/11 | 56,100 |
| B | 1,000 | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 | 1,112,500 |
| Ba1 | 1,500 | Royal Caribbean Cruises Ltd., 8.75%, 2/02/11 | 1,679,100 |
| B+ | 70 ³ | San Pasqual Casino, 8.00%, 9/15/13 | 70,000 |
| BB- | 190 ³ | Seneca Gaming Corp., 7.25%, 5/01/12 | 194,750 |
| B+ | 565 | Wynn Las Vegas LLC / Wynn Las Vegas Cap. Corp., 6.625%, 12/01/14 | 538,162 |
| | | | 3,841,712 |
| Financial Institutions 25.6% | | | |
| AA | 185 ³ | Allstate Financial Global Funding LLC, 5.25%, 2/01/07 | 186,062 |
| BB | 230 ³ | American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13 | 223,100 |
| Aa3 | 1,000 ² | Bank One Corp., 6.50%, 2/01/06 | 1,005,360 |
| Aa3 | 650 ³ | Barclays Bank PLC, 8.55%, 9/29/49 (United Kingdom) | 751,505 |
| B- | 250 | BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg) | 275,000 |
| A+ | 325 | Bear Stearns Co., Inc., 6.50%, 5/01/06 | 328,091 |

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| | | | |
|------|--------------------|--|-----------|
| B1 | 2,000 | Bluewater Finance Ltd., 10.25%, 2/15/12 | 2,135,000 |
| B- | 500 ³ | Borden US Finance Corp./Nova Scotia Finance ULC, 9.00%, 7/15/14 | 492,500 |
| AA+ | 3,000 ² | Citigroup, Inc., 5.75%, 5/10/06 | 3,020,250 |
| BB | 590 | Crum & Forster Hldgs. Corp., 10.375%, 6/15/13 | 631,300 |
| B+ | 130 ³ | E*Trade Financial Corp., 7.375%, 9/15/13 | 128,050 |
| BB | 200 | Fairfax Financial Holdings Ltd., 7.75%, 4/26/12 (Canada) | 182,000 |
| BB | 300 | Fairfax Financial Holdings, Ltd., 6.875%, 4/15/08 (Canada) | 289,500 |
| | | Ford Motor Credit Co., | |
| BBB- | 720 | 5.70%, 1/15/10 | 648,079 |
| BBB- | 1,600 | 5.72%, 1/15/10 | 1,461,728 |
| BBB- | 750 | 5.80%, 1/12/09 | 684,533 |
| BBB- | 75 | 7.25%, 10/25/11 | 69,753 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|--------------|
| Financial Institutions (cont d) | | | |
| AAA | \$ 2,000 ² | General Electric Cap. Corp., 3.45%, 7/16/07 | \$ 1,957,440 |
| BB | 250 | General Motors Acceptance Corp., 6.75%, 1/15/06 | 249,888 |
| AA | 1,500 ² | HSBC Bank USA, Inc., 3.875%, 9/15/09 | 1,443,735 |
| B- | 225 | K&F Acquisition, Inc., 7.75%, 11/15/14 | 225,000 |
| AAA | 850 | KFW Intl. Finance, Inc., 5.25%, 6/28/06 | 854,870 |
| A | 325 | MetLife, Inc., 6.125%, 12/01/11 | 340,334 |
| B- | 415 ³ | Nell AF, 8.375%, 8/15/15 (Luxembourg) | 398,400 |
| | | Rainbow National Services LLC, | |
| B+ | 210 ³ | 8.75%, 9/01/12 | 220,500 |
| B+ | 2,045 ³ | 10.375%, 9/01/14 | 2,254,612 |
| B- | 340 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 323,850 |
| NR | 923 | Structured Asset Receivable Trust, 1.649%, 1/21/10 | 924,215 |
| AAA | 1,000 ^{2,3} | TIAA Global Markets, Inc., 3.875%, 1/22/08 | 979,010 |
| B- | 50 | Universal City Florida Hldg. Co. I/II, 9.00%, 5/01/10 | 51,000 |
| Aa1 | 2,000 ² | Wells Fargo & Co., 3.50%, 4/04/08 | 1,941,140 |
| BB- | 50 | Western Financial Bank, 9.625%, 5/15/12 | 56,625 |
| | | | 24,732,430 |
| Health Care 8.1% | | | |
| CCC | 10 | Curative Health Services, Inc., 10.75%, 5/01/11 | 6,750 |
| B | 170 ³ | Elan Finance Corp., 7.75%, 11/15/11 (Ireland) | 149,600 |
| NR | 2,000 | Healthsouth Corp., 7.375%, 10/01/06 | 1,980,000 |
| B | 300 ³ | Insight Health Services Corp., 9.174%, 11/01/11 | 284,250 |
| AA | 1,000 ² | Merck & Co., Inc., 4.375%, 2/15/13 | 939,410 |
| | | Tenet Healthcare Corp., | |
| B | 50 | 6.375%, 12/01/11 | 43,625 |
| B | 380 | 9.875%, 7/01/14 | 370,500 |
| B3 | 1,500 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 1,623,750 |
| B- | 290 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 292,900 |
| BBB+ | 1,000 ² | WellPoint, Inc., 5.95%, 12/15/34 | 1,015,700 |
| A | 1,000 ² | Wyeth, 6.50%, 2/01/34 | 1,097,050 |
| | | | 7,803,535 |
| Industrials 5.0% | | | |
| B- | 80 ³ | Chart Industries, Inc., 9.125%, 10/15/15 | 79,000 |
| Caa1 | 1,185 ³ | DI Finance/DynCorp. Intl., 9.50%, 2/15/13 | 1,226,475 |
| B- | 595 | ERICO Intl. Corp., 8.875%, 3/01/12 | 612,850 |
| Caa1 | 550 ³ | Hydrochem Industrial Services, 9.25%, 2/15/13 | 501,875 |
| B- | 300 | NationsRent Cos., Inc., 9.50%, 5/01/15 | 311,250 |
| CCC+ | 700 | Park-Ohio Inds., Inc., 8.375%, 11/15/14 | 610,750 |
| B3 | 350 ³ | Sunstate Equipment Co. LLC, 10.50%, 4/01/13 | 353,500 |
| CCC+ | 775 | Trimas Corp., 9.875%, 6/15/12 | 631,625 |
| Caa1 | 525 | United Rentals NA, Inc., 7.00%, 2/15/14 | 477,750 |
| | | | 4,805,075 |
| Media 12.7% | | | |
| NR | 1,000 ⁴ | Adelphia Communications Corp., 10.50%, 7/15/04 | 645,000 |
| B- | 165 | Allbritton Communications Co., 7.75%, 12/15/12 | 164,175 |
| CCC+ | 400 | American Media Operations, Inc., 10.25%, 5/01/09 | 380,000 |
| BBB+ | 1,000 | AOL Time Warner, Inc., 7.70%, 5/01/32 | 1,144,190 |

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| | | | |
|------|--------------------|--|-----------|
| CCC+ | 1,675 ³ | CCHI Holdings LLC/Cap. Corp., 11.125%, 1/15/14 | 1,139,000 |
| CCC+ | 365 | Charter Communications Holdings II, LLC/Charter Communications Holdings II Cap. Corp., 10.25%, 9/15/10 | 365,912 |
| BBB+ | 1,000 ² | Comcast Cable Communications, Inc., 6.875%, 6/15/09 | 1,052,250 |
| BB- | 200 | Echostar DBS Corp., 7.304%, 10/01/08 | 203,500 |
| CCC+ | 75 ³ | iesy Repository GmbH, 10.375%, 2/15/15 (Germany) | 80,438 |
| BBB | 1,500 ² | News America, Inc., 6.20%, 12/15/34 | 1,455,345 |
| B3 | 220 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 194,700 |
| B3 | 1,765 | Nextmedia Operating, Inc., 10.75%, 7/01/11 | 1,923,921 |
| B2 | 270 | Primedia, Inc., 9.715%, 5/15/10 | 275,400 |
| BBB+ | 1,000 | TCI Communications, Inc., 7.875%, 2/15/26 | 1,146,580 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|--|--------------|
| Media (cont d) | | | |
| | | Vertis, Inc., | |
| Caa1 | \$ 1,090 | 10.875%, 6/15/09 | \$ 1,013,700 |
| Caa2 | 90 ³ | 13.50%, 12/07/09 | 69,300 |
| Baa3 | 85 | Viacom, Inc., 6.625%, 5/15/11 | 88,773 |
| Caa1 | 970 | Young Broadcasting, Inc., 10.00%, 3/01/11 | 911,800 |
| | | | <hr/> |
| | | | 12,253,984 |
| Real Estate 2.6% | | | |
| BB | 860 | American Real Estate Partners, 8.125%, 6/01/11 | 883,650 |
| A | 500 | ERP Operating LP, 6.95%, 3/02/11 | 537,870 |
| B1 | 1,000 | Felcore Lodging LP, 9.00%, 6/01/11 | 1,070,000 |
| | | | <hr/> |
| | | | 2,491,520 |
| Technology 4.3% | | | |
| B | 315 | Celestica, Inc., 7.625%, 7/01/13 (Canada) | 304,762 |
| B+ | 100 ³ | Hynix Semiconductor, Inc., 9.875%, 7/01/12 (Korea) | 111,375 |
| BB- | 905 | Lucent Technologies, Inc., 6.50%, 1/15/28 | 769,250 |
| | | MagnaChip Semiconductor SA/Magna Semiconductor Finance Co., | |
| Ba3 | 250 | 6.875%, 12/15/11 | 233,750 |
| Ba3 | 175 | 7.12%, 12/15/11 (Luxembourg) | 170,625 |
| B+ | 115 | Sanmina-SCI Corp., 6.75%, 3/01/13 | 108,388 |
| BB | 50 | Stats Chippac Ltd., 7.50%, 7/19/10 (Singapore) | 50,250 |
| | | Sungard Data Systems, Inc., | |
| B- | 120 ³ | 8.525%, 8/15/13 | 123,600 |
| B- | 450 ³ | 9.125%, 8/15/13 | 460,125 |
| B- | 480 ³ | 10.25%, 8/15/15 | 475,200 |
| B | 950 | Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12 | 940,500 |
| B- | 360 | UGS Corp., 10.00%, 6/01/12 | 394,200 |
| | | | <hr/> |
| | | | 4,142,025 |
| Telecommunications 9.2% | | | |
| BB- | 190 | Cincinnati Bell, Inc., 7.25%, 7/15/13 | 198,075 |
| B- | 130 ³ | Hawaiian Telcom Communications, Inc., 9.948%, 5/01/13 | 128,375 |
| | | Intelsat Ltd., | |
| Caa1 | 550 | 5.25%, 11/01/08 | 500,500 |
| B2 | 50 ³ | 8.25%, 1/15/13 | 50,125 |
| B2 | 325 ³ | 8.625%, 1/15/15 | 329,875 |
| B2 | 295 ³ | 8.695%, 1/15/12 | 299,425 |
| BB- | 30 | Lucent Technologies, Inc., 6.45%, 3/15/29 | 25,650 |
| B- | 235 | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 213,850 |
| | | Qwest Corp., | |
| BB+ | 340 ³ | 7.12%, 6/15/13 | 356,150 |
| BB+ | 200 | 7.875%, 9/01/11 | 210,000 |
| BB | 450 | Qwest Services Corp., 13.50%, 12/15/10 | 513,562 |
| BB+ | 85 | Rogers Wireless, Inc., 7.25%, 12/15/12 | 89,463 |
| Caa1 | 350 | Rural Cellular Corp., 9.875%, 2/01/10 | 364,000 |
| A | 1,500 ² | SBC Communications, Inc., 6.45%, 6/15/34 | 1,512,270 |
| A- | 1,000 ² | Telecom Italia Cap., 4.95%, 9/30/14 (Luxembourg) | 956,420 |

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| | | | |
|------------------------------|--------------------|--|--------------------|
| A+ | 2,000 ² | Verizon New England, Inc., 6.50%, 9/15/11 | 2,067,520 |
| A+ | 1,000 ² | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 1,100,770 |
| | | | 8,916,030 |
| Transportation 2.0% | | | |
| A- | 500 | Canadian National Railway Co., 6.90%, 7/15/28 (Canada) | 582,405 |
| B | 445 ² | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 447,225 |
| B | 30 | CHC Helicopter Corp., 7.375%, 5/01/14 (Canada) | 30,262 |
| B3 | 39 | Horizon Lines LLC, 9.00%, 11/01/12 | 41,389 |
| B+ | 90 | OMI Corp., 7.625%, 12/01/13 | 92,475 |
| BB+ | 300 | Overseas Shipholding Group, Inc., 8.25%, 3/15/13 | 319,500 |
| B | 440 | Sea Containers Ltd., 10.50%, 5/15/12 | 440,000 |
| | | | 1,953,256 |
| Total Corporate Bonds | | | 118,495,673 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|----------------|
| U.S. Government and Agency Securities 5.1% | | | |
| | \$ 410 ² | U.S. Treasury Bonds, 5.375%, 2/15/31 | \$ 447,027 |
| | 1,010 ² | U.S. Treasury Notes, 2.50%, 5/31/06 | 999,900 |
| | 933 ² | 2.625%, 11/15/06 | 916,523 |
| | 810 ² | 4.125%, 8/15/10 | 797,850 |
| | 1,075 ² | 4.25%, 8/15/13 | 1,053,952 |
| | 710 ² | 4.75%, 5/15/14 | 718,989 |
| Total U.S. Government and Agency Securities | | | 4,934,241 |
| Foreign Government Bond 1.3% | | | |
| Baa1 | 1,000 | United Mexican States, 8.125%, 12/30/19 (Mexico) | 1,196,000 |
| Supranational 0.9% | | | |
| AAA | 850 ² | European Investment Bank, 4.875%, 9/06/06 (Luxembourg) | 852,975 |
| Total Long-Term Investments (cost \$126,865,439) | | | 125,478,889 |
| SHORT-TERM INVESTMENT 0.7% | | | |
| U.S. Government and Agency Zero Coupon Bond 0.7% | | | |
| | 700 | FNMA Discount Notes, 3.72%, 11/01/05 ⁵ | 700,000 |
| Total investments 130.7% (cost \$127,565,439) | | | \$ 126,178,889 |
| Liabilities in excess of other assets (30.7)% | | | (29,632,818) |
| Net Assets 100% | | | \$ 96,546,071 |

¹ Using the higher of S&P's, Moody's or Fitch's rating.

² Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.

³ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2005, the Trust held 19.5% of its net assets, with a current market value of \$18,835,149, in securities restricted as to resale.

⁴ Issuer is in default and/or bankruptcy.

⁵ Rate shown is yield to maturity as of October 31, 2005.

⁶ Cost for Federal income tax purposes is \$127,571,106. The net unrealized depreciation on a tax basis is \$1,392,217, consisting of \$2,678,979 gross unrealized appreciation and \$4,071,196 gross unrealized depreciation.

A category in the Corporate Bonds section may contain multiple industries as defined by the SEC's Standard Industry Codes.

See Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES
October 31, 2005

| | Broad Investment Grade 2009 Term Trust Inc.¹ (BCT) | Core Bond Trust (BHK) |
|--|--|--------------------------------------|
| Assets | | |
| Investments at value ² | \$ 43,089,124 | \$ 491,529,484 |
| Cash | 81,748 | 223,772 |
| Foreign currency at value ³ | | 3,767,682 |
| Receivable from investments sold | | 31,756,967 |
| Variation margin receivable | | 72,156 |
| Borrowed bond | | |
| Unrealized gain on foreign currency exchange contracts | | 49,277 |
| Interest receivable | 509,610 | 8,022,338 |
| Unrealized appreciation on interest rate swaps | | 1,845,618 |
| Unrealized appreciation on credit default swaps | 176 | 2,240 |
| Investments in affiliates | 18,841 | 60,284 |
| Other assets | 3,802 | 24,003 |
| | <u>43,703,301</u> | <u>537,353,821</u> |
| Liabilities | | |
| Reverse repurchase agreement | | 86,876,056 |
| Payable for investments purchased | | 53,549,428 |
| Payable for dollar rolls | | 7,284,443 |
| Variation margin payable | | |
| Loan payable | | |
| Investments sold short at value ⁴ | | |
| Outstanding options written at value ⁵ | | 2,541,070 |
| TBA Sale Commitments ⁶ | | |
| Interest payable | 4,386 | 1,146,351 |
| Cash with brokers as collateral | | 727 |
| Investment advisory fee payable | 20,489 | 201,963 |
| Administration fee payable | 5,588 | |
| Deferred Trustees fees | 18,841 | 60,284 |
| Payable to affiliates | 8,063 | 21,396 |
| Other accrued expenses | 369,930 | 158,314 |
| | <u>427,297</u> | <u>151,840,032</u> |
| Net Assets | \$ 43,276,004 | \$ 385,513,789 |
| Composition of Net Assets: | | |
| Par value | \$ 29,571 | \$ 27,019 |
| Paid-in capital in excess of par | 41,775,250 | 386,195,641 |
| Cost of shares held in treasury ⁷ | | |
| Undistributed (distributions in excess of) net investment income | 4,778,322 | 515,459 |
| Accumulated net realized gain (loss) | (2,676,404) | 7,694,700 |
| Net unrealized depreciation | (630,735) | (8,919,030) |
| Net assets, October 31, 2005 | <u>\$ 43,276,004</u> | <u>\$ 385,513,789</u> |
| Net asset value ⁸ | <u>\$ 14.63</u> | <u>\$ 14.27</u> |

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| | | | | |
|---|--|----|------------|----------------|
| 1 | Consolidated Statement of Assets and Liabilities | | | |
| 2 | Investments at cost | \$ | 43,720,035 | \$ 502,449,899 |
| 3 | Foreign currency at cost | | | 3,873,887 |
| 4 | Proceeds received | | | |
| 5 | Premium received | | | 2,716,753 |
| 6 | Proceeds for TBA Sale Commitments | | | |
| 7 | Shares held in treasury | | | |
| 8 | Shares outstanding | | 2,957,093 | 27,018,774 |

See Notes to Financial Statements.

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| High Yield Trust (BHY) | Income Opportunity Trust (BNA) | Income Trust Inc. (BKT) | Limited Duration Income Trust (BLW) | Strategic Bond Trust (BHD) |
|------------------------|--------------------------------|-------------------------|-------------------------------------|----------------------------|
| \$ 66,969,774 | \$ 608,448,685 | \$ 589,714,325 | \$ 981,999,891 | \$ 126,178,889 |
| 97,957 | 78,105 | 88,034 | 1,391,333 | 67,525 |
| | | | 386,270 | |
| 378,168 | 195,253,202 | 46,264,151 | 1,849,075 | 64,735 |
| | 116,853 | | | |
| | | 73,097,025 | 8,670,825 | |
| | | | 77,712 | |
| 1,696,403 | 8,104,198 | 5,396,082 | 14,564,359 | 2,567,437 |
| | 2,067,178 | 1,299,430 | | |
| | 2,357 | | 4,008 | |
| 26,235 | 128,426 | 148,802 | 45,901 | 12,800 |
| 6,741 | 25,304 | 24,443 | 47,747 | 9,701 |
| <u>69,175,278</u> | <u>814,224,308</u> | <u>716,032,292</u> | <u>1,009,037,121</u> | <u>128,901,087</u> |
| | 120,179,200 | 149,558,250 | 176,010,262 | 31,882,548 |
| 283,026 | 169,241,259 | 48,947,681 | 7,353,861 | 253,519 |
| | | | 119,709,882 | |
| | | 132,701 | | |
| 20,750,000 | | 72,102,183 | | |
| | 2,728,629 | 2,680,283 | | |
| | 122,095,861 | 21,505,004 | | |
| 77,175 | 1,290,089 | 2,016,551 | 350,282 | 45,465 |
| 43,780 | 205,013 | 231,479 | 470,577 | 60,553 |
| 2,078 | 67,658 | 97,112 | | |
| 26,235 | 128,426 | 148,802 | 45,901 | 12,800 |
| 33 | 14,177 | 57,226 | | 6,702 |
| 69,118 | 195,943 | 164,896 | 134,939 | 93,429 |
| <u>21,251,445</u> | <u>416,146,255</u> | <u>297,642,168</u> | <u>304,075,704</u> | <u>32,355,016</u> |
| \$ 47,923,833 | \$ 398,078,053 | \$ 418,390,124 | \$ 704,961,417 | \$ 96,546,071 |
| \$ 6,411 | \$ 344,497 | \$ 639,425 | \$ 36,768 | \$ 7,058 |
| 92,938,867 | 406,532,068 | 525,523,492 | 700,832,170 | 98,695,235 |
| | (17,377,850) | | | |
| (26,235) | 2,180,817 | (595,003) | 6,419,573 | (12,800) |
| (34,567,433) | 9,852,458 | (93,186,618) | (2,214,977) | (756,872) |
| (10,427,777) | (3,453,937) | (13,991,172) | (112,117) | (1,386,550) |
| <u>47,923,833</u> | <u>398,078,053</u> | <u>418,390,124</u> | <u>704,961,417</u> | <u>96,546,071</u> |
| \$ 7.48 | \$ 11.56 | \$ 6.54 | \$ 19.17 | \$ 13.68 |
| \$ 77,397,551 | \$ 613,852,525 | \$ 611,303,548 | \$ 982,248,319 | \$ 127,565,439 |
| | | | 386,386 | |
| | | 73,151,527 | | |
| | 2,917,398 | 2,868,468 | | |
| | 122,969,414 | 21,750,313 | | |

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| | | | | |
|-----------|------------|------------|------------|-----------|
| | 1,757,400 | | | |
| 6,411,104 | 34,449,693 | 63,942,536 | 36,768,498 | 7,058,402 |
| | | 61 | | |

STATEMENTS OF OPERATIONS
For the year ended October 31, 2005

| | Broad Investment Grade 2009 Term Trust Inc.¹ (BCT) | Core Bond Trust (BHK) |
|--|--|--------------------------------------|
| Investment Income | | |
| Interest income | \$ 3,436,738 | \$ 35,145,787 |
| Other affiliated income | 1,341 | 4,294 |
| Total investment income | 3,438,079 | 35,150,081 |
| Expenses | | |
| Investment advisory | 248,955 | 2,755,737 |
| Administration | 67,897 | |
| Transfer agent | 10,851 | 14,965 |
| Custodian | 71,642 | 201,990 |
| Reports to shareholders | 31,345 | 116,400 |
| Directors/Trustees | 12,658 | 58,035 |
| Registration | 1,825 | 18,544 |
| Independent accountants | 47,361 | 63,913 |
| Legal | 27,377 | 105,453 |
| Insurance | 3,757 | 33,324 |
| Deferred Trustees fee | 1,341 | 4,294 |
| Miscellaneous | 13,253 | 72,249 |
| Total expenses excluding interest expense and excise tax | 538,262 | 3,444,904 |
| Interest expense | 182,554 | 10,768,498 |
| Excise tax | 352,123 | |
| Total expenses | 1,072,939 | 14,213,402 |
| Less fees waived by Advisor | | |
| Less fees paid indirectly | | (9,682) |
| Net expenses | 1,072,939 | 14,203,720 |
| Net investment income | 2,365,140 | 20,946,361 |
| Realized and Unrealized Gain (Loss) | | |
| Net realized gain (loss) on: | | |
| Investments | 828,061 | 6,297,249 |
| Foreign currency | | 2,713,506 |
| Futures | (42,750) | 7,686,890 |
| Interest rate swaps | 172 | (1,193,199) |
| Options written | | 1,494,491 |
| Short sales | | 27,694 |
| | 785,483 | 17,026,631 |
| Net change in unrealized appreciation/depreciation on: | | |
| Investments | (3,199,814) | (27,195,374) |
| Foreign currency | | 180,169 |
| Futures | (134,098) | (632,282) |
| Interest rate floors | | |
| Interest rate swaps | | 1,401,202 |
| Credit default swaps | 176 | 2,240 |
| Options written | | (681,787) |

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| | | |
|--|---------------------|----------------------|
| Short sales | | |
| | (3,333,736) | (26,925,832) |
| Net loss | (2,548,253) | (9,899,201) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$ (183,113) | \$ 11,047,160 |

¹ Consolidated Statement of Operations.

See Notes to Financial Statements.

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| High Yield Trust (BHY) | Income Opportunity Trust (BNA) | Income Trust Inc. (BKT) | Limited Duration Income Trust (BLW) | Strategic Bond Trust (BHD) |
|------------------------|--------------------------------|-------------------------|-------------------------------------|----------------------------|
| \$ 6,122,646 | \$ 31,810,718 | \$ 40,148,316 | \$ 65,962,793 | \$ 9,641,546 |
| 1,665 | 10,399 | 9,829 | 3,308 | 797 |
| 6,124,311 | 31,821,117 | 40,158,145 | 65,966,101 | 9,642,343 |
| 739,567 | 2,474,512 | 2,795,230 | 5,675,801 | 991,562 |
| 70,435 | 412,419 | 645,053 | | |
| 16,060 | 29,200 | 85,400 | 17,885 | 14,965 |
| 89,602 | 152,968 | 199,002 | 366,988 | 76,533 |
| 40,806 | 127,671 | 154,855 | 175,664 | 32,040 |
| 12,520 | 59,612 | 58,110 | 79,935 | 13,870 |
| 17,410 | 24,351 | 44,530 | 27,615 | 18,775 |
| 42,171 | 75,318 | 63,820 | 61,402 | 34,558 |
| 6,118 | 85,060 | 57,369 | 93,833 | 1,989 |
| 4,813 | 35,724 | 43,256 | 70,856 | 8,985 |
| 1,665 | 10,399 | 9,829 | 3,308 | 797 |
| 11,830 | 101,301 | 84,872 | 73,464 | 17,966 |
| 1,052,997 | 3,588,535 | 4,241,326 | 6,646,751 | 1,212,040 |
| 710,346 | 3,544,922 | 7,792,988 | 5,743,773 | 971,619 |
| 1,763,343 | 7,133,457 | 12,034,314 | 12,390,524 | 2,183,659 |
| (4,032) | (7,810) | (20,620) | (62,718) | (11,291) |
| 1,759,311 | 7,125,647 | 12,013,694 | 12,327,806 | 1,907,951 |
| 4,365,000 | 24,695,470 | 28,144,451 | 53,638,295 | 7,734,392 |
| 863,475 | 4,116,519 | (5,669,450) | (2,461,619) | (324,159) |
| | | | 11,452 | |
| | 9,983,319 | (6,286,755) | | |
| | (2,214,104) | (2,108,655) | 3,910 | |
| | 2,090,580 | (11,183) | 246,726 | |
| | 339,049 | (1,360,293) | | |
| 863,475 | 14,315,363 | (15,436,336) | (2,199,531) | (324,159) |
| (3,198,856) | (26,513,426) | (13,522,491) | (32,088,372) | (7,608,367) |
| | | | 76,984 | |
| | (4,455,818) | 6,979,802 | | |
| | | 9,265 | | |
| | 1,465,515 | 3,187,784 | | |
| | 2,357 | | 4,008 | |
| | (965,867) | (1,185,793) | (185) | |
| | 327,492 | 1,474,383 | | |
| (3,198,856) | (30,139,747) | (3,057,050) | (32,007,565) | (7,608,367) |
| (2,335,381) | (15,824,384) | (18,493,386) | (34,207,096) | (7,932,526) |

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| | | | | | | | | | |
|----|-----------|----|-----------|----|-----------|----|------------|----|-----------|
| \$ | 2,029,619 | \$ | 8,871,086 | \$ | 9,651,065 | \$ | 19,431,199 | \$ | (198,134) |
|----|-----------|----|-----------|----|-----------|----|------------|----|-----------|

STATEMENTS OF CASH FLOWS
For the year ended October 31, 2005

| | Broad Investment Grade 2009 Term Trust Inc (BCT) | Core Bond Trust (BHK) |
|---|---|--------------------------------------|
| Net Increase (Decrease) in net assets resulting from operations | \$ (183,113) | \$ 11,047,160 |
| Purchases of long-term investments | (45,719,992) | (6,335,366,352) |
| Proceeds from sales of long-term investments | 67,920,139 | 6,384,043,264 |
| Net proceeds (purchases) of short-term investments | (2,761,930) | 18,241,178 |
| Amortization of premium and discount on investments | 1,272,212 | 2,118,306 |
| Net realized loss (gain) on investments | (828,061) | (9,034,013) |
| Decrease in unrealized appreciation/depreciation on investments | 3,199,814 | 27,015,205 |
| Increase (Decrease) in investments sold short | | |
| Increase in outstanding options written | | 1,202,098 |
| Increase (Decrease) in TBA Commitments | | |
| Increase in interest rate floor | | |
| Increase in interest rate swaps | | (1,401,202) |
| Increase in credit default swaps | (176) | (2,240) |
| Decrease (Increase) in receivable for investments sold | | 60,898,401 |
| Decrease in variation margin receivable | 23,313 | 170,032 |
| Decrease (Increase) in unrealized gain on foreign currency exchange contracts | | (340,719) |
| Decrease (Increase) in interest receivable | 180,851 | (94,147) |
| Decrease (Increase) in investments in affiliates | 5,812 | 24,833 |
| Decrease (Increase) in other assets | (11,551) | (38,455) |
| Increase (Decrease) in payable for investments purchased | | (100,494,399) |
| Increase (Decrease) in interest payable | (7,790) | 766,089 |
| Increase (Decrease) in payable for dollar rolls | | (2,561,368) |
| Decrease in collateral due to broker | | |
| Increase (Decrease) in deposits with brokers | | |
| Increase (Decrease) in variation margin payable | | |
| Increase (Decrease) in investment advisory fee payable | (1,434) | |
| Increase (Decrease) in administration fee payable | (391) | (32,840) |
| Increase (Decrease) in deferred Directors/Trustees fees | 4,966 | 14,055 |
| Increase (Decrease) in payable to affiliates | 44 | (2,981) |
| Increase (Decrease) in accrued expenses | 1,912 | 65,356 |
| Increase (Decrease) in due to parent | | |
| Total adjustments | 23,277,738 | 45,190,101 |
| Net cash provided by (used for) operating activities | \$ 23,094,625 | \$ 56,237,261 |
| Increase (Decrease) in Cash and Foreign Currency | | |
| Net cash provided by (used for) operating activities | \$ 23,094,625 | \$ 56,237,261 |
| Cash provided by (used for) financing activities: | | |
| Capital Contributions | | |
| Increase (Decrease) in reverse repurchase agreements | (19,262,500) | (15,597,918) |
| Increase in loan payable | | |
| Cash dividends paid | (3,796,316) | (36,696,629) |
| Cost of Trust shares reacquired | | |
| Net cash provided by (used for) financing activities | (23,058,816) | (52,294,547) |
| Net increase (decrease) in cash | 35,809 | 3,942,714 |
| Cash and foreign currency at beginning of year | 45,939 | 48,740 |

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| | | | | |
|--|----|--------|----|-----------|
| Cash and foreign currency at end of year | \$ | 81,748 | \$ | 3,991,454 |
|--|----|--------|----|-----------|

¹ Consolidated Statement of Cash Flows.

See Notes to Financial Statements.

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| High Yield Trust (BHY) | Income Opportunity Trust (BNA) | Income Trust Inc. (BKT) | Limited Duration Income Trust (BLW) | Strategic Bond Trust (BHD) |
|------------------------------|---|-------------------------------|--|----------------------------------|
| \$ 2,029,619 | \$ 8,871,086 | \$ 9,651,065 | \$ 19,431,199 | \$ (198,134) |
| (69,592,009) | (7,857,225,052) | (1,596,170,009) | (2,057,187,494) | (79,667,761) |
| 70,383,838 | 7,874,145,476 | 1,630,929,666 | 2,051,064,147 | 65,492,193 |
| (1,657,102) | 926,098 | 6,574,961 | (3,710,287) | (681,768) |
| (24,984) | 2,663,759 | 14,262,687 | 2,289,553 | 277,146 |
| (863,475) | (4,116,519) | 5,669,450 | 3,078,372 | 324,159 |
| 3,198,814 | 26,513,426 | 13,522,491 | 32,011,388 | 7,608,367 |
| | | 59,024,863 | | |
| | 1,325,645 | 1,139,095 | | |
| | 76,280,101 | 21,505,004 | | |
| | | (68,890) | | |
| | (1,465,515) | (856,894) | | |
| | (2,357) | | (4,008) | |
| 1,473,625 | (106,212,104) | (27,924,676) | 8,774,091 | 626,735 |
| | 317,377 | | | |
| | | | 77,100 | |
| (116,122) | (303,234) | 1,385,182 | (335,382) | 11,416 |
| (5,290) | (20,391) | (20,312) | (19,932) | |
| (3,771) | (944) | 41,291 | 65,652 | (6,886) |
| (1,371,057) | 12,142,263 | 39,791,081 | (3,225,459) | (2,890,439) |
| | 488,993 | 610,080 | 225,369 | 7,009 |
| | (17,775,500) | | (4,462,149) | |
| | (529,143) | (646,730) | (806,692) | |
| | | (68,724,228) | (8,670,825) | |
| 38,814 | | (309,835) | | 39,310 |
| (35) | (9,941) | (11,907) | (9,792) | |
| (4) | (1,656) | (2,747) | | |
| 5,290 | 20,391 | (20,312) | 19,932 | 4,528 |
| (944) | (6,145) | (5,053) | (3,381) | (1,134) |
| (812) | 14,953 | (20,591) | (43,762) | |
| | | | | (42,446) |
| 1,464,776 | 7,169,981 | 99,673,667 | 19,126,441 | (8,899,571) |
| \$ 3,494,395 | \$ 16,041,067 | \$ 109,324,732 | \$ 38,557,640 | \$ (9,097,705) |
| \$ 3,494,395 | \$ 16,041,067 | \$ 109,324,732 | \$ 38,557,640 | \$ (9,097,705) |
| 67,537 | | | 822,572 | 145,218 |
| | 25,535,287 | (74,177,339) | 16,594,531 | 18,694,694 |
| 1,500,000 | | | | |
| (5,087,371) | (37,436,482) | (35,465,482) | (54,517,748) | (9,834,138) |
| (3,519,834) | (11,901,195) | (109,642,821) | (37,100,645) | 9,005,774 |
| (25,439) | 4,139,872 | (318,089) | 1,456,995 | (91,931) |
| 123,396 | (4,061,767) | 406,123 | 320,608 | 159,456 |
| \$ 97,957 | \$ 78,105 | \$ 88,034 | \$ 1,777,603 | \$ 67,525 |

STATEMENTS OF CHANGES IN NET ASSETS
For the years ended October 31, 2005 and 2004

| | Broad Investment Grade 2009 Term Trust Inc. ¹ (BCT) | | Core Bond Trust (BHK) | |
|---|--|---------------|--------------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| Increase (Decrease) in Net Assets | | | | |
| Operations: | | | | |
| Net investment income | \$ 2,365,140 | \$ 1,807,108 | \$ 20,946,361 | \$ 24,880,206 |
| Net realized gain (loss) | 785,483 | (654,975) | 17,026,631 | 11,672,686 |
| Net change in unrealized appreciation/depreciation | (3,333,736) | 1,383,412 | (26,925,832) | 6,039,881 |
| Net increase (decrease) in net assets resulting from operations | (183,113) | 2,535,545 | 11,047,160 | 42,592,773 |
| Dividends and Distributions: | | | | |
| Net investment income | (3,053,790) | (2,661,384) | (27,245,732) | (23,226,362) |
| Net realized gain | (742,526) | | (9,450,897) | (6,742,863) |
| Tax return of capital | | | | |
| Total dividends and distributions | (3,796,316) | (2,661,384) | (36,696,629) | (29,969,225) |
| Capital Share Transactions: | | | | |
| Reinvestment of dividends | | | | |
| Total increase (decrease) | (3,979,429) | (125,839) | (25,649,469) | 12,623,548 |
| Net Assets: | | | | |
| Beginning of year | 47,255,433 | 47,381,272 | 411,163,258 | 398,539,710 |
| End of year | \$ 43,276,004 | \$ 47,255,433 | \$ 385,513,789 | \$ 411,163,258 |
| End of year undistributed (distribution in excess of) net investment income | \$ 4,778,321 | \$ 7,945,414 | \$ 515,459 | \$ 2,267,985 |

¹ Consolidated Statement of Changes in Net Assets.

See Notes to Financial Statements.

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| High Yield Trust (BHY) | | Income Opportunity Trust (BNA) | | Income Trust Inc. (BKT) | |
|---------------------------|---------------|-----------------------------------|----------------|----------------------------|----------------|
| 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| \$ 4,365,000 | \$ 5,860,489 | \$ 24,695,470 | \$ 26,125,045 | \$ 28,144,451 | \$ 31,946,835 |
| 863,475 | (316,410) | 14,315,363 | 10,285,218 | (15,436,336) | (8,309,572) |
| (3,198,856) | 6,773,216 | (30,139,747) | 8,190,164 | (3,057,050) | (1,727,131) |
| 2,029,619 | 12,317,295 | 8,871,086 | 44,600,427 | 9,651,065 | 21,910,132 |
| (5,087,371) | (5,864,606) | (27,821,573) | (28,937,742) | (30,667,298) | (38,921,208) |
| | (187,188) | (9,614,909) | | (4,798,184) | |
| (5,087,371) | (6,051,794) | (37,436,482) | (28,937,742) | (35,465,482) | (38,921,208) |
| 67,545 | 210,485 | | | 1,569,925 | 2,335,670 |
| (2,990,207) | 6,475,986 | (28,565,396) | 15,662,685 | (24,244,492) | (14,675,406) |
| 50,914,040 | 44,438,054 | 426,643,449 | 410,980,764 | 442,634,616 | 457,310,022 |
| \$ 47,923,833 | \$ 50,914,040 | \$ 398,078,053 | \$ 426,643,449 | \$ 418,390,124 | \$ 442,634,616 |
| \$ (26,235) | \$ (20,945) | \$ 2,180,817 | \$ 2,972,407 | \$ (595,003) | \$ 3,499,237 |

STATEMENTS OF CHANGES IN NET ASSETS (continued)
For the years ended October 31, 2005 and 2004

| | Limited Duration Income Trust (BLW) | | Strategic Bond Trust (BHD) | |
|--|--|----------------|-------------------------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| Net Increase (Decrease) in Net Assets | | | | |
| Operations: | | | | |
| Net investment income | \$ 53,638,295 | \$ 53,609,041 | \$ 7,734,392 | \$ 9,814,985 |
| Net realized gain (loss) | (2,199,531) | 5,497,164 | (324,159) | 1,061,047 |
| Net change in unrealized appreciation/depreciation | (32,007,565) | 10,020,060 | (7,608,367) | 648,992 |
| Net increase (decrease) in net assets resulting from operations | 19,431,199 | 69,126,265 | (198,134) | 11,525,024 |
| Dividends and Distributions | | | | |
| Net investment income | (49,020,501) | (54,687,174) | (7,935,935) | (11,337,469) |
| Net realized gain | (5,497,247) | (390,466) | | |
| Tax return of capital | | | (1,898,203) | |
| Total dividends and distributions | (54,517,748) | (55,077,640) | (9,834,138) | (11,337,469) |
| Capital Share Transactions: | | | | |
| Reinvestment of common dividends | 822,572 | 429,365 | 145,218 | 200,599 |
| Total increase (decrease) | (34,263,977) | 14,477,990 | (9,887,054) | 388,154 |
| Net Assets | | | | |
| Beginning of year | 739,225,394 | 724,747,404 | 106,433,125 | 106,044,971 |
| End of year | \$ 704,961,417 | \$ 739,225,394 | \$ 96,546,071 | \$ 106,433,125 |
| End of period undistributed (distributions in excess of) net investment income | \$ 6,419,573 | \$ 1,786,417 | \$ (12,800) | \$ 188,743 |

See Notes to Financial Statements.

CONSOLIDATED FINANCIAL HIGHLIGHTS**BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)**

| | Year Ended October 31, | | | | |
|--|------------------------|--------------|--------------|---------------|---------------|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 15.98 | \$ 16.02 | \$ 17.33 | \$ 16.05 | \$ 13.64 |
| Investment operations: | | | | | |
| Net investment income | 0.80 | 0.61 | 1.28 | 2.01 | 1.17 |
| Net realized and unrealized gain (loss) | (0.87) | 0.25 | (1.40) | 0.04 | 2.01 |
| Net increase (decrease) from investment operations | (0.07) | 0.86 | (0.12) | 2.05 | 3.18 |
| Dividends and distributions: | | | | | |
| Net investment income | (1.03) | (0.90) | (1.19) | (0.77) | (0.77) |
| Net realized gains | (0.25) | | | | |
| Total dividends and distributions | (1.28) | (0.90) | (1.19) | (0.77) | (0.77) |
| Net asset value, end of year | \$ 14.63 | \$ 15.98 | \$ 16.02 | \$ 17.33 | \$ 16.05 |
| Market price, end of year | \$ 15.86 | \$ 15.80 | \$ 15.85 | \$ 16.18 | \$ 14.39 |
| TOTAL INVESTMENT RETURN¹ | 8.74% | 5.45% | 5.32% | 18.34% | 27.66% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 2.37% | 2.48% | 2.43% | 2.50% | 3.52% |
| Net expenses | 2.37% | 2.48% | 2.43% | 2.50% | 3.52% |
| Net expenses excluding interest expense and excise tax | 1.19% | 1.11% | 1.18% | 1.16% | 1.16% |
| Net investment income | 5.23% | 3.83% | 7.54% | 12.22% | 7.93% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets | \$ 45,264 | \$ 47,191 | \$ 49,882 | \$ 48,731 | \$ 43,701 |
| Portfolio turnover | 116% | 20% | 39% | 35% | 19% |
| Net assets, end of year (000) | \$ 43,276 | \$ 47,255 | \$ 47,381 | \$ 51,244 | \$ 47,466 |
| Reverse repurchase agreements outstanding, end of year (000) | \$ | \$ 19,263 | \$ 19,953 | \$ 23,669 | \$ 13,373 |
| Asset coverage, end of year ² | \$ | \$ 3,453 | \$ 3,375 | \$ 3,165 | \$ 4,550 |
| Reverse repurchase agreements average daily balance (000) | \$ 7,865 | \$ 22,055 | \$ 19,409 | \$ 18,388 | \$ 18,080 |
| Reverse repurchase agreements weighted average interest rate | 2.32% | 1.20% | 1.21% | 1.82% | 4.94% |

¹ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Past performance is not a guarantee of future results.

² Per \$1,000 of reverse repurchase agreements outstanding.

The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each year indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS**BlackRock Core Bond Trust (BHK)**

| | Year Ended October 31, | | | For the period |
|--|------------------------|---------------|--------------|---|
| | 2005 | 2004 | 2003 | November 30, 2001 ¹ through October 31, 2002 |
| PER SHARE OPERATING PERFORMANCE: | | | | |
| Net asset value, beginning of period | \$ 15.22 | \$ 14.75 | \$ 14.33 | \$ 14.33 ² |
| Investment operations: | | | | |
| Net investment income | 0.78 | 0.92 | 0.83 | 0.99 |
| Net realized and unrealized gain (loss) | (0.37) | 0.66 | 0.77 | 0.04 |
| Net increase from investment operations | 0.41 | 1.58 | 1.60 | 1.03 |
| Dividends and distributions from: | | | | |
| Net investment income | (1.01) | (0.86) | (1.00) | (1.00) |
| Net realized gains | (0.35) | (0.25) | (0.18) | |
| Total dividends and distributions | (1.36) | (1.11) | (1.18) | (1.00) |
| Capital charges with respect to issuance of shares | | | | (0.03) |
| Net asset value, end of period | \$ 14.27 | \$ 15.22 | \$ 14.75 | \$ 14.33 |
| Market price, end of period | \$ 13.69 | \$ 14.02 | \$ 13.57 | \$ 13.82 |
| TOTAL INVESTMENT RETURN³ | 7.46% | 11.93% | 6.62% | (1.02%) |
| RATIOS TO AVERAGE NET ASSETS: | | | | |
| Total expenses | 3.53% | 1.32% | 1.05% | 1.04% ⁴ |
| Net expenses | 3.53% | 1.32% | 1.05% | 1.04% ⁴ |
| Net expenses excluding interest expense | 0.85% | 0.92% | 0.87% | 0.93% ⁴ |
| Net investment income | 5.20% | 6.20% | 5.58% | 7.67% ⁴ |
| SUPPLEMENTAL DATA: | | | | |
| Average net assets | \$ 402,783 | \$ 401,212 | \$ 401,049 | \$ 380,277 |
| Portfolio turnover | 220% | 398% | 161% | 73% |
| Net assets, end of period (000) | \$ 385,514 | \$ 411,163 | \$ 398,540 | \$ 387,238 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 86,876 | \$ 102,474 | \$ 91,668 | \$ 165,215 |
| Asset coverage, end of period ⁵ | \$ 5,438 | \$ 5,012 | \$ 5,348 | \$ 3,342 |
| Reverse repurchase agreements average daily balance (000) | \$ 91,130 | \$ 145,094 | \$ 67,591 | \$ 35,207 |
| Reverse repurchase agreements weighted average interest rate | 2.86% | 1.11% | 1.05% | 1.04% |

¹ Commencement of investment operations. This information includes the initial investment by BlackRock Funding, Inc.

² Net asset value, beginning of period, reflects a deduction of \$0.675 per share sales charge from the initial offering price of \$15.00 per share.

³ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not

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annualized. Past performance is not a guarantee of future results.

⁴ Annualized.

⁵ Per \$1,000 of reverse repurchase agreements outstanding.

The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

FINANCIAL HIGHLIGHTS**BlackRock High Yield Trust (BHY)****Year Ended October 31,**

| | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|-----------------|--------------|---------------|--------------|-----------------|
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 7.95 | \$ 6.96 | \$ 6.13 | \$ 7.20 | \$ 10.60 |
| Investment operations: | | | | | |
| Net investment income | 0.68 | 0.92 | 1.06 | 1.20 | 1.32 |
| Net realized and unrealized gain (loss) | (0.36) | 1.02 | 0.89 | (0.98) | (3.13) |
| Net increase (decrease) from investment operations | 0.32 | 1.94 | 1.95 | 0.22 | (1.81) |
| Dividends and Distributions: | | | | | |
| Net investment income | (0.79) | (0.92) | (1.07) | (1.20) | (1.48) |
| Tax return of capital | | (0.03) | (0.05) | (0.09) | (0.11) |
| Total dividends and distributions | (0.79) | (0.95) | (1.12) | (1.29) | (1.59) |
| Net asset value, end of year | \$ 7.48 | \$ 7.95 | \$ 6.96 | \$ 6.13 | \$ 7.20 |
| Market price, end of year | \$ 7.36 | \$ 9.30 | \$ 10.25 | \$ 8.68 | \$ 9.18 |
| TOTAL INVESTMENT RETURN¹ | (13.49%) | 0.28% | 32.87% | 7.97% | (11.31%) |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 3.52% | 2.69% | 3.07% | 3.45% | 4.90% |
| Net expenses | 3.51% | 2.68% | 3.07% | 3.45% | 4.90% |
| Net expenses excluding interest expense | 2.10% | 1.96% | 2.22% | 2.20% | 2.03% |
| Net investment income | 8.71% | 12.16% | 16.37% | 16.29% | 14.23% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets | \$ 50,104 | \$ 48,186 | \$ 41,326 | \$ 46,751 | \$ 58,553 |
| Portfolio turnover | 102% | 156% | 30% | 147% | 71% |
| Net assets, end of year (000) | \$ 47,924 | \$ 50,914 | \$ 44,438 | \$ 38,953 | \$ 45,520 |
| Loan outstanding, end of year (000) | \$ 20,750 | \$ 19,250 | \$ 19,250 | \$ 19,250 | \$ 23,000 |
| Asset coverage, end of year ² | \$ 3,310 | \$ 3,645 | \$ 3,308 | \$ 3,024 | \$ 2,893 |
| Loan average daily balance (000) | \$ 20,425 | \$ 19,250 | \$ 19,250 | \$ 22,664 | \$ 28,449 |
| Loan weighted average interest rate | 2.87% | 1.80% | 1.96% | 2.65% | 5.90% |

¹ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Past performance is not a guarantee of future results.

² Per \$1,000 of loan outstanding.

The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each year indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS**BlackRock Income Opportunity Trust (BNA)**

| | Year Ended October 31, | | | | |
|--|------------------------|---------------|---------------|--------------|---------------|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 12.38 | \$ 11.93 | \$ 11.83 | \$ 11.47 | \$ 11.03 |
| Investment operations: | | | | | |
| Net investment income | 0.72 | 0.76 | 0.84 | 1.15 | 0.87 |
| Net realized and unrealized gain (loss) | (0.45) | 0.53 | 0.31 | (0.05) | 0.34 |
| Net increase from investment operations | 0.27 | 1.29 | 1.15 | 1.10 | 1.21 |
| Dividends and distributions from: | | | | | |
| Net investment income | (0.81) | (0.84) | (0.81) | (0.75) | (0.23) |
| Net realized gains | (0.28) | | (0.24) | | |
| Tax return of capital | | | | | (0.54) |
| Total dividends and distributions | (1.09) | (0.84) | (1.05) | (0.75) | (0.77) |
| Increase resulting from Trust shares repurchased | | | | 0.01 | |
| Net asset value, end of year | \$ 11.56 | \$ 12.38 | \$ 11.93 | \$ 11.83 | \$ 11.47 |
| Market price, end of year | \$ 10.90 | \$ 11.38 | \$ 10.95 | \$ 10.50 | \$ 10.41 |
| TOTAL INVESTMENT RETURN¹ | 5.53% | 12.04% | 14.71% | 8.44% | 15.09% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 1.72% | 1.11% | 1.29% | 1.40% | 3.62% |
| Net expenses | 1.72% | 1.11% | 1.29% | 1.40% | 3.62% |
| Net expenses excluding interest expense | 0.87% | 0.84% | 0.89% | 0.93% | 1.01% |
| Net investment income | 5.97% | 6.29% | 6.99% | 10.04% | 7.76% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets | \$ 413,777 | \$ 415,131 | \$ 413,543 | \$ 394,495 | \$ 388,478 |
| Portfolio turnover | 396% | 300% | 46% | 153% | 83% |
| Net assets, end of year (000) | \$ 398,078 | \$ 426,643 | \$ 410,981 | \$ 407,480 | \$ 397,756 |
| Reverse repurchase agreements outstanding, end of year (000) | \$ 120,179 | \$ 94,644 | \$ 103,378 | \$ 85,704 | \$ 136,385 |
| Asset coverage, end of year ² | \$ 4,312 | \$ 5,508 | \$ 4,976 | \$ 5,755 | \$ 3,916 |
| Reverse repurchase agreements average daily balance (000) | \$ 122,457 | \$ 97,264 | \$ 136,172 | \$ 36,153 | \$ 151,804 |
| Reverse repurchase agreements weighted average interest rate | 2.87% | 1.14% | 1.22% | 1.93% | 4.92% |

¹ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Past performance is not a guarantee of future results.

² Per \$1,000 of reverse repurchase agreements outstanding.

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The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each year indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS**BlackRock Income Trust Inc. (BKT)**

| | Year Ended October 31, | | | | |
|--|------------------------|--------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2003 | 2002 | 2001 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 6.95 | \$ 7.21 | \$ 8.13 | \$ 8.06 | \$ 7.23 |
| Investment operations: | | | | | |
| Net investment income | 0.44 | 0.51 | 0.61 | 0.99 | 0.56 |
| Net realized and unrealized gain (loss) | (0.30) | (0.16) | (0.52) | (0.35) | 0.83 |
| Net increase from investment operations | 0.14 | 0.35 | 0.09 | 0.64 | 1.39 |
| Dividends and Distributions: | | | | | |
| Net investment income | (0.48) | (0.61) | (1.01) | (0.57) | (0.56) |
| Tax return of capital | (0.07) | | | | |
| Total dividends and distributions | (0.55) | (0.61) | (1.01) | (0.57) | (0.56) |
| Net asset value, end of year | \$ 6.54 | \$ 6.95 | \$ 7.21 | \$ 8.13 | \$ 8.06 |
| Market price, end of year | \$ 5.90 | \$ 7.50 | \$ 7.71 | \$ 8.07 | \$ 7.26 |
| TOTAL INVESTMENT RETURN¹ | (14.63)% | 5.97% | 15.41% | 15.35% | 23.23% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 2.80% | 1.37% | 1.36% | 2.05% | 2.54% |
| Net expenses | 2.79% | 1.37% | 1.36% | 2.05% | 2.54% |
| Net expenses excluding interest expense | 0.99% | 0.97% | 1.02% | 1.03% | 1.03% |
| Net investment income | 6.54% | 7.13% | 8.18% | 12.28% | 7.43% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets | \$ 430,035 | \$ 447,984 | \$ 472,676 | \$ 506,533 | \$ 470,185 |
| Portfolio turnover | 60% | 120% | 64% | 125% | 32% |
| Net assets, end of year (000) | \$ 418,390 | \$ 442,635 | \$ 457,301 | \$ 511,385 | \$ 506,764 |
| Reverse repurchase agreements outstanding, end of year (000) | \$ 149,558 | \$ 223,736 | \$ 121,767 | \$ 205,792 | \$ 118,634 |
| Asset coverage, end of year ² | \$ 3,798 | \$ 2,978 | \$ 4,756 | \$ 3,485 | \$ 5,272 |
| Reverse repurchase agreements average daily balance (000) | \$ 180,553 | \$ 158,278 | \$ 135,804 | \$ 173,501 | \$ 148,204 |
| Reverse repurchase agreements weighted average interest rate | 2.81% | 1.12% | 1.17% | 1.81% | 4.78% |

¹ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Past performance is not a guarantee of future results.

² Per \$1,000 of reverse repurchase agreements outstanding.

The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each year indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

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

| | Year Ended October 31, | | For the Period July 30, 2003 ¹ through October 31, 2003 |
|--|------------------------|---------------|---|
| | 2005 | 2004 | |
| PER SHARE OPERATING PERFORMANCE: | | | |
| Net asset value, beginning of period | \$ 20.13 | \$ 19.74 | \$ 19.10 ₂ |
| Investment operations: | | | |
| Net investment income | 1.46 | 1.46 | 0.33 |
| Net realized and unrealized gain (loss) | (0.94) | 0.43 | 0.60 |
| Net increase from investment operations | 0.52 | 1.89 | 0.93 |
| Dividends and distributions from: | | | |
| Net investment income | (1.33) | (1.49) | (0.25) |
| Net realized gains | (0.15) | (0.01) | |
| Total dividends and distributions | (1.48) | (1.50) | (0.25) |
| Capital charges with respect to issuance of shares | | | (0.04) |
| Net asset value, end of period | \$ 19.17 | \$ 20.13 | \$ 19.74 |
| Market price, end of period | \$ 17.48 | \$ 19.95 | \$ 18.80 |
| TOTAL INVESTMENT RETURN³ | (5.30)% | 14.64% | (4.77)% |
| RATIOS TO AVERAGE NET ASSETS: | | | |
| Total expenses | 1.71% | 1.26% | 0.82% ⁴ |
| Net expenses | 1.71% | 1.25% | 0.82% ⁴ |
| Net expenses excluding interest expense | 0.92% | 0.90% | 0.79% ⁴ |
| Net investment income | 7.42% | 7.34% | 6.87% ⁴ |
| SUPPLEMENTAL DATA: | | | |
| Average net assets (000) | \$ 722,668 | \$ 730,369 | \$ 686,655 |
| Portfolio turnover | 70% | 215% | 127% |
| Net assets, end of period (000) | \$ 704,961 | \$ 739,225 | \$ 724,747 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 176,010 | \$ 159,416 | \$ 118,993 |
| Asset coverage, end of period ⁵ | \$ 5,005 | \$ 5,637 | \$ 7,091 |
| Reverse repurchase agreements average daily balance (000) | \$ 186,660 | \$ 195,845 | \$ 26,591 |
| Reverse repurchase agreements weighted average interest rate | 3.08% | 1.32% | 0.76% |

¹ Commencement of investment operations. This information includes the initial investment by BlackRock Funding, Inc.

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

³ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

⁴ Annualized.

⁵ Per \$1,000 reverse repurchase agreements outstanding.

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The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS**BlackRock Strategic Bond Trust (BHD)**

| | Year Ended October 31, | | | For the period |
|--|------------------------|------------|------------|---|
| | 2005 | 2004 | 2003 | February 28, 2002 ¹ through October 31, 2002 |
| PER SHARE OPERATING PERFORMANCE: | | | | |
| Net asset value, beginning of period | \$ 15.10 | \$ 15.07 | \$ 12.63 | \$ 14.33 ² |
| Investment operations: | | | | |
| Net investment income | 1.10 | 1.39 | 1.59 | 0.98 |
| Net realized and unrealized gain (loss) | (1.13) | 0.25 | 2.34 | (1.77) |
| Net increase (decrease) from investment operations | (0.03) | 1.64 | 3.93 | (0.79) |
| Dividends and Distributions: | | | | |
| Net investment income | (1.12) | (1.61) | (1.49) | (0.84) |
| Tax return of capital | (0.27) | | | |
| Total dividends and distributions | (1.39) | (1.61) | (1.49) | (0.84) |
| Capital charges with respect to issuance of shares | | | | (0.07) |
| Net asset value, end of period | \$ 13.68 | \$ 15.10 | \$ 15.07 | \$ 12.63 |
| Market price, end of period | \$ 12.45 | \$ 16.70 | \$ 15.27 | \$ 12.35 |
| TOTAL INVESTMENT RETURN³ | (18.11)% | 21.54% | 37.36% | (12.34)% |
| RATIOS TO AVERAGE NET ASSETS: | | | | |
| Total expenses | 2.14% | 1.49% | 2.01% | 2.57% ⁴ |
| Net expenses | 1.87% | 1.23% | 1.71% | 2.26% |
| Net expenses excluding interest expense and excise tax | 0.92% | 0.89% | 1.01% | 1.25% ⁴ |
| Net investment income | 7.58% | 9.23% | 11.32% | 10.68% ⁴ |
| SUPPLEMENTAL DATA: | | | | |
| Average net assets | \$ 101,990 | \$ 106,330 | \$ 98,498 | \$ 95,675 |
| Portfolio turnover | 51% | 31% | 32% | 22% |
| Net assets, end of period (000) | \$ 96,546 | \$ 106,433 | \$ 106,045 | \$ 88,594 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 31,883 | \$ 13,188 | \$ 45,872 | \$ 44,223 |
| Asset coverage, end of period ⁵ | \$ 4,028 | \$ 9,071 | \$ 3,312 | \$ 3,003 |
| Reverse repurchase agreements average daily balance (000) | \$ 30,406 | \$ 27,652 | \$ 46,036 | \$ 44,889 |
| Reverse repurchase agreements weighted average interest rate | 3.20% | 1.33% | 1.51% | 1.45% |

¹ Commencement of investment operations. This information includes the initial investment by BlackRock Funding, Inc.

² Net asset value, beginning of period, reflects a deduction of \$0.675 per share sales charge from the initial offering price of \$15.00 per share.

³ Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each year reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

⁴ Annualized.

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⁵ Per \$1,000 of reverse repurchase agreements outstanding.

The information in the above Financial Highlights represents the operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's common shares.

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS (unaudited)

Note 1. Organization & Accounting Policies

BlackRock Broad Investment Grade 2009 Term Trust Inc. (Broad Investment Grade), BlackRock Core Bond Trust (Core Bond), BlackRock High Yield Trust (High Yield), BlackRock Income Opportunity Trust (Income Opportunity), BlackRock Income Trust Inc. (Income Trust), BlackRock Limited Duration Income Trust (Limited Duration) and BlackRock Strategic Bond Trust (Strategic Bond) (collectively, the Trusts) are registered as diversified, closed-end management investment companies under the Investment Company Act of 1940, as amended. Broad Investment Grade, Income Opportunity and Income Trust are organized as Maryland corporations. Core Bond, High Yield, Limited Duration and Strategic Bond are organized as Delaware statutory trusts.

On December 3, 1999, Broad Investment Grade transferred a substantial portion of its total assets to a 100% owned regulated investment company subsidiary called BCT Subsidiary, Inc. The financial statements and these notes to the financial statements for Broad Investment Grade are consolidated and include the operations of both Broad Investment Grade and its wholly owned subsidiary after elimination of all intercompany transactions and balances.

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

Investment Valuation: The Trusts value most of their investments on the basis of current market quotations provided by dealers or pricing services selected under the supervision of each Trust's Board (the Board) of Directors/Trustees (the Trustees). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, 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. Exchange-traded options are valued at their last sales price as of the close of options trading on applicable exchanges. In the absence of a last sale, options are valued at the average of the quoted bid and asked prices as of the close of business. A futures contract is valued at the last sale price as of the close of the commodities exchange on which it trades. Swap quotations are provided by dealers selected under the supervision of the Board. Short-term securities may be valued at amortized cost. Investments in open-end investment companies are valued at net asset value. Investments or assets for which such current market quotations are not readily available are valued at fair value (Fair Value Assets) as determined in good faith under procedures established by, and under the general supervision and responsibility of, each Trust's Board. The investment advisor and/or sub-advisor will submit its recommendations regarding the valuation and/or valuation methodologies for Fair Value Assets to a valuation committee. The valuation committee may accept, modify or reject any recommendations. The pricing of all Fair Value Assets shall be subsequently reported to the Board.

When determining the price for a Fair Value Asset, the investment advisor and/or sub-advisor shall seek to determine the price that the 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 BlackRock Advisors deems relevant.

Investment Transactions and Investment Income: Investment transactions are recorded on trade date. The cost of investments sold and the related gain or loss is determined by use of the specific identification method, generally first-in, first out, for both financial reporting and federal income tax purposes. Each Trust records interest income on an accrual basis and amortizes premium and/or accretes discount on securities purchased using the interest method.

Repurchase Agreements: In connection with transactions in repurchase agreements, a Trust's custodian takes possession of the underlying collateral securities, the value of which at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to ensure the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by a Trust may be delayed or limited.

Bank Loans: In the process of buying, selling and holding bank loans, a Trust may receive and/or pay certain fees. These fees are in addition to interest payments received and may include facility fees, commitment fees, amendment fees, commissions and prepayment penalty fees. When a Trust buys a bank loan it may receive a facility fee and when it sells a bank loan it may pay a facility fee. On an ongoing basis, a Trust may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a bank loan. In certain circumstances, a Trust may receive a prepayment penalty fee upon the prepayment of a bank loan by a borrower. Other fees received by a Trust may include covenant waiver fees and covenant modification fees.

Option Writing/Purchasing: When a Trust writes or purchases an option, an amount equal to the premium received or paid by the Trust is recorded as an asset or a liability and is subsequently adjusted to the current market value of the option written or purchased. Premiums received or paid from writing or purchasing options which expire unexercised are treated by the Trust on the expiration date as realized gains or losses. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction, including brokerage

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commissions, is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is added to the cost of the purchase or the proceeds from the sale in determining whether a Trust has realized a gain or a loss on investment transactions. A Trust, as writer of an option, may have no control over whether the underlying securities may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the security underlying the written option.

Options, when used by the Trusts, help in maintaining a targeted duration. Duration is a measure of the price sensitivity of a security or a portfolio to relative changes in interest rates. For instance, a duration of one means that a portfolio's or a security's price would be expected to change by approximately one percent with a one percent change in interest rates, while a duration of five would imply that the price would move approximately five percent in relation to a one percent change in interest rates.

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Option writing and purchasing may be used by the Trusts as an attempt to manage the duration of positions, or collections of positions, so that changes in interest rates do not adversely affect the targeted duration of the portfolio unexpectedly. A call option gives the purchaser of the option the right (but not obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying position at the exercise price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying position at the exercise price at any time or at a specified time during the option period. Put or call options can be purchased or sold to help manage the targeted duration of the portfolio.

The main risk that is associated with purchasing options is that the option expires without being exercised. In this case, the option expires worthless and the premium paid for the option is considered the loss. The risk associated with writing call options is that a Trust may forgo the opportunity for a profit if the market value of the underlying position increases and the option is exercised. The risk in writing put options is that a Trust may incur a loss if the market value of the underlying position decreases and the option is exercised. In addition, the Trust risks not being able to enter into a closing transaction for the written option as the result of an illiquid market.

Stripped Mortgage-Backed Securities: Stripped mortgage-backed securities are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. In certain cases, one class will receive all of the interest (the interest-only or IO class), while the other class will receive all of the principal (the principal-only or PO class). The yield to maturity on IOs is sensitive to the rate of principal repayments (including prepayments) on the related underlying mortgage assets, and principal payments may have a material effect on yield to maturity. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a Trust may not fully recoup its initial investment in IOs. Such securities will be considered liquid only if so determined in accordance with guidelines established by the Trustees.

Credit Default Swaps: Credit default swaps are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place. Risks arise from the possible inability of the counterparties to meet the terms of their contracts.

During the term of the swap, changes in the value of the swap are recognized as unrealized gains or losses by marking-to-market to reflect the market value of the swap. When the swap is terminated, a Trust will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract, if any.

The Trusts are exposed to credit loss in the event of non-performance by the other party to the swap. However, the Trusts closely monitor swaps and do not anticipate non-performance by any counterparty.

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

During the term of the swap, changes in the value of the swap are recognized as unrealized gains or losses by marking-to-market to reflect the market value of the swap. When the swap is terminated, a Trust will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract, if any.

The Trusts are exposed to credit loss in the event of non-performance by the other party to the swap. However, the Trusts closely monitor swaps and do not anticipate non-performance by any counterparty.

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

During the term of the swap, changes in the value of the swap are recognized as unrealized gains or losses by marking-to-market to reflect the market value of the swap. When the swap is terminated, a Trust will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract, if any.

The Trusts are exposed to credit loss in the event of non-performance by the other party to the swap. However, the Trusts closely monitor swaps and do not anticipate non-performance by any counterparty.

Swap Options: Swap options are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate swap agreement at any time before the expiration of the option. Premiums received or paid from writing or purchasing options are recorded as liabilities or assets and are subsequently adjusted to the current market value of the option written or purchased. Premiums received or paid from writing or

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purchasing options which expire unexercised are treated by a Trust on the expiration date as realized gains or losses. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction, including brokerage commission, is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is added to the cost of the purchase or the proceeds from the sale in determining whether a Trust has realized a gain or loss on investment transactions.

The main risk that is associated with purchasing swap options is that the swap option expires without being exercised. In this case, the option expires worthless and the premium paid for the swap option is considered the loss. The main risk that is associated with the writing of a swap option is the market risk of an unfavorable change in the value of the interest rate swap underlying the written swap option.

Swap options may be used by the Trusts to manage the duration of the Trusts' portfolios in a manner similar to more generic options described above.

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Interest Rate Caps: Interest rate caps are similar to interest rate swaps, except that one party agrees to pay a fee, while the other party pays the excess, if any, of a floating rate over a specified fixed or floating rate.

Interest rate caps are intended to both manage the duration of the Trusts' portfolios and their exposure to changes in short-term interest rates. Owning interest rate caps reduces a portfolio's duration, making it less sensitive to changes in interest rates from a market value perspective. The effect on income involves protection from rising short-term interest rates, which the Trusts experience primarily in the form of leverage.

The Trusts are exposed to credit loss in the event of non-performance by the other party to the interest rate cap. However, the Trusts do not anticipate non-performance by any counterparty.

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

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

Interest rate floors are used by the Trusts to both manage the duration of the portfolios and their exposure to changes in short-term interest rates. Selling interest rate floors reduces a portfolio's duration, making it less sensitive to changes in interest rates from a market value perspective. The Trusts' leverage provides extra income in a period of falling rates. Selling floors reduces some of that extra income by partially monetizing it as an up-front payment which the Trusts receive.

The Trusts are exposed to credit loss in the event of non-performance by the other party to the interest rate floor. However, the Trusts do not anticipate non-performance by any counterparty.

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

Financial Futures Contracts: A futures contract is an agreement between two parties to buy and sell a financial instrument for a set price on a future date. Initial margin deposits are made upon entering into futures contracts and can be either cash or securities. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by marking-to-market on a daily basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are made or received, depending upon whether unrealized gains or losses are incurred. When the contract is closed, a Trust records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract.

Financial futures contracts, when used by the Trusts, help in maintaining a targeted duration. Futures contracts can be sold to effectively shorten an otherwise longer duration portfolio. In the same sense, futures contracts can be purchased to lengthen a portfolio that is shorter than its duration target. Thus, by buying or selling futures contracts, the Trusts may attempt to manage the duration of positions so that changes in interest rates do not change the duration of the portfolio unexpectedly.

Forward Currency Contracts: The Trusts enter into forward currency contracts primarily to facilitate settlement of purchases and sales of foreign securities and to help manage the overall exposure to foreign currency. A forward contract is a commitment to purchase or sell a foreign currency at a future date (usually the security transaction settlement date) at a negotiated forward rate. In the event that a security fails to settle within the normal settlement period, the forward currency contract is renegotiated at a new rate. The gain or loss arising from the difference between the settlement value of the original and renegotiated forward contracts is isolated and is included in net realized gains (losses) from foreign currency transactions. Risks may arise as a result of the potential inability of the counterparties to meet the terms of their contract.

Forward currency contracts, when used by the Trusts, help to manage the overall exposure to the foreign currency backing some of the investments held by the Trusts. Forward currency contracts are not meant to be used to eliminate all of the exposure to the foreign currency, rather they allow the Trusts to limit their exposure to foreign currency within a narrow band to the objectives of the Trusts.

Foreign Currency Translation: Foreign currency amounts are translated into United States dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities at the London 4:00 PM rates of exchange. Effective as of November 7, 2005, the 4:00 PM Eastern Standard Time rates of exchange will be used.

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- (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

The Trusts isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at period end. Similarly, the Trusts isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of portfolio securities sold during the period.

Net realized and unrealized foreign exchange gains and losses includes realized foreign exchange gains and losses from sales and maturities of foreign portfolio securities, maturities of foreign reverse repurchase agreements, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of interest and discount recorded on the Trusts' books and the U.S. dollar equivalent amounts actually received or paid and changes in unrealized foreign exchange gains and losses in the value of portfolio securities and other assets and liabilities arising as a result of changes in the exchange rate.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

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Short Sales: The Trusts may make short sales of securities as a method of managing potential price declines in similar securities owned. When a Trust makes a short sale, it may borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. The Trusts may have to pay a fee to borrow the particular securities and may be obligated to pay over any payments received on such borrowed securities. A gain, limited to the price at which a Trust sold the security short, or a loss, unlimited as to dollar amount, will be recognized upon the termination of a short sale if the market price is greater or less than the proceeds originally received.

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

Segregation: In cases in which the Investment Company Act of 1940, as amended (the "1940 Act"), and the interpretive positions of the Securities and Exchange Commission (the "Commission") require a Trust to segregate assets in connection with certain investments (e.g., when-issued securities, reverse repurchase agreements or futures contracts), each Trust will, consistent with certain interpretive letters issued by the Commission, designate on its books and records cash or liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

Federal Income Taxes: It is each Trust's intention to continue to be treated as a regulated investment company under the Internal Revenue Code and to distribute sufficient amounts of their taxable income to shareholders. Therefore, no Federal income tax provisions are required. As part of a tax planning strategy, Broad Investment Grade has retained a portion of its taxable income and will pay excise tax on the undistributed amounts.

Dividends and Distributions: Each Trust declares and pays dividends and distributions to common shareholders monthly from net investment income, net realized short-term capital gains and other sources, if necessary. Net long-term capital gains, if any, in excess of loss carryforwards may be distributed in accordance with the 1940 Act. Dividends and distributions are recorded on the ex-dividend date. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Trust's Board, non-interested Trustees are required to 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 other BlackRock closed-end funds selected by the Trustees. This has the same economic effect for the Trustees as if the Trustees had invested the deferred amounts in such Trusts.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of the Trust. Each Trust may, however, elect to invest in common shares of those Trusts selected by the Trustees in order to match its deferred compensation obligations.

Reclassification of Capital Accounts: In order to present undistributed (distribution in excess of) net investment income ("UNII"), accumulated net realized gain ("Accumulated Gain") and paid-in-capital ("PIC") more closely to its tax character, the following accounts for each Trust were increased (decreased):

| Trust | UNII | Accumulated Gain | PIC |
|------------------------|----------------|------------------|--------------|
| Broad Investment Grade | \$ (2,478,442) | \$ (509,131) | \$ 2,987,573 |
| Core Bond | 4,546,845 | (4,545,298) | (1,547) |
| High Yield | 717,081 | | (717,081) |
| Income Opportunity | 2,334,513 | (2,334,513) | |
| Income Trust | (1,571,393) | 1,571,393 | |

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| | | | |
|------------------|-----------|----------|-------------|
| Limited Duration | 15,362 | (15,362) | |
| Strategic Bond | 1,898,203 | | (1,898,203) |

Note 2. Agreements

Each Trust has an Investment Management Agreement with BlackRock Advisors, Inc. (the Advisor), which is a wholly owned subsidiary of BlackRock, Inc. BlackRock Financial Management, Inc., a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to Core Bond, Limited Duration and Strategic Bond. BlackRock, Inc. is an indirect, majority owned subsidiary of The PNC Financial Services Group, Inc.

Broad Investment Grade, High Yield, Income Opportunity and Income Trust each have an Administration Agreement with the Advisor. The Investment Management Agreement for Core Bond, Limited Duration and Strategic Bond covers both investment advisory and administration services.

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Each Trust's investment advisory fee paid to the Advisor is computed weekly and payable monthly based on an annual rate, 0.55% for Broad Investment Grade, 0.60% for Income Opportunity and 0.65% for Income Trust, of each Trust's average net assets and 0.55% for Core Bond and Limited Duration, 1.05% for High Yield and 0.75% for Strategic Bond, of each Trust's average weekly managed assets. Managed assets means the total assets of a Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). The Advisor has voluntarily agreed to waive a portion of the investment advisory fees or other expenses on Strategic Bond as a percentage of its average weekly managed assets as follows: 0.20% for the first 5 years of the Trust's operations, 0.15% in year 6, 0.10% in year 7 and 0.05% in year 8.

The administration fee paid to the Advisor by Broad Investment Grade, High Yield, Income Opportunity and Income Trust is computed weekly and payable monthly based on an annual rate of 0.15%, 0.05%, 0.10%, and 0.15%, respectively of the Trusts' average weekly managed assets.

Pursuant to the agreements, the Advisor provides continuous supervision of the investment portfolio and pays the compensation of officers of each Trust who are affiliated persons of the Advisor, as well as occupancy and certain clerical and accounting costs of each Trust. Each Trust bears all other costs and expenses, which include reimbursements to the Advisor for cost of employees that provide pricing, secondary market support, and compliance services to each Trust. For the year ended October 31, 2005, the Trusts reimbursed the Advisor the following amounts:

| <u>Trust</u> | <u>Amount</u> | <u>Trust</u> | <u>Amount</u> |
|------------------------|---------------|------------------|---------------|
| Broad Investment Grade | \$ 3,650 | Income Trust | \$ 31,087 |
| Core Bond | 24,820 | Limited Duration | 24,820 |
| High Yield | 2,500 | Strategic Bond | 6,198 |
| Income Opportunity | 25,652 | | |

Pursuant to the terms of their custody agreements, Core Bond, High Yield, Income Opportunity, Income Trust, Limited Duration and Strategic Bond received earnings credits from its custodian for positive cash balances maintained, which are used to offset custody fees.

Note 3. Portfolio Investments

Purchases and sales of investment securities, other than short-term investments, dollar rolls and U.S. government securities, for the year ended October 31, 2005, aggregated as follows:

| <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> | <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> |
|------------------------|------------------|---------------|------------------|------------------|----------------|
| Broad Investment Grade | \$ 31,083,360 | \$ 31,914,231 | Income Trust | \$ 149,707,225 | \$ 154,480,452 |
| Core Bond | 343,708,046 | 394,094,432 | Limited Duration | 719,043,234 | 716,261,831 |
| High Yield | 69,592,009 | 70,138,264 | Strategic Bond | 78,237,356 | 64,945,130 |
| Income Opportunity | 969,733,044 | 1,011,842,678 | | | |

Purchases and sales of U.S. government securities for the year ended October 31, 2005 aggregated as follows:

| <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> | <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> |
|------------------------|------------------|---------------|------------------|------------------|----------------|
| Broad Investment Grade | \$ 14,636,632 | \$ 36,005,908 | Income Trust | \$ 224,933,848 | \$ 254,777,853 |
| Core Bond | 1,070,707,534 | 1,068,262,108 | Limited Duration | 11,853,749 | 8,548,029 |
| High Yield | | 245,574 | Strategic Bond | 1,430,405 | 547,063 |
| Income Opportunity | 1,333,797,883 | 1,388,765,858 | | | |

Each Trust may from time to time purchase in the secondary market certain mortgage pass-through securities packaged or master serviced by affiliates or mortgage-related securities containing loans or mortgages originated by PNC Bank or its affiliates, including Midland Loan Services, Inc., each of which is an affiliate of BlackRock Advisors, Inc. It is possible under certain circumstances, that PNC Mortgage Securities Corp. or its affiliates, including Midland Loan Services, Inc., could have interests that are in conflict with the holders of these mortgage-backed securities, and such holders could have rights against PNC Mortgage Securities Corp. or its affiliates, including Midland Loan Services, Inc.

For Federal income tax purposes, the following Trusts had capital loss carryforwards as of their last respective tax year end. These amounts may be used to offset future realized capital gains, if any:

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| <u>Trust</u> | <u>Capital Loss Carryforward Amount</u> | <u>Expires</u> | <u>Trust</u> | <u>Capital Loss Carryforward Amount</u> | <u>Expires</u> |
|------------------------|---|----------------|------------------|---|----------------|
| Broad Investment Grade | \$ 2,518,895 | 2011 | Income Trust | \$ 33,107,952 | 2007 |
| | 684,360 | 2012 | | 1,352,206 | 2008 |
| | <u>3,203,255</u> | | | <u>13,940,898</u> | 2009 |
| High Yield | \$ 2,558,868 | 2007 | | 21,960,613 | 2011 |
| | 3,270,311 | 2008 | | 10,100,201 | 2012 |
| | 15,159,280 | 2009 | | 3,861,222 | 2013 |
| | 8,468,860 | 2010 | | <u>\$ 84,323,092</u> | |
| | 4,771,417 | 2011 | Limited Duration | \$ 2,008,113 | 2013 |
| | 316,410 | 2012 | Strategic Bond | \$ 432,713 | 2011 |
| | <u>\$ 34,545,146</u> | | | <u>318,492</u> | 2013 |
| | | | | <u>\$ 751,205</u> | |

Accordingly, no capital gain distributions are expected to be paid to shareholders of a Trust until that Trust has net realized capital gains in excess of its carryforward amounts. As of October 31, 2005 High Yield used \$884,735 in capital loss carryforwards to offset net taxable gains.

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Details of open forward currency contracts at October 31, 2005 were as follows:

| Trust | Foreign Currency | Settlement Date | Contract to Purchase / Receive | Value at Settlement Date | Value at October 31, 2005 | Unrealized Appreciation |
|------------------|---------------------|--------------------|--------------------------------------|--------------------------------|---------------------------------|----------------------------|
| Core Bond | Sold: | | | | | |
| | Euro | 01/20/06 | 4,106,777 | 4,990,946 | 4,941,669 | 49,277 |
| Limited Duration | Sold: | | | | | |
| | Euro | 01/20/06 | 6,586,400 | 8,003,102 | 7,925,390 | 77,712 |

Details of open interest rate swaps at October 31, 2005 were as follows:

| Trust | Notional Amount (000) | Fixed Rate | Floating Rate | Termination Date | Unrealized Appreciation (Depreciation) |
|--------------------------|-----------------------------|-----------------------|------------------|---------------------|--|
| Core Bond | 5,400 | 4.412% ^(b) | 3-month LIBOR | 02/17/14 | \$ 218,586 |
| | 50,000 | 3.000 ^(b) | 3-month LIBOR | 04/16/07 | 1,266,667 |
| | 19,435 | 3.215 ^(a) | 3-month LIBOR | 06/14/06 | (15,277) |
| | 14,300 | 3.210 ^(a) | 3-month LIBOR | 06/17/06 | (11,777) |
| | 950 | 5.365 ^(b) | 3-month LIBOR | 07/29/19 | (32,120) |
| | 1,300 | 5.155 ^(a) | 3-month LIBOR | 08/13/19 | 2,717 |
| | 800 | 4.780 ^(a) | 3-month LIBOR | 10/27/19 | (30,560) |
| | 41,200 | 4.510 ^(b) | 3-month LIBOR | 10/29/14 | 1,573,000 |
| | 20,000 | 4.458 ^(a) | 3-month LIBOR | 04/18/10 | (362,257) |
| | 5,600 | 4.415 ^(a) | 3-month LIBOR | 09/27/08 | (60,200) |
| | 2,800 | 4.500 ^(b) | 3-month LIBOR | 05/26/15 | 81,760 |
| | 3,300 | 4.442 ^(a) | 3-month LIBOR | 07/11/15 | (118,626) |
| | 9,710 | 4.368 ^(a) | 3-month LIBOR | 07/15/10 | (113,122) |
| | 17,500 | 4.385 ^(a) | 3-month LIBOR | 08/02/07 | 71,197 |
| | 9,400 | 4.510 ^(a) | 3-month LIBOR | 09/27/10 | (156,275) |
| | 14,100 | 4.305 ^(a) | 3-month LIBOR | 06/17/10 | (192,089) |
| | 24,400 | 4.444 ^(a) | 3-month LIBOR | 08/17/07 | (118,485) |
| | 10,525 | 4.501 ^(b) | 3-month LIBOR | 08/31/10 | 177,873 |
| | 4,800 | 4.372 ^(a) | 3-month LIBOR | 06/30/15 | (188,160) |
| | 6,200 | 4.725 ^(a) | 3-month LIBOR | 08/02/15 | (147,234) |
| | | | | | 1,845,618 |
| Income Opportunity Trust | 3,000 | 5.230% ^(a) | 3-month LIBOR | 11/04/21 | (59,367) |
| | 5,700 | 4.412 ^(a) | 3-month LIBOR | 02/17/14 | 230,730 |
| | 50,000 | 3.000 ^(a) | 3-month LIBOR | 04/16/07 | 1,266,667 |
| | 20,735 | 3.215 ^(b) | 3-month LIBOR | 06/14/06 | (16,299) |
| | 15,300 | 3.210 ^(b) | 3-month LIBOR | 06/17/06 | (12,600) |
| | 1,050 | 5.365 ^(a) | 3-month LIBOR | 07/29/19 | (35,501) |
| | 1,400 | 5.155 ^(b) | 3-month LIBOR | 08/13/19 | 2,926 |
| | 27,500 | 4.399 ^(a) | 3-month LIBOR | 10/25/14 | 1,268,860 |
| | 900 | 4.780 ^(b) | 3-month LIBOR | 10/27/19 | (34,380) |
| | 13,800 | 4.510 ^(a) | 3-month LIBOR | 10/29/14 | 526,879 |
| | 10,000 | 4.458 ^(b) | 3-month LIBOR | 04/18/10 | (181,129) |
| | 7,800 | 4.415 ^(b) | 3-month LIBOR | 09/27/08 | (83,850) |
| | 3,000 | 4.500 ^(a) | 3-month LIBOR | 05/26/15 | 87,600 |
| | 3,600 | 4.442 ^(b) | 3-month LIBOR | 07/11/15 | (129,410) |
| | 10,375 | 4.368 ^(b) | 3-month LIBOR | 07/15/10 | (120,869) |
| | 18,800 | 4.385 ^(b) | 3-month LIBOR | 08/02/07 | 76,486 |
| | 4,300 | 4.510 ^(b) | 3-month LIBOR | 09/27/10 | (71,488) |
| | 13,300 | 4.305 ^(b) | 3-month LIBOR | 06/17/10 | (181,190) |
| | 22,200 | 4.444 ^(b) | 3-month LIBOR | 08/17/07 | (107,802) |

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| | | | | |
|-------|----------------------|---------------|----------|-----------|
| 4,825 | 4.501 ^(a) | 3-month LIBOR | 08/31/10 | 81,544 |
| 8,000 | 4.670 ^(b) | 3-month LIBOR | 09/20/15 | (236,789) |
| 5,200 | 4.372 ^(b) | 3-month LIBOR | 06/30/15 | (203,840) |
| | | | | <hr/> |
| | | | | 2,067,178 |
| | | | | <hr/> |

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| Trust | Notional Amount (000) | Fixed Rate | Floating Rate | Termination Date | Unrealized Appreciation (Depreciation) |
|--------------|------------------------------|-----------------------|----------------------|-------------------------|---|
| Income Trust | 24,000 | 3.550% ^(a) | 3-month LIBOR | 10/24/06 | \$ (264,595) |
| | 50,000 | 3.000 ^(b) | 3-month LIBOR | 04/16/07 | 1,266,667 |
| | 19,000 | 4.889 ^(b) | 3-month LIBOR | 04/22/14 | 179,376 |
| | 2,800 | 5.940 ^(a) | 3-month LIBOR | 12/07/15 | 191,520 |
| | 22,295 | 3.215 ^(a) | 3-month LIBOR | 06/14/06 | (17,525) |
| | 16,400 | 3.210 ^(a) | 3-month LIBOR | 06/17/06 | (13,506) |
| | 1,075 | 5.365 ^(b) | 3-month LIBOR | 07/29/19 | (36,346) |
| | 1,450 | 5.155 ^(a) | 3-month LIBOR | 08/13/19 | 3,030 |
| | 12,500 | 4.399 ^(b) | 3-month LIBOR | 10/25/14 | 576,755 |
| | 900 | 4.780 ^(a) | 3-month LIBOR | 10/27/19 | (34,380) |
| | 9,400 | 4.902 ^(b) | 3-month LIBOR | 03/17/15 | 87,702 |
| | 25,000 | 4.883 ^(a) | 3-month LIBOR | 03/21/15 | (242,000) |
| | 16,000 | 4.925 ^(b) | 3-month LIBOR | 03/22/15 | 130,639 |
| | 11,000 | 4.415 ^(a) | 3-month LIBOR | 09/27/08 | (118,250) |
| | 3,000 | 4.500 ^(b) | 3-month LIBOR | 05/26/15 | 87,600 |
| | 4,500 | 4.442 ^(a) | 3-month LIBOR | 07/11/15 | (161,763) |
| | 10,210 | 4.368 ^(a) | 3-month LIBOR | 07/15/10 | (118,947) |
| | 18,300 | 4.385 ^(a) | 3-month LIBOR | 08/02/07 | 74,453 |
| | 12,000 | 4.320 ^(a) | 3-month LIBOR | 09/08/10 | (291,000) |
| | | | | | 1,299,430 |

(a) Trust pays floating interest rate and receives fixed rate.

(b) Trust pays fixed interest rate and receives floating rate.

The terms of the open credit default swap agreements at October 31, 2005 were to receive the quarterly notional amount multiplied by 0.23% and pay Goldman Sachs, upon default event of Consolidated Natural Gas Co., the par value of the notional amount of Consolidated Natural Gas Co. 5.375% 11/01/06. Details of open credit default swaps at October 31, 2005 were as follows:

| Trust | Notional Amount (000) | Termination Date | Unrealized Appreciation |
|--------------------------|------------------------------|-------------------------|--------------------------------|
| Broad Investment Grade | 300 | 11/01/05 | \$ 176 |
| Core Bond | 3,800 | 11/01/05 | \$ 2,240 |
| Income Opportunity Trust | 4,000 | 11/01/05 | \$ 2,357 |
| Limited Duration | 6,800 | 11/01/05 | \$ 4,008 |

Transactions in options written during the year ended October 31, 2005 were as follows:

| Trust | Contracts/ Notional Amount (000) | Premium Received |
|--------------|---|-------------------------|
| Core Bond | Options outstanding at October 31, 2004 | \$ 151,700 \$ 2,196,443 |
| | Options written | 65,350 3,046,054 |

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| | | | |
|--------------------------|---|-----------------------------|-----------------------------|
| | Options expired | | (136,980) |
| | Options terminated in closing purchase transactions | (156,850) | (2,388,764) |
| | | <u> </u> | <u> </u> |
| | Options outstanding at October 31, 2005 | \$ 60,200 | \$ 2,716,753 |
| | | <u> </u> | <u> </u> |
| Income Opportunity Trust | | | |
| | Options outstanding at October 31, 2004 | \$ 177,400 | \$ 2,557,620 |
| | Options written | 70,200 | 3,272,591 |
| | Options expired | | (180,572) |
| | Options terminated in closing purchase transactions | (183,000) | (2,732,241) |
| | | <u> </u> | <u> </u> |
| | Options outstanding at October 31, 2005 | \$ 64,600 | \$ 2,917,398 |
| | | <u> </u> | <u> </u> |
| Income Trust | | | |
| | Options outstanding at October 31, 2004 | \$ 182,800 | \$ 2,915,666 |
| | Options written | 69,900 | 2,967,460 |
| | Options expired | (77,000) | (1,699,981) |
| | Options terminated in closing purchase transactions | (111,300) | (1,314,677) |
| | | <u> </u> | <u> </u> |
| | Options outstanding at October 31, 2005 | \$ 64,400 | \$ 2,868,468 |
| | | <u> </u> | <u> </u> |

Note 4. Borrowings

Reverse Repurchase Agreements: The Trusts may enter into reverse repurchase agreements with qualified third-party broker-dealers as determined by and under the direction of the Trusts' Board. Interest on the value of reverse repurchase agreements issued and outstanding is based upon competitive market rates at the time of issuance. At the time a Trust enters into a reverse repurchase agreement, it will establish and maintain a segregated account with the lender, containing liquid investment grade securities having a value not less than the repurchase price, including accrued interest of the reverse repurchase agreement. Details of open reverse repurchase agreements at October 31, 2005 were as follows (please see Corresponding Underlying Collateral Chart on pages 84-85):

| <u>Trust/Counter Party</u> | <u>Rate</u> | <u>Trade Date</u> | <u>Maturity Date</u> | <u>Net Closing Amount</u> | <u>Par</u> |
|--------------------------------|-------------|-------------------|----------------------|---------------------------|--------------------|
| Core Bond | | | | | |
| Lehman Brothers | 3.850% | 10/24/05 | 11/02/05 | \$ 80,713,691 | \$ 80,636,894 |
| | 3.550 | 10/25/05 | 11/04/05 | 3,677,423 | 3,674,163 |
| | 4.000 | 10/31/05 | 11/01/05 | 2,565,285 | 2,565,000 |
| | | | | | <u>86,876,057</u> |
| Income Opportunity | | | | | |
| Credit Suisse First Boston LLC | 3.800 | 10/24/05 | 11/02/05 | 67,781,919 | 67,717,588 |
| | 3.770 | 10/24/05 | 11/04/05 | 41,852,008 | 41,808,225 |
| | | | | | <u>109,525,813</u> |
| Lehman Brothers | 3.920 | 10/13/05 | 11/07/05 | 3,846,413 | 3,836,387 |
| | 3.920 | 10/18/05 | 11/08/05 | 4,378,990 | 4,369,000 |
| | 3.900 | 10/19/05 | 11/07/05 | 2,453,039 | 2,448,000 |
| | | | | | <u>10,653,387</u> |
| Income Trust | | | | | |
| Barclays Bank PLC | 3.900 | 10/27/05 | 11/07/05 | 35,475,891 | 35,437,500 |
| Credit Suisse First Boston LLC | 3.850 | 10/27/05 | 11/07/05 | 69,558,059 | 69,483,750 |
| Lehman Brothers | 3.920 | 10/13/05 | 11/07/05 | 6,862,387 | 6,844,500 |
| | 3.950 | 10/21/05 | 11/07/05 | 2,528,708 | 2,524,000 |
| | 3.890 | 10/05/05 | 11/07/05 | 10,857,579 | 10,819,000 |
| | 3.930 | 10/13/05 | 11/07/05 | 2,266,924 | 2,261,000 |
| | 3.920 | 10/12/05 | 11/03/05 | 9,080,717 | 9,060,000 |
| | 3.890 | 10/05/05 | 11/03/05 | 9,534,761 | 9,506,000 |
| | 3.800 | 10/20/05 | 11/04/05 | 2,834,182 | 2,830,000 |
| | 4.050 | 10/31/05 | 11/01/05 | 792,589 | 792,500 |
| | | | | | <u>44,637,000</u> |
| Limited Duration | | | | | |
| Credit Suisse First Boston LLC | 1.000 | 10/24/05 | 11/04/05 | 1,801,888 | 1,801,387 |
| | 3.720 | 10/24/05 | 11/04/05 | 19,307,180 | 19,287,250 |
| | 3.750 | 10/24/05 | 11/04/05 | 25,485,645 | 25,459,125 |
| | 4.070 | 10/20/05 | 11/21/05 | 27,366,577 | 27,271,000 |
| | 4.230 | 10/20/05 | 11/21/05 | 27,240,865 | 27,142,000 |
| | 3.800 | 09/02/05 | 11/07/05 | 14,445,926 | 14,352,000 |
| | | | | | <u>115,312,762</u> |

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| | | | | | |
|--------------------------------|-------|----------|----------|------------|------------|
| Lehman Brothers | 3.900 | 09/26/05 | 11/04/05 | 18,484,784 | 18,409,000 |
| | 4.100 | 09/26/05 | 11/04/05 | 3,775,268 | 3,759,000 |
| | 3.980 | 10/06/05 | 11/07/05 | 8,683,659 | 8,654,000 |
| | 3.970 | 10/11/05 | 11/14/05 | 1,491,572 | 1,486,000 |
| | 3.900 | 10/13/05 | 11/07/05 | 19,046,894 | 18,997,500 |
| | 3.920 | 10/13/05 | 11/07/05 | 4,488,700 | 4,477,000 |
| | 3.850 | 10/17/05 | 11/07/05 | 265,595 | 265,000 |
| | 3.940 | 10/17/05 | 11/07/05 | 2,188,781 | 2,184,000 |
| | 2.250 | 10/19/05 | 11/07/05 | 2,468,774 | 2,466,000 |
| | | | | | 60,697,500 |
| Strategic Bond | | | | | |
| Credit Suisse First Boston LLC | 4.070 | 10/20/05 | 11/22/05 | 16,393,093 | 16,334,000 |
| Lehman Brothers | | | | | |
| | 3.150 | 10/03/05 | 11/07/05 | 460,052 | 458,688 |
| | 3.625 | 10/03/05 | 11/07/05 | 1,002,169 | 998,750 |
| | 3.650 | 10/03/05 | 11/07/05 | 743,617 | 741,063 |
| | 3.700 | 10/03/05 | 11/07/05 | 1,012,262 | 1,008,737 |
| | 4.100 | 10/19/05 | 11/21/05 | 10,643,649 | 10,605,000 |
| | 3.750 | 10/19/05 | 11/21/05 | 810,668 | 807,975 |
| | 3.900 | 10/24/05 | 11/17/05 | 930,648 | 928,335 |
| | | | | | 15,548,548 |

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Details of underlying collateral for open reverse repurchase agreements at October 31, 2005 were as follows:

| Trust / Counter Party | Description | Rate | Maturity Date | Original Face | Current Face | Market Value |
|------------------------------|----------------------------------|--------|---------------|---------------|---------------|---------------|
| Core Bond | | | | | | |
| Lehman Brothers | U.S. Treasury Bond | 6.125% | 11/15/27 | 48,600,000 | \$ 48,600,000 | \$ 57,082,158 |
| | U.S. Treasury Bond | 8.500 | 02/15/27 | 10,855,000 | 10,855,000 | 14,983,265 |
| | U.S. Treasury Bond | 7.125 | 02/15/23 | 6,500,000 | 6,500,000 | 8,231,665 |
| | U.S. Treasury Bond | 4.125 | 08/15/08 | 3,665,000 | 3,665,000 | 3,637,513 |
| | | | | | | 83,934,601 |
| Income Opportunity | | | | | | |
| Credit Suisse First | | | | | | |
| Boston LLC | U.S. Treasury Bond | 8.500 | 02/15/20 | 15,845,000 | 15,845,000 | 21,871,012 |
| | U.S. Treasury Bond | 7.125 | 02/15/23 | 9,795,000 | 9,795,000 | 12,404,486 |
| | U.S. Treasury Bond | 6.500 | 11/15/26 | 24,320,000 | 24,320,000 | 29,621,030 |
| | U.S. Treasury Bond | 6.125 | 11/15/27 | 5,060,000 | 5,060,000 | 5,943,122 |
| | U.S. Treasury Bond | 6.000 | 02/15/26 | 32,000,000 | 32,000,000 | 36,787,488 |
| | | | | | | 106,627,138 |
| Lehman Brothers | | | | | | |
| Lehman Brothers | Resolution Funding Corp. | 0.000 | 04/15/30 | 6,055,000 | 6,055,000 | 1,823,948 |
| | Tennessee Valley Authority | 5.880 | 04/01/36 | 1,800,000 | 1,800,000 | 1,987,812 |
| | Federal National Mortgage Assoc. | 5.500 | 02/01/33 | 9,500,000 | 4,500,368 | 4,443,168 |
| | Tennessee Valley Authority | 4.875 | 12/15/16 | 2,400,000 | 2,400,000 | 2,427,576 |
| | | | | | | 10,682,504 |
| Income Trust | | | | | | |
| Barclays Capital Inc. | | | | | | |
| Barclays Capital Inc. | U.S. Treasury Bond | 0.000 | 11/15/24 | 90,000,000 | 90,000,000 | 35,674,380 |
| Credit Suisse First | | | | | | |
| Boston LLC | | | | | | |
| Boston LLC | U.S. Treasury Notes | 1.500 | 03/31/06 | 40,000,000 | 40,000,000 | 39,568,800 |
| | U.S. Treasury Notes | 3.750 | 03/31/07 | 21,000,000 | 21,000,000 | 20,809,740 |
| | U.S. Treasury Notes | 4.250 | 11/15/13 | 9,000,000 | 9,000,000 | 8,814,420 |
| | | | | | | 69,192,960 |
| Lehman Brothers | | | | | | |
| Lehman Brothers | Federal National Mortgage Assoc. | 5.000 | 06/01/33 | 5,999,400 | 5,144,458 | 4,969,681 |
| | Federal National Mortgage Assoc. | 5.000 | 07/01/34 | 4,600,000 | 3,943,200 | 3,802,810 |
| | Federal National Mortgage Assoc. | 5.000 | 06/01/34 | 3,000,000 | 2,327,197 | 2,247,658 |
| | Federal Home Loan Mortgage Corp. | 5.500 | 05/15/23 | 7,800,000 | 7,439,082 | 7,453,440 |
| | Federal National Mortgage Assoc. | 6.500 | 05/01/31 | 48,673,696 | 2,644,117 | 2,715,191 |
| | Federal National Mortgage Assoc. | 5.500 | 09/01/17 | 30,215,381 | 9,217,552 | 9,286,684 |

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| | | | | | | |
|--|----------------------------------|-------|----------|------------|------------|------------|
| | Federal Home Loan Mortgage Corp. | 4.165 | 01/01/35 | 1,277,500 | 1,277,092 | 1,269,263 |
| | Federal Home Loan Mortgage Corp. | 4.959 | 10/01/34 | 1,607,000 | 1,053,328 | 1,036,222 |
| | Resolution Funding Corp. | 0.000 | 04/15/30 | 13,000,000 | 13,000,000 | 3,915,990 |
| | Federal National Mortgage Assoc. | 5.500 | 10/01/35 | 5,600,000 | 5,600,000 | 5,526,161 |
| | U.S. Treasury Notes | 2.500 | 05/31/06 | 2,830,000 | 2,830,000 | 2,801,700 |
| | U.S. Treasury Bond | 0.000 | 11/15/24 | 2,000,000 | 2,000,000 | 792,764 |
| | | | | | | 45,817,564 |

Limited Duration

| | | | | | | |
|------------------|------------------------------------|-------|----------|------------|------------|-------------|
| Credit Suisse | DaimlerChrysler NA Holding Corp. | 4.050 | 06/04/08 | 7,500,000 | 7,500,000 | 7,289,700 |
| First Boston LLC | Comcast Cable Communications, Inc. | 6.875 | 06/15/09 | 6,685,000 | 6,685,000 | 7,034,290 |
| | CSC Holdings, Inc. | 7.875 | 12/15/07 | 6,000,000 | 6,000,000 | 6,157,500 |
| | Georgia Pacific Corp. | 8.875 | 02/01/10 | 5,685,000 | 5,685,000 | 6,317,456 |
| | Qwest Corp. | 9.125 | 03/15/12 | 6,000,000 | 6,000,000 | 6,615,000 |
| | Sequa Corp. | 8.875 | 04/01/08 | 5,350,000 | 5,350,000 | 5,523,875 |
| | Western Financial Bank | 9.625 | 05/15/12 | 4,215,000 | 4,215,000 | 4,773,488 |
| | Weyerhaeuser Co. | 5.250 | 12/15/09 | 7,500,000 | 7,500,000 | 7,479,345 |
| | Deutsche Telekom Intl. Finance BV | 8.500 | 06/15/10 | 5,000,000 | 5,000,000 | 5,575,200 |
| | General Motors Acceptance Corp. | 6.875 | 08/28/12 | 7,500,000 | 7,500,000 | 7,201,800 |
| | Ford Motor Credit Co. | 7.375 | 02/01/11 | 7,500,000 | 7,500,000 | 7,043,978 |
| | U.S. Treasury Notes | 3.375 | 12/15/08 | 17,000,000 | 17,000,000 | 16,476,740 |
| | U.S. Treasury Notes | 4.250 | 11/15/13 | 8,660,000 | 8,660,000 | 8,838,656 |
| | U.S. Treasury Notes | 3.875 | 05/15/09 | 6,000,000 | 6,000,000 | 5,889,360 |
| | U.S. Treasury Notes | 3.375 | 09/15/09 | 3,425,000 | 3,425,000 | 3,296,563 |
| | U.S. Treasury Notes | 3.750 | 03/31/07 | 10,000,000 | 10,000,000 | 9,909,400 |
| | U.S. Treasury Notes | 4.250 | 08/15/15 | 1,815,000 | 1,815,000 | 1,770,768 |
| | | | | | | 117,193,119 |

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| Trust / Counter Party | Description | Rate | Maturity Date | Original Face | Current Face | Market Value |
|---------------------------------|-------------------------------------|--------|---------------|---------------|--------------|--------------|
| Limited Duration (continued) | | | | | | |
| Lehman Brothers | | | | | | |
| | Caraustar Industries, Inc. | 9.875% | 04/01/11 | 4,250,000 | \$ 4,250,000 | \$ 4,133,125 |
| | Citibank Credit Card Issuance Trust | 2.500 | 04/07/08 | 2,080,000 | 2,080,000 | 2,063,651 |
| | DaimlerChrysler Auto Trust | 2.250 | 08/08/07 | 6,900,000 | 4,654,263 | 4,629,040 |
| | Federal National Mortgage Assoc. | 5.000 | 06/01/20 | 657,205 | 648,118 | 639,408 |
| | Federal National Mortgage Assoc. | 5.500 | 07/01/33 | 1,281,754 | 848,745 | 838,657 |
| | Federal National Mortgage Assoc. | 5.500 | 08/01/33 | 2,113,543 | 1,156,356 | 1,142,611 |
| | Federal National Mortgage Assoc. | 5.500 | 09/01/33 | 5,852,429 | 3,835,880 | 3,790,286 |
| | Federal National Mortgage Assoc. | 5.500 | 10/01/33 | 3,182,952 | 1,880,746 | 1,856,303 |
| | Federal National Mortgage Assoc. | 5.500 | 08/01/20 | 306,253 | 298,907 | 294,956 |
| | Federal National Mortgage Assoc. | 7.250 | 01/15/10 | 17,000,000 | 17,000,000 | 18,582,020 |
| | Goodman Global Holding Co., Inc. | 7.875 | 12/15/12 | 3,170,000 | 3,170,000 | 2,995,650 |
| | Honda Auto Receivables | 2.300 | 10/18/07 | 7,125,000 | 5,675,201 | 5,616,742 |
| | MBNA Credit Card Master Note Trust | 5.750 | 11/15/08 | 7,910,000 | 7,910,000 | 7,965,528 |
| | Tyco Intl. Group SA | 6.125 | 11/01/08 | 7,500,000 | 7,500,000 | 7,721,775 |
| | | | | | | 62,269,752 |
| Strategic Bond | | | | | | |
| Credit Suisse First Boston LLC | | | | | | |
| | Wells Fargo & Co. | 3.500 | 04/04/08 | 2,000,000 | 2,000,000 | 1,941,140 |
| | HSBC Bank USA, Inc. | 3.875 | 09/15/09 | 1,500,000 | 1,500,000 | 1,443,735 |
| | Comcast Cable Communications, Inc. | 6.875 | 06/15/09 | 1,000,000 | 1,000,000 | 1,052,250 |
| | SBC Communications, Inc. | 6.450 | 06/15/34 | 1,500,000 | 1,500,000 | 1,512,270 |
| | Bank One Corp. | 6.500 | 02/01/06 | 1,000,000 | 1,000,000 | 1,005,360 |
| | Dominion Resources, Inc. | 5.700 | 09/17/12 | 1,000,000 | 1,000,000 | 1,016,340 |
| | TIAA Global Markets, Inc. | 3.875 | 01/22/08 | 1,000,000 | 1,000,000 | 979,010 |
| | Tyco Intl. Group | 6.375 | 02/15/06 | 1,132,000 | 1,132,000 | 1,137,388 |
| | DaimlerChrysler NA Holding Corp. | 7.300 | 01/15/12 | 1,000,000 | 1,000,000 | 1,074,330 |
| | Citigroup, Inc. | 5.750 | 05/10/06 | 2,900,000 | 2,900,000 | 2,919,575 |
| | General Electric Cap. Corp. | 3.450 | 07/16/07 | 400,000 | 400,000 | 391,488 |
| | Verizon New England, Inc. | 6.500 | 09/15/11 | 2,000,000 | 2,000,000 | 2,067,520 |

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| | | | | | | |
|-----------------|--------------------------------|-------|----------|-----------|-----------|------------|
| | | | | | | 16,540,406 |
| Lehman Brothers | U.S. Treasury Bond | 5.375 | 02/15/31 | 410,000 | 410,000 | 447,027 |
| | U.S. Treasury Notes | 4.250 | 08/15/13 | 1,000,000 | 1,000,000 | 980,780 |
| | U.S. Treasury Notes | 4.750 | 05/15/14 | 710,000 | 710,000 | 718,989 |
| | U.S. Treasury Notes | 2.500 | 05/31/06 | 1,010,000 | 1,010,000 | 999,900 |
| | General Electric Cap. Corp. | 3.450 | 07/16/07 | 1,600,000 | 1,600,000 | 1,565,952 |
| | News America, Inc. | 6.200 | 12/15/34 | 1,500,000 | 1,500,000 | 1,455,345 |
| | General Mills, Inc. | 5.125 | 02/15/07 | 1,000,000 | 1,000,000 | 1,003,020 |
| | Merck & Co., Inc. | 4.375 | 02/15/13 | 1,000,000 | 1,000,000 | 939,410 |
| | Telecom Italia Cap. | 4.950 | 09/30/14 | 1,000,000 | 1,000,000 | 956,420 |
| | United Technologies Corp. | 6.350 | 03/01/11 | 1,000,000 | 1,000,000 | 1,062,460 |
| | Wellpoint, Inc. | 5.950 | 12/15/34 | 1,000,000 | 1,000,000 | 1,015,700 |
| | Wyeth | 6.500 | 02/01/34 | 1,000,000 | 1,000,000 | 1,097,050 |
| | Vodafone Group PLC | 7.750 | 02/15/10 | 1,000,000 | 1,000,000 | 1,100,770 |
| | European Investment Bank | 4.875 | 09/06/06 | 500,000 | 500,000 | 501,750 |
| | U.S. Treasury Notes | 4.125 | 08/15/10 | 810,000 | 810,000 | 797,850 |
| | U.S. Treasury Notes | 2.625 | 11/15/06 | 933,000 | 933,000 | 916,523 |
| | | | | | | 15,558,946 |

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Dollar Rolls: The Trusts may enter into dollar rolls in which a Trust sells securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities on a specified future date. During the roll period the Trusts forgo principal and interest paid on the securities. The Trusts will be compensated by the interest earned on the cash proceeds of the initial sale and/or by the lower repurchase price at the future date.

Loan Payable: High Yield has a \$32 million committed credit facility (the facility). Under the terms of the facility, the Trust borrows at the London Interbank Offered Rate (LIBOR) plus facility and administrative fees. In addition, the Trust pays a liquidity fee on the unused portion of the facility. The Trust may borrow up to 33 1/3% of its total assets up to the committed amount. In accordance with the terms of the facility, the Trust has pledged its portfolio assets as collateral for the borrowing.

Note 5. Distributions to Shareholders

The tax character of distributions paid during the years ended October 31, 2005 and October 31, 2004 were as follows:

| Distributions Paid from: | Year ended October 31, 2005 | | | |
|---------------------------------|------------------------------------|--|------------------------------------|--------------------------------|
| | Ordinary Income | Non-taxable Return of Capital | Long-term Capital Gains | Total Distributions |
| Broad Investment Grade | \$ 3,271,251 | \$ | \$ 525,065 | \$ 3,796,316 |
| Core Bond | 27,245,722 | | 9,450,907 | 36,696,629 |
| High Yield | 5,087,371 | | | 5,087,371 |
| Income Opportunity | 28,509,597 | | 8,926,885 | 37,436,482 |
| Income Trust | 30,667,298 | 4,798,184 | | 35,465,482 |
| Limited Duration | 52,882,982 | | 1,634,766 | 54,517,748 |
| Strategic Bond | 7,935,935 | 1,898,203 | | 9,834,138 |

| Distributions Paid From: | Year ended October 31, 2004 | | | |
|---------------------------------|------------------------------------|--|------------------------------------|--------------------------------|
| | Ordinary Income | Non-taxable Return of Capital | Long-term Capital Gains | Total Distributions |
| Broad Investment Grade | \$ 2,661,384 | \$ | \$ | \$ 2,661,384 |
| Core Bond | 29,412,475 | | 556,750 | 29,969,225 |
| High Yield | 5,864,606 | 187,188 | | 6,051,794 |
| Income Opportunity | 28,937,742 | | | 28,937,742 |
| Income Trust | 38,921,208 | | | 38,921,208 |
| Limited Duration | 55,077,640 | | | 55,077,640 |
| Strategic Bond | 11,337,469 | | | 11,337,469 |

As of October 31, 2005, the components of distributable earnings on a tax basis were as follows:

| Trust | Ordinary Income | Undistributed Long-term Gains | Undistributed Unrealized Net Appreciation |
|------------------------|----------------------------|--|--|
| Broad Investment Grade | \$ 8,125,481 | \$ | \$ |
| Core Bond | 2,812,502 | 7,424,183 | |
| High Yield | | | |
| Income Opportunity | 2,912,695 | 8,976,685 | |
| Income Trust | | | |
| Limited Duration | 6,547,096 | | |
| Strategic Bond | | | |

Note 6. Capital

There are 200 million of \$0.01 par value common shares authorized for each of the Broad Investment Grade, Income Opportunity and Income Trusts. There are an unlimited number of \$0.001 par value common shares authorized for Core Bond, High Yield, Limited Duration and Strategic Bond. At October 31, 2005, the common shares outstanding and the shares owned by affiliates of the Advisor of each Trust were:

| Trust | Common Shares Outstanding | Common Shares Owned |
|------------------------|------------------------------|------------------------|
| Broad Investment Grade | 2,957,093 | |
| Core Bond | 27,018,774 | |
| High Yield | 6,411,104 | |
| Income Opportunity | 34,449,693 | |
| Income Trust | 63,942,536 | |
| Limited Duration | 36,768,498 | 6,021 |
| Strategic Bond | 7,058,402 | |

During the year ended October 31, 2005, High Yield, Income Trust, Limited Duration and Strategic Bond issued additional shares under their dividend reinvestment plans of 7,498, 227,068, 41,211, and 9,684, respectively. During the year ended October 31, 2004, High Yield, Income Trust, Limited Duration and Strategic Bond issued additional shares under their dividend reinvestment plans of 21,958, 325,777, 21,266 and 13,097, respectively.

Note 7. Dividends

Subsequent to October 31, 2005, the Board of each of the Trusts declared dividends per common share payable November 30, 2005 to shareholders of record on November 15, 2005. The per share common dividends declared were as follows:

| Trust | Common Dividend Per Share |
|------------------------|------------------------------|
| Broad Investment Grade | \$ 0.075000 |
| Core Bond | 0.077100 |
| High Yield | 0.055333 |
| Income Opportunity | 0.061900 |
| Income Trust | 0.036787 |
| Limited Duration | 0.121800 |
| Strategic Bond | 0.088000 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees/Directors and Shareholders of:

BlackRock Broad Investment Grade 2009 Term Trust Inc.

BlackRock Core Bond Trust

BlackRock High Yield Trust

BlackRock Income Opportunity Trust

BlackRock Income Trust Inc.

BlackRock Limited Duration Income Trust

BlackRock Strategic Bond Trust

(Collectively the Trusts)

We have audited the accompanying statement of assets and liabilities of the Trusts, including the portfolios of investments, as of October 31, 2005, 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. 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 its 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 included confirmation of securities owned as of October 31, 2005, by correspondence with the custodian and brokers; where replies were not received from brokers, 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 the Trusts as of October 31, 2005, the results of their operations and their 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.

Deloitte & Touche LLP

Boston, Massachusetts

December 29, 2005

DIRECTORS/TRUSTEES INFORMATION (Unaudited)

| Name, address, age | Current positions held with the Trusts | Term of office and length of time served | Principal occupations during the past five years | Number of portfolios over- seen within the fund complex ¹ | Other Directorships held outside the fund complex ¹ | Events or transactions by reason of which the Trustee is an interested person as defined in Section 2(a) (19) of the 1940 Act |
|--|--|---|---|---|---|--|
| Interested Directors/Trustees² | | | | | | |
| Ralph L. Schlosstein BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 54 | Chairman of the Board ³ | 3 years ⁴ /since inception | Director since 1999 and President of BlackRock, Inc. since its formation in 1998 and of BlackRock, Inc. s predecessor entities since 1988. Member of the Management Committee and Investment Strategy Group of BlackRock, Inc. Formerly, Managing Director of Lehman Brothers, Inc. and Co-head of its Mortgage and Savings Institutions Group. Chairman and President of the BlackRock Liquidity Funds and Director of several of BlackRock s alternative investment vehicles. | 67 | Director and Chairman of the Board of Anthracite Capital, Inc. Member of the Visiting Board of Overseers of the John F. Kennedy School of Government at Harvard University, a member of the board of the Financial Institutions Center of The Wharton School of the University of Pennsylvania, a trustee of the American Museum of Natural History, a trustee of Trinity School in New York City, a member of the Board of Advisors of Marujupu LLC, and a trustee of New Visions for Public Education, The Public Theater in New York City and the James Beard Foundation. Formerly, a director of Pulte Corporation, the nation s largest home-builder, a trustee of Denison University and a member of Fannie Mae s Advisory Council. | Director and President of the Advisor. |
| Robert S. Kapito BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 48 | President and Trustee | 3 years ⁴ /since August 22, 2002 | Vice Chairman of BlackRock, Inc. Head of the Portfolio Management Group. Also a member of the Management Committee, the Investment Strategy Group, the Fixed Income and Global Operating Committees and the Equity Investment Strategy | 57 | Chairman of the Hope and Heroes Children Cancer Fund. President of the Board of Directors of the Periwinkle National Theatre for Young Audiences. | Director and Vice sChairman of the Advisor. |

Group. Responsible for
the portfolio
management of the
Fixed Income,
Domestic Equity and
International Equity,
Liquidity, and
Alternative Investment
Groups of BlackRock.

DIRECTORS/TRUSTEES INFORMATION (Unaudited) (Continued)

| Name, address, age | Current positions held with the Trusts | Term of office and length of time served | Principal occupations during the past five years | Number of portfolios overseen within the fund complex ¹ | Other Directorships held outside the fund complex |
|--------------------|--|--|--|--|---|
|--------------------|--|--|--|--|---|

Independent Directors/ Trustees

| | | | | | |
|--|--|--|---|-----------|---|
| <p>Andrew F. Brimmer P.O. Box 4546 New York, NY 10163-4546 Age: 79</p> | <p>Lead Trustee Audit Committee Chairman⁵</p> | <p>3 years⁴/since inception</p> | <p>President of Brimmer & Company, Inc., a Washington, D.C.-based economic and financial consulting firm, also Wilmer D. Barrett Professor of Economics, University of Massachusetts Amherst. Formerly member of the Board of Governors of the Federal Reserve System. Former Chairman, District of Columbia Financial Control Board.</p> | <p>57</p> | <p>Director of CarrAmerica Realty Corporation and Borg-Warner Automotive. Formerly Director of Airborne Express, BankAmerica Corporation (Bank of America), BellSouth Corporation, College Retirement Equities Fund (Trustee), Commodity Exchange, Inc. (Public Governor), Connecticut Mutual Life Insurance Company, E.I. du Pont de Nemours & Company, Equitable Life Assurance Society of the United States, Gannett Company, Mercedes-Benz of North America, MNC Financial Corporation (American Security Bank), NCM Capital Management, Navistar International Corporation, PHH Corp. and UAL Corporation (United Airlines).</p> |
| <p>Richard E. Cavanagh P.O. Box 4546 New York, NY 10163-4546 Age: 59</p> | <p>Trustee Audit Committee Member</p> | <p>3 years⁴/since inception⁶</p> | <p>President and Chief Executive Officer of The Conference Board, Inc., a leading global business research organization, from 1995-present. Former Executive Dean of the John F. Kennedy School of Government at Harvard University from 1988-1995. Acting Director, Harvard Center for Business and Government (1991-1993). Formerly Partner (principal) of McKinsey & Company, Inc. (1980-1988). Former Executive Director of</p> | <p>57</p> | <p>Trustee of Aircraft Finance Trust (AFT) and Chairman of Educational Testing Service (ETS). Director, Arch Chemicals, Fremont Group and The Guardian Life Insurance Company of America.</p> |

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Federal Cash Management, White House Office of Management and Budget (1977-1979). Co- author, THE WINNING PERFORMANCE (best selling management book published in 13 national editions).

| | | | | | |
|---|---|--|---|-----------|---|
| <p>Kent Dixon P.O. Box 4546 New York, NY 10163-4546 Age: 68</p> | <p>Trustee Audit Committee Member⁵</p> | <p>3 years⁴/since inception</p> | <p>Consultant/Investor. Former President and Chief Executive Officer of Empire Federal Savings Bank of America and Banc PLUS Savings Association, former Chairman of the Board, President and Chief Executive Officer of Northeast Savings.</p> | <p>57</p> | <p>Former Director of ISFA (the owner of INVEST, a national securities broker- age service designed for banks and thrift institutions).</p> |
|---|---|--|---|-----------|---|

| | | | | | |
|---|---|--|--|-----------|---|
| <p>Frank J. Fabozzi P.O. Box 4546 New York, NY 10163-4546 Age: 57</p> | <p>Trustee Audit Committee Member⁵</p> | <p>3 years⁴/since inception</p> | <p>Consultant. Editor of THE JOURNAL OF PORTFOLIO MANAGEMENT and Adjunct Professor of Finance and Becton Fellow at the School of Management at Yale University. Author and editor of several books on fixed income portfolio management. Visiting Professor of Finance and Accounting at the Sloan School of Management, Massachusetts Institute of Technology from 1986 to August 1992.</p> | <p>57</p> | <p>Director, Guardian Mutual Funds Group (18 portfolios).</p> |
|---|---|--|--|-----------|---|

DIRECTORS/TRUSTEES INFORMATION (Unaudited) (Continued)

| Name, address, age | Current positions held with the Trusts | Term of office and length of time served | Principal occupations during the past five years | Number of portfolios overseen within the fund complex¹ | Other Directorships held outside the fund complex |
|---|---|--|---|--|--|
| Independent Directors/Trustees (continued) | | | | | |
| Kathleen F. Feldstein P.O. Box 4546 New York, NY 10163-4546 Age: 63 | Trustee | 3 years ⁴ /since January 19, 2005 | President of Economics Studies, Inc., a Belmont, MA-based private economic consulting firm, since 1987; Chair, Board of Trustees, McLean Hospital in Belmont, MA. | 56 | Director of BellSouth Inc. and Knight Ridder, Inc.; Trustee of the Museum of Fine Arts, Boston, Committee for Economic Development and Partners HealthCare, Inc. Corporation Member of Sherrill House, Inc. Member of the Visiting Committee of the Harvard University Art Museums and of the Advisory Board to the International School of Business at Brandeis University. |
| R. Glenn Hubbard P.O. Box 4546 New York, NY 10163-4546 Age: 47 | Trustee | 3 years ⁴ /since November 16, 2004 | Dean of Columbia Business School since July 1, 2004. Columbia faculty member since 1988. Co-director of Columbia Business School Entrepreneurship Program 1994-1997. Visiting professor at the John F. Kennedy School of Government at Harvard and the Harvard Business School, as well as the University of Chicago. Visiting scholar at the American Enterprise Institute in Washington and member of International Advisory Board of the MBA Program of BenGurion University. Deputy assistant secretary of the U.S. Treasury Department for Tax Policy 1991-1993. Chairman of the U.S. Council of Economic Advisers under the President of the United States 2001-2003. | 57 | Director of ADP, Dex Media, Duke Realty, KKR Financial Corporation, and Ripplewood Holdings. Advisory boards of the Congressional Budget Office, the Council on Competitiveness, the American Council on Capital Formation, the Tax Foundation and the Center for Addiction and Substance Abuse. Trustee of Fifth Avenue Presbyterian Church of New York. |

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| | | | | | |
|---|----------------|--|---|-----------|---|
| <p>James Clayburn La Force, Jr. P.O. Box 4546 New York, NY 10163-4546 Age: 76</p> | <p>Trustee</p> | <p>3 years⁴/since inception⁷</p> | <p>Dean Emeritus of the John E. Anderson Graduate School of Management, University of California since July 1, 1993. Acting Dean of the School of Business, Hong Kong University of Science and Technology 1990-1993. From 1978 to September 1993, Dean of the John E. Anderson Graduate School of Management, University of California.</p> | <p>57</p> | <p>Director of Payden & Rygel Investment Trust, Metzler-Payden Investment Trust, Advisors Series Trust, Arena Pharmaceuticals, Inc. and CancerVax Corporation. Former director of First Nationwide Bank, Eli Lilly & Company, National Inter- group, Rockwell International, Cyprus Mines, Getty Oil Company, The Timken Company, Jacobs Engineering Group, and Motor Cargo Industries.</p> |
| <p>Walter F. Mondale P.O. Box 4546 New York, NY 10163-4546 Age: 77</p> | <p>Trustee</p> | <p>3 years⁴/since inception⁸</p> | <p>Senior Counsel, Dorsey & Whitney, LLP, a law firm (January 2004-present); Partner, Dorsey & Whitney, LLP, (December 1996-December 2003, September 1987-August 1993). Formerly U.S. Ambassador to Japan (1993-1996). Formerly Vice President of the United States, U.S. Senator and Attorney General of the State of Minnesota. 1984 Democratic Nominee for President of the United States.</p> | <p>57</p> | <p>Chairman of Panasonic Foundation's Board of Directors and Director of United Health Foundation. Member of the Hubert H. Humphrey Institute of Public Affairs Advisory Board, The Mike and Maureen Mansfield Foundation and the Dean's Board of Visitors of the Medical School at the University of Minnesota.</p> |

¹ The Fund Complex means two or more registered investments companies that: (1) hold themselves out to investors as related companies for purposes of investment and investor services; or (2) have a common investment advisor or have an investment advisor that is an affiliated person of the investment advisor of any of the other registered investment companies.

² Interested Director/Trustee as defined by Section 2(a)(19) of the Investment Company Act of 1940.

³ Director/Trustee since inception; appointed Chairman of the Board on August 22, 2002.

⁴ The Board is classified into three classes of which one class is elected annually. Each Director/Trustee serves a three-year term concurrent with the class from which they are elected.

⁵ The Board of each Trust has determined that each Trust has three Audit Committee financial experts serving on its Audit Committee, Dr. Brimmer, Mr. Dixon and Mr. Fabozzi, each of whom are independent for the purpose of the definition of Audit Committee financial expert as applicable to the Trusts.

⁶ For Broad Investment Grade, Income Opportunity and Income Trust appointed Director on 8/11/94.

⁷ For Income Opportunity and Income Trust appointed Director on 6/19/92.

⁸ Except during the periods August 12, 1993 through April 15, 1997 and October 31, 2002 through November 11, 2002 for all of the Trusts.

DIVIDEND REINVESTMENT PLANS

Pursuant to each Trust's respective Dividend Reinvestment Plan (the "Plan"), shareholders of Broad Investment Grade, Income Opportunity and Income Trust may elect, while shareholders of Core Bond, High Yield, Limited Duration and Strategic Bond are automatically enrolled, to have all distributions of dividends and capital gains reinvested by EquiServe 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 Broad Investment Grade and/or Income Opportunity Trust declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, by the purchase of outstanding shares on the open market, on the Trust's primary exchange or elsewhere ("open market purchases"). The Trust will not issue any new shares under the Plan.

After Core Bond, High Yield, Income Trust, Limited Duration and/or Strategic Bond declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, depending upon the circumstances described below, either (i) through receipt of unissued but authorized shares from the Trust ("newly issued shares") or (ii) by open market purchases. If, on the dividend payment date, the NAV is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions.

Each Trust reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, each Trust reserves the right to amend the Plan to include a service charge payable by the participants. Participants who request a sale of shares through the Plan Agent are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. All correspondence concerning the Plan should be directed to the Plan Agent at 250 Royall Street, Canton, MA 02021 or (800) 699-1BFM.

BOARD REVIEW OF INVESTMENT MANAGEMENT AGREEMENTS

At a meeting held on May 26, 2005, the board of directors or the board of trustees, as the case may be (the Board or the Trustees) of each trust in the BlackRock Closed-End Fund Complex (each a Trust), including the independent trustees (the Independent Trustees), unanimously approved the continuance of an Investment Management Agreement between each Trust and BlackRock Advisors, Inc. (the Advisor). For each Investment Management Agreement, the Boards also approved a related Sub-Investment Advisory Agreement, when applicable, among each respective Trust, the Advisor and BlackRock Financial Management, Inc. (the Sub-Advisor). The Investment Management Agreements and the Sub-Investment Advisory Agreements sometimes are referred to herein collectively as the Agreements. The Advisor and the Sub-Advisor sometimes are referred to herein collectively as BlackRock.

Information Received by the Boards

To assist each Board in its evaluation of the Agreements, the Independent Trustees received information from BlackRock on or about April 27, 2005 which detailed, among other things: the organization, business lines and capabilities of BlackRock, including the responsibilities of various departments and key personnel and biographical information relating to key personnel; financial statements for BlackRock, Inc., The PNC Financial Services Group, Inc. and each Trust; the advisory and/or administrative fees paid by each Trust to BlackRock, including comparisons, compiled by an independent third party, with the management fees of funds with similar investment objectives (Peers); the profitability of BlackRock and certain industry profitability analyses for advisors to registered investment companies; the expenses of BlackRock in providing the various services; non-investment advisory reimbursements and fallout benefits to BlackRock; the expenses of each Trust, including comparisons of the respective Trust's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; and each Trust's performance for the past one-, three-, five- and ten-year periods, when applicable, as well as each Trust's performance compared to its Peers. This information supplemented the information received by each Board throughout the year regarding each Trust's performance, expense ratios, portfolio composition, trade execution and compliance.

In addition to the foregoing materials, independent legal counsel to the Independent Trustees provided a legal memorandum outlining, among other things, the duties of the Boards under the Investment Company Act of 1940, as amended (the 1940 Act) as well as the general principles of relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an advisor's fiduciary duty with respect to advisory agreements and compensation, and the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and factors to be considered by the boards in voting on advisory agreements.

Prior to the Board meeting, the Independent Trustees reviewed a preliminary binder of information, and, in consultation with independent counsel, submitted a memorandum on May 12, 2005, to BlackRock setting forth certain questions and requests for additional information. BlackRock responded to these questions in writing on May 24, 2005 and May 25, 2005. The Independent Trustees reviewed these responses with independent counsel on May 25, 2005.

At the Board meeting on May 26, 2005, BlackRock made a presentation to and responded to additional questions from the Boards. After the presentations and after reviewing the written materials, the Independent Trustees met in executive session with their legal counsel to review the Boards' duties in reviewing the Agreements and to consider the renewal of the Agreements. With this background, the Boards considered each Agreement and, in consultation with independent counsel, reviewed the factors set out in judicial decisions and Securities and Exchange Commission statements relating to the renewal of the Agreements.

Matters Considered by the Boards

In connection with their deliberations, the Boards considered all factors they believed relevant with respect to each Trust, including the following: the nature, extent and quality of the services to be provided by BlackRock; the investment performance of each Trust; the costs of the services to be provided and profits to be realized by BlackRock and its affiliates from their relationship with the Trusts; the extent to which economies of scale would be realized as the BlackRock closed-end fund complex grows; and whether BlackRock realizes other benefits from its relationship with the Trusts.

Nature and Quality of Investment Advisory and Sub-Advisory Services. In evaluating the nature, extent and quality of BlackRock's services, the Boards reviewed information concerning the types of services that BlackRock provides and is expected to provide to each Trust, narrative and statistical information concerning each Trust's performance record and how such performance compares to each Trust's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Boards further noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Boards. The Boards further considered the quality of BlackRock's investment process in making portfolio management decisions. Given the Boards' experience with BlackRock, the Boards noted that they were familiar with and continue to have a good understanding of the organization, operations and personnel of BlackRock.

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In addition to advisory services, the Independent Trustees considered the quality of the administrative or non-investment advisory services provided to the Trusts. In this regard, BlackRock provides each Trust with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Trusts) and officers and other personnel as are necessary for the operations of the respective Trust. In addition to investment management services, BlackRock and its affiliates provide each Trust with a wide range of services, including: preparing shareholder reports and communications, including annual and semi-annual financial statements and Trust web sites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Trust administrative tasks necessary for the operation of the respective Trust

(such as tax reporting and fulfilling regulatory filing requirements). In addition, in evaluating the administrative services, the Boards considered, in particular, BlackRock's policies and procedures for assuring compliance with applicable laws and regulations in light of the new Securities and Exchange Commission regulations governing compliance. The Boards noted BlackRock's focus on compliance and its compliance systems. The Independent Trustees noted that BlackRock's commitment to supporting the secondary market for the common shares of its closed-end funds is particularly noteworthy.

The Investment Performance of the Trusts. As previously noted, the Boards received myriad performance information regarding each Trust and its Peers. Among other things, the Boards received materials reflecting each Trust's historic performance and each Trust's performance compared to its Peers. More specifically, each Trust's one-, three-, five- and ten-year total returns (when applicable) were evaluated relative to its respective Peers (including the performance of individual Peers as well as the Peers' average performance).

The Boards also reviewed a narrative analysis of the Peer rankings that was prepared by an independent third party and summarized by BlackRock at the Boards' request. The summary placed the Peer rankings into context by analyzing various factors that affect these comparisons. In evaluating the performance information, in certain limited instances, the Boards noted that the Peers most similar to a given Trust still would not adequately reflect such Trust's investment objectives and strategies, thereby limiting the usefulness of the comparisons of such Trust's performance with that of its Peers. The Boards noted the quality of information provided by BlackRock throughout the year with respect to the performance of the Trusts. The Boards considered this information in connection with its deliberations as to whether the level of management services provided to each Trust, in light of all the other facts and circumstances relating to that Trust, supports a conclusion that the Trust's Agreement should be renewed.

Fees and Expenses. In evaluating the management fees and expenses that a Trust is expected to bear, the Boards considered each Trust's current management fee structure and the Trust's expected expense ratios in absolute terms as well as relative to the fees and expense ratios of applicable Peers. In reviewing fees, the Boards, among other things, reviewed comparisons of each Trust's gross management fees before and after any applicable reimbursements and fee waivers and total expense ratios before and after any applicable waivers with those of the applicable Peers. The Boards also reviewed a narrative analysis of the Peer rankings that was prepared by an independent third party and summarized by BlackRock at the request of the Boards. This summary placed the rankings into context by analyzing various factors that affect these comparisons.

The Boards also compared the management fees charged to the Trusts by BlackRock to the management fees BlackRock charges other types of clients (such as open-end investment companies and separately managed institutional accounts). With respect to open-end investment companies, the management fees charged to the Trusts generally were higher than those charged to the open-end investment companies. The Boards also noted that BlackRock provides the Trusts with certain services not provided to open-end funds, such as leverage management in connection with the issuance of preferred shares, stock exchange listing compliance requirements, rating agency compliance with respect to the leverage employed by the Trusts and secondary market support and other services not provided to the Trusts, such as monitoring of subscriptions and redemptions. With respect to separately managed institutional accounts, the management fees for such accounts were generally lower than those charged to the comparable Trusts. The Boards noted, however, the various services that are provided and the costs incurred by BlackRock in managing and operating the Trusts. For instance, BlackRock and its affiliates provide numerous services to the Trusts that are not provided to institutional accounts including, but not limited to: preparing shareholder reports and communications, including annual and semi-annual financial statements; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; income monitoring; expense budgeting; preparing proxy statements; and performing other Trust administrative tasks necessary for the operation of the respective Trust (such as tax reporting and fulfilling regulatory filing requirements). Further, the Boards noted the increased compliance requirements for the Trusts in light of new Securities and Exchange Commission regulations and other legislation. These services are generally not required to the same extent, if at all, for separate accounts.

The Boards considered this information in connection with its deliberations as to whether the fees paid by each Trust under its Agreements, in light of all the other facts and circumstances relating to that Trust, supports a conclusion that the Trust's Agreements should be renewed.

Profitability. The Trustees also considered BlackRock's profitability in conjunction with their review of fees. The Trustees reviewed BlackRock's revenues, expenses and profitability margins on an after-tax basis. In reviewing profitability, the Trustees recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. The Trustees also reviewed BlackRock's assumptions and methodology of allocating expenses. In this regard, the methods of allocation used appeared reasonable but the Boards noted the inherent limitations in allocating costs among various advisory products. The Boards also recognized that individual fund or product line profitability of other advisors is generally not publicly available.

The Boards recognized that profitability may be affected by numerous factors including, among other things, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Boards considered BlackRock's pre-tax profit margin compared to the pre-tax profitability of various publicly-traded investment management

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companies and/or investment management companies that publicly disclose some or all of their financial results.

In evaluating the reasonableness of BlackRock's compensation, the Boards also considered any other revenues paid to BlackRock, including partial reimbursements paid to BlackRock for certain non-investment advisory services. The Boards noted that these payments were less than BlackRock's costs for providing these services. The Boards also considered indirect benefits (such as soft dollar arrangements) that BlackRock and its affiliates are expected to receive that are attributable to their management of the Trusts.

In reviewing each Trust's fees and expenses, the Boards examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Trusts' fee structures, for example through the use of breakpoints. In this connection, the Boards reviewed

information provided by BlackRock, noting that most closed-end fund complexes do not have fund-level breakpoints, as closed-end funds generally do not experience substantial growth after their initial public offering and each fund is managed independently consistent with its own investment objectives. The information also revealed that only one closed-end fund complex used a complex-level breakpoint structure, and that this complex generally is homogeneous with regard to the types of funds managed and is about four times as large as the Trusts' complex. The Boards concluded that breakpoints were not warranted at this time.

Other Benefits. In evaluating fees, the Boards also considered indirect benefits or profits BlackRock or its affiliates may receive as a result of their relationships with the Trusts. The Trustees, including the Independent Trustees, considered the intangible benefits that accrue to BlackRock and its affiliates by virtue of their relationships with the Trusts, including potential benefits accruing to BlackRock and its affiliates as a result of potentially stronger relationships with members of the broker-dealer community, increased name recognition of BlackRock and its affiliates, enhanced sales of other investment funds and products sponsored by BlackRock and its affiliates and increased assets under management which may increase the benefits realized by BlackRock from soft dollar arrangements with broker-dealers. The Boards also considered the unquantifiable nature of these potential benefits.

Miscellaneous. During the Boards' deliberations in connection with the Agreements, the Boards were aware that the Advisor pays compensation, out of its own assets, to the lead underwriter and to certain qualifying underwriters of many of its closed-end funds, and to employees of BlackRock's affiliates that participated in the offering of such funds. The Boards considered whether the management fee met applicable standards in light of the services provided by BlackRock, without regard to whether BlackRock ultimately pays any portion of the anticipated compensation to the underwriters.

Conclusion

The Trustees did not identify any single factor discussed above as all-important or controlling. The Trustees, including a majority of Independent Trustees, determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to each respective Trust, was acceptable for each Trust and supported the Trustees' conclusion that the terms of each Agreement were fair and reasonable, that the respective Trust's fees are reasonable in light of the services provided to the respective Trust, and that the renewal of each Agreement should be approved.

ADDITIONAL INFORMATION

The Joint Annual Meeting of Shareholders was held on May 26, 2005 to elect a certain number of Directors/Trustees for each of the following Trusts to three-year terms, unless otherwise indicated, expiring in 2008:

Broad Investment Grade

Elected the Class II Trustees as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-----------------------|------------------|-----------------------|
| Frank J. Fabozzi | 2,724,305 | 110,182 |
| Kathleen F. Feldstein | 2,805,454 | 29,033 |
| Walter F. Mondale | 2,798,565 | 35,922 |
| Ralph L. Schlosstein | 2,807,102 | 27,385 |

Elected Class I Trustee as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-------------------------------|------------------|-----------------------|
| R. Glenn Hubbard ¹ | 2,806,685 | 27,802 |

Core Bond

Elected the Class I Trustees as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------------|------------------|-----------------------|
| Richard E. Cavanagh | 23,643,324 | 404,054 |
| R. Glenn Hubbard | 23,623,775 | 423,603 |
| James Clayburn La Force, Jr. | 23,586,832 | 460,546 |

Elected Class II Trustee as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------------------|------------------|-----------------------|
| Kathleen F. Feldstein ¹ | 23,620,007 | 427,371 |

High Yield

Elected the Class III Trustees as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-------------------|------------------|-----------------------|
| Andrew F. Brimmer | 6,002,200 | 134,114 |
| Kent Dixon | 6,005,218 | 131,096 |
| Robert S. Kapito | 6,033,610 | 102,704 |

Income Opportunity

Elected the Class I Directors as follows:

| <u>Director</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------------|------------------|-----------------------|
| Richard E. Cavanagh | 30,256,745 | 1,232,563 |
| R. Glenn Hubbard | 30,189,633 | 1,299,675 |
| James Clayburn La Force, Jr. | 30,168,983 | 1,320,325 |

Elected Class II Director as follows:

| <u>Director</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-----------------|------------------|-----------------------|
|-----------------|------------------|-----------------------|

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Kathleen F. Feldstein¹ 30,240,041 1,249,267

Income Trust

Elected the Class I Directors as follows:

| <u>Director</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------------|------------------|-----------------------|
| Richard E. Cavanagh | 57,413,396 | 884,310 |
| R. Glenn Hubbard | 57,414,518 | 883,188 |
| James Clayburn La Force, Jr. | 57,351,067 | 946,639 |

Elected Class II Director as follows:

| <u>Director</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|------------------------------------|------------------|-----------------------|
| Kathleen F. Feldstein ¹ | 57,366,673 | 931,033 |

Limited Duration

Elected the Class II Trustees as follows:

| <u>Trustee</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-----------------------|------------------|-----------------------|
| Frank J. Fabozzi | 33,675,201 | 389,514 |
| Kathleen F. Feldstein | 33,659,680 | 405,035 |
| Walter F. Mondale | 33,590,950 | 473,765 |
| Ralph L. Schlosstein | 33,663,141 | 401,574 |

Strategic Bond

Elected the Class I Trustees as follows:

| Trustee | Votes For | Votes Withheld |
|------------------------------|------------------|-----------------------|
| Richard E. Cavanagh | 5,904,793 | 69,039 |
| R. Glenn Hubbard | 5,905,293 | 68,539 |
| James Clayburn La Force, Jr. | 5,896,023 | 77,809 |

Elected Class II Trustee as follows:

| Trustee | Votes For | Votes Withheld |
|------------------------------------|------------------|-----------------------|
| Kathleen F. Feldstein ¹ | 5,905,293 | 68,539 |

¹ Mr. Hubbard and Ms. Feldstein will serve until the end of the term for the class of Directors/Trustees to which they were elected, if such class was not standing for election at the May 26, 2005 annual shareholders meeting.

The following Trusts had an additional proposal (Proposal #2A) to amend its respective Declaration of Trust in order to change the maximum number of permitted Trustees allowed on its respective Board to 11:

| | Votes For | Votes Against | Votes Withheld |
|-------------------------|------------------|----------------------|-----------------------|
| Core Bond | 23,442,122 | 419,368 | 185,888 |
| Limited Duration | 33,074,495 | 646,876 | 343,344 |
| Strategic Bond | 5,800,367 | 93,187 | 80,278 |

The following Trust had an additional proposal (Proposal #2B) to amend its respective Declaration of Trust in order to reduce the maximum number of permitted Trustees allowed on its respective Board from 15 to 11:

| | Votes For | Votes Against | Votes Withheld |
|-------------------|------------------|----------------------|-----------------------|
| High Yield | 6,027,273 | 64,513 | 44,528 |

The Trusts listed for trading on the New York Stock Exchange (NYSE) has filed with the NYSE its chief executive officer certification regarding compliance with the NYSE's listing standards and each Trust listed for trading on the American Stock Exchange (AMEX) has filed with the AMEX its corporate governance certification regarding compliance with the AMEX's listing standards. All of the Trusts have filed with the Securities and Exchange Commission the certification of its chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

The Trusts do not make available copies of their respective 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 such Trust's offering 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 objective or policies or to their charters or by-laws that have not been approved by shareholders or in the principal risk factors associated with investment in the Trusts. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts' portfolio.

Quarterly performance and other information regarding the Trusts may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com/indiv/products/closedendfunds/funds.html>. 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.

Certain of the officers of the Trusts listed on the inside back cover of this Report to Shareholders are also officers of the Advisor or Sub-Advisor. They serve in the following capacities for the Advisor or Sub-Advisor: Robert S. Kapito Director and Vice Chairman of the Advisor and the Sub-Advisor, Henry Gabbay, Anne Ackerley and Bartholomew Battista Managing Directors of the Advisor and the Sub-Advisor, James Kong and Vincent Tritto Managing Directors of the Sub-Advisor, and Jeff Gary and Brian P. Kindelan Managing Director of the Advisor.

TAX INFORMATION (Unaudited)

The information set forth below is for the Trusts' tax year as required by the Internal Revenue Service. Shareholders, however, must report distributions on a calendar year basis for income tax purposes. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in January 2006. Please consult your tax advisor for proper treatment of this information.

For the tax year ended October 31, 2005, the Trusts designated distributions paid during the year as follows:

| | Ordinary Income Per Share | Non-taxable Return of Capital Per Share | Long-term Capital Gains Per Share | Total |
|------------------------------|--------------------------------------|--|--|--------------|
| Broad Investment Grade (BCT) | \$ 1.10624 | \$ 0.00000 | \$ 0.17756 | \$ 1.28380 |
| High Yield (BHY) | 0.79352 | 0.00000 | 0.00000 | 0.79352 |
| Income Opportunity (BNA) | 0.82757 | 0.00000 | 0.25913 | 1.08670 |
| Income Trust (BKT) | 0.47961 | 0.07504 | 0.00000 | 0.55465 |
| Limited Duration (BLW) | 1.43827 | 0.00000 | 0.04446 | 1.48273 |
| Strategic Bond (BHD) | 1.12432 | 0.26893 | 0.00000 | 1.39325 |

Further, we wish to advise you that your income dividends received do not qualify for the corporate dividend received deduction and are not subject to the 15% rate entitled to qualified dividend income for taxable non-corporate shareholders.

¹ Core Bond Trust (BHK) has a December tax year end, therefore not required to be included in this notice.

SECTION 19 NOTICES

Set forth below is a summary of notices sent by each Trust, if any, pursuant to Section 19 of the Investment Company Act of 1940. Section 19 requires each Trust to accompany dividend payments with a notice if any part of that payment is from a source other than accumulated net income, not including profits or losses from the sale of securities or other properties. These notices are not for tax reporting purposes and were provided only for informational purposes in order to comply with the requirements of Section 19 of the Investment Company Act of 1940. In January 2006, after the completion of each Trust's tax year, shareholders will receive a Form 1099-DIV which will reflect the amount of income, capital gain and return of capital paid by the Trust taxable in calendar year 2005 and reportable on your 2005 federal and other income tax returns.

| | | Total distributions | Net Investment Income | Distributions from proceeds from the sale of securities | Distributions from return of capital |
|---|--------|------------------------|-----------------------------|---|---|
| BlackRock High Yield Trust | Jan-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Feb-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Mar-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Apr-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | May-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Jun-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Jul-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Aug-05 | (\$0.06833) | (\$0.06833) | \$ | \$ |
| | Sep-05 | (\$0.05530) | (\$0.05530) | \$ | \$ |
| | Oct-05 | (\$0.05530) | (\$0.05530) | \$ | \$ |
| BlackRock Core Bond Trust | Jan-05 | (\$0.30790) | (\$0.08750) | (\$ 0.22040) | \$ |
| | Sep-05 | (\$0.12939) | \$ | (\$ 0.12939) | \$ |
| BlackRock Strategic Bond Trust | Jan-05 | (\$0.13000) | (\$0.07387) | \$ | (\$ 0.05613) |
| | Feb-05 | (\$0.13000) | (\$0.08424) | \$ | (\$ 0.04576) |
| | Mar-05 | (\$0.11500) | (\$0.08953) | \$ | (\$ 0.02547) |
| | Apr-05 | (\$0.11500) | (\$0.09282) | \$ | (\$ 0.02218) |
| | May-05 | (\$0.11500) | (\$0.09046) | \$ | (\$ 0.02454) |
| | Jun-05 | (\$0.11500) | (\$0.09198) | \$ | (\$ 0.02302) |
| | Jul-05 | (\$0.10875) | (\$0.08398) | \$ | (\$ 0.02477) |
| | Aug-05 | (\$0.10875) | (\$0.08152) | \$ | (\$ 0.02723) |
| | Sep-05 | (\$0.10875) | (\$0.08907) | \$ | (\$ 0.01968) |
| | Oct-05 | (\$0.08800) | (\$0.08764) | \$ | (\$ 0.00036) |
| BlackRock Income Trust | Jan-05 | (\$0.05104) | (\$0.05104) | \$ | \$ |
| | Feb-05 | (\$0.05104) | (\$0.04314) | \$ | (\$ 0.00790) |
| | Mar-05 | (\$0.05104) | (\$0.02296) | \$ | (\$ 0.02808) |
| | Apr-05 | (\$0.05104) | (\$0.04072) | \$ | (\$ 0.01032) |
| | May-05 | (\$0.05104) | (\$0.03806) | \$ | (\$ 0.01298) |
| | Jun-05 | (\$0.05104) | (\$0.04484) | \$ | (\$ 0.00620) |
| | Jul-05 | (\$0.03710) | (\$0.03292) | \$ | (\$ 0.00418) |
| | Aug-05 | (\$0.03710) | (\$0.03373) | \$ | (\$ 0.00337) |
| | Sep-05 | (\$0.03710) | (\$0.03509) | \$ | (\$ 0.00201) |
| BlackRock Income Opportunity Trust | Jan-05 | (\$0.34910) | (\$0.07000) | (\$ 0.27910) | (\$ 0.00000) |
| | Jul-05 | (\$0.06190) | (\$0.04976) | (\$ 0.01214) | (\$ 0.00000) |
| BlackRock Limited Duration | Jan-05 | (\$0.12500) | (\$0.08054) | (\$ 0.04446) | \$ |
| | Jun-05 | (\$0.11670) | (\$0.01164) | (\$ 0.10506) | \$ |
| BlackRock Broad Investment Grade Trust | Oct-05 | \$0.38380 | \$0.20624 | \$ 0.17756 | \$ |

BlackRock Closed-End Funds

Directors/Trustees

Ralph L. Schlosstein, *Chairman*
Andrew F. Brimmer
Richard E. Cavanagh
Kent Dixon
Frank J. Fabozzi
R. Glenn Hubbard
Robert S. Kapito
James Clayburn La Force, Jr.
Walter F. Mondale

Officers

Robert S. Kapito, *President*
Henry Gabbay, *Treasurer*
Bartholomew Battista, *Chief Compliance Officer*
Anne Ackerley, *Vice President*
Jeff Gary, *Vice President*
James Kong, *Assistant Treasurer*
Vincent B. Tritto, *Secretary*
Brian P. Kindelan, *Assistant Secretary*

Investment Advisor

BlackRock Advisors, Inc.
100 Bellevue Parkway
Wilmington, DE 19809
(800) 227-7BFM

Sub-Advisor¹

BlackRock Financial Management, Inc.
40 East 52nd Street
New York, NY 10022

Accounting Agent and Custodian

State Street Bank and Trust Company
2 Avenue de Lafayette
Boston, MA 02111

¹ For Core Bond, Limited Duration and Strategic Bond.

Transfer Agent

EquiServe Trust Company, N.A.
c/o Computershare Investor Services
250 Royall Street
Canton, MA 02021
(800) 699-1BFM

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
200 Berkeley Street
Boston, MA 02116

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square

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New York, NY 10036

Legal Counsel Independent Trustees

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022

This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Trust shares. Statements and other information contained in this report are as dated and are subject to change.

BlackRock Closed-End Funds
c/o BlackRock Advisors, Inc.
100 Bellevue Parkway
Wilmington, DE 19809
(800) 227-7BFM

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 householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 699-1BFM.

The Trusts have delegated to the Advisor the voting of proxies relating to their voting securities pursuant to the Advisor's proxy voting policies and procedures. You may obtain a copy of these proxy voting policies and procedures, without charge, by calling (800) 699-1BFM. These policies and procedures are also available on the website of the Securities and Exchange Commission (the "Commission") at <http://www.sec.gov>.

Information on how proxies relating to the Trusts' voting securities were voted (if any) by the Advisor during the most recent 12-month period ended June 30th is available without charge, upon request, by calling (800) 699-1BFM or on the website of the Commission at <http://www.sec.gov>.

The Trusts file their complete schedule of portfolio holdings for the first and third quarters of their respective fiscal years with the Commission on Form N-Q. Each Trust's Form N-Q will be available on the Commission's website at <http://www.sec.gov>. Each Trust's Form N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information regarding the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Each Trust's Form N-Q may also be obtained, upon request, by calling (800) 699-1BFM.

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Item 2. Code of Ethics.

(a) The Registrant has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

(b) Not applicable.

(c) The Registrant has not amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto.

(d) The Registrant has not granted a waiver or an implicit waiver from a provision of its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto.

(e) Not applicable.

(f) The Registrant's Code of Ethics is attached as an Exhibit hereto.

Item 3. Audit Committee Financial Expert.

The Registrant's Board of Trustees has determined that it has three audit committee financial experts serving on its audit committee, each of whom is an "independent" Trustee: Dr. Andrew F. Brimmer, Kent Dixon and Frank Fabozzi. Under applicable securities laws, a person who is 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 of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the Registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$32,235 for the fiscal year ended October 31, 2005 and \$29,900 for the fiscal year ended October 31, 2004.

(b) Audit-Related Fees. The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the Registrant's financial statements and are not reported above in Item 4(a) were \$9,587 for the fiscal year ended October 31, 2005 and

\$0 for the fiscal year ended October 31, 2004. The nature of these services was attest services not required by statute or regulation, overhead and out-of-pocket expenses.

(c) Tax Fees. The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning were \$7,500 for the fiscal year ended October 31, 2005 and \$10,500 for the fiscal year ended October 31, 2004. The nature of these services was federal, state and local income and excise tax return preparation and related advice and planning and miscellaneous tax advice.

(d) All Other Fees. There were no fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported above in Items 4(a) through (c).

(e) Audit Committee Pre-Approval Policies and Procedures.

(1) The Registrant has polices and procedures (the "Policy") for the pre-approval by the Registrant's Audit Committee of Audit, Audit-Related, Tax and Other Services (as each is defined in the Policy) provided by the Registrant's independent auditor (the "Independent Auditor") to the Registrant and other "Covered Entities" (as defined below). The term of any such pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The amount of any such pre-approval is set forth in the appendices to the Policy (the "Service Pre-Approval Documents"). At its first meeting of each calendar year, the Audit Committee will approve or re-approve the Service Pre-Approval Documents for that year, together with any changes deemed necessary or desirable by the Audit Committee. The Audit Committee may, from time to time, modify the nature of the services pre-approved, the aggregate level of fees pre-approved or both.

For the purposes of the Policy, "Covered Services" means (A) all engagements for audit and non-audit services to be provided by the Independent Auditor to the Registrant and (B) all engagements for non-audit services that directly impacted the operations and financial reporting or the Registrant to be provided by the Independent Auditor to any Covered Entity. "Covered Entities" means (1) BlackRock Advisors, Inc. (the "Advisor") or (2) any entity controlling, controlled by or under common control with the Advisor that provides ongoing services to the Registrant.

In the intervals between the scheduled meetings of the Audit Committee, the Audit Committee delegates pre-approval authority under this Policy to the Chairman of the Audit Committee (the "Chairman"). The Chairman shall report any pre-approval decisions under this Policy to the Audit Committee at its next scheduled meeting. At each scheduled meeting, the Audit Committee will review with the Independent Auditor the Covered Services pre-approved by the Chairman pursuant to delegated authority, if any, and the fees related thereto. Based on these reviews, the Audit Committee can modify, at its discretion, the pre-approval originally granted by the Chairman pursuant to delegated authority. This modification can be to the nature of services pre-approved, the aggregate level of fees approved, or both. Audit Committee may modify or withdraw this delegated authority at any time the Audit Committee determines that it is appropriate to do so.

Fee levels for all Covered Services to be provided by the Independent Auditor and pre-approved under this Policy will be established annually by the Audit Committee and set forth in the Service Pre-Approval Documents. Any increase in pre-approved fee levels will require specific pre-approval by the Audit Committee (or the Chairman pursuant to delegated authority).

The terms and fees of the annual Audit services engagement for the Registrant are subject to the specific pre-approval of the Audit Committee. The Audit Committee (or the Chairman pursuant to delegated authority) will approve, if necessary, any changes in terms, conditions or fees resulting from changes in audit scope, Registrant structure or other matters.

In addition to the annual Audit services engagement specifically approved by the Audit Committee, any other Audit services for the Registrant not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

Audit-Related services are assurance and related services that are not required for the audit, but are reasonably related to the performance of the audit or review of the financial statements of the Registrant and, to the extent they are Covered Services, the other Covered Entities or that are traditionally performed by the Independent Auditor. Audit-Related services that are Covered Services and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

The Audit Committee believes that the Independent Auditor can provide Tax services to the Registrant and Covered Entities such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the Independent Auditor in connection with a transaction, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. Tax services that are Covered Services and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

All Other services that are covered and are not listed in the Service Pre-Approval Document for the respective period must be specifically pre-approved by the Audit Committee (or the Chairman pursuant to delegated authority).

Requests or applications to provide Covered Services that require approval by the Audit Committee (or the Chairman pursuant to delegated authority) must be submitted to the Audit Committee or the Chairman, as the case may be, by both the Independent Auditor and the Chief Financial Officer of the Registrant or the respective Covered Entity, and must include a joint statement as to whether, in their view, (a) the request or application is consistent with the rules of the Securities and Exchange Commission ("SEC") on auditor independence and (b) the requested service is or is not a non-audit service prohibited by the SEC. A request or application submitted to the Chairman between scheduled meetings of the Audit Committee should include a discussion as to why approval is being sought prior to the next regularly scheduled meeting of the Audit Committee.

(2) None of the services described in each of Items 4(b) through (d) were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the Registrant's accountant for services rendered to the Registrant, the Advisor (except for any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) or any entity controlling, controlled by, or under common control with the Advisor that provides ongoing services to the Registrant for each of the last two fiscal years were \$1,341,450 for the fiscal year ended October 31, 2005 and \$835,100 for the fiscal year ended October 31, 2004.

(h) The Registrant's Audit Committee of the Board of Trustees has considered whether the provision of non-audit services that were rendered to the Registrant's investment adviser (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another 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.

Item 5. Audit Committee of Listed Registrants.

The Registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee of the Registrant is comprised of: Dr. Andrew F. Brimmer; Richard E. Cavanagh; Kent Dixon and Frank J. Fabozzi.

Item 6. Schedule of Investments.

The Registrant's Schedule of Investments is included as part of the Report to Shareholders filed under Item 1 of this form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The Registrant has delegated the voting of proxies relating to its voting securities to its investment advisor, BlackRock Advisors, Inc. (the "Advisor") and its sub-advisor, BlackRock Financial Management, Inc. (the "Sub-Advisor"). The Proxy Voting Policies and Procedures of the Advisor and Sub-Advisor (the "Proxy Voting Policies") are attached as an Exhibit 99.PROXYPOL hereto.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Companies and Affiliated Purchasers.

Not applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

The Registrant's Nominating Committee will consider nominees to the Board of Trustees recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and sets forth the qualifications of the proposed nominee to the Registrant's Secretary. There have been no material changes to these procedures.

Item 11. Controls and Procedures.

(a) The Registrant's principal executive officer and principal financial officer have evaluated the Registrant's disclosure controls and procedures within 90 days of this filing and have concluded, as of that date, that the Registrant's disclosure controls and procedures were reasonably designed to ensure that information required to be disclosed by the Registrant in this Form N-CSR was recorded, processed, summarized, and reported within the required time periods and that information required to be disclosed by the Registrant in this Form N-CSR was accumulated and communicated to the Registrant's management, including its principle executive and principle financial officers, as appropriate to allow timely decisions regarding required disclosure.

(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 (17 CFR 270.30a -3(d)) that occurred during the Registrant's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 12. Exhibits.

(a) (1) Code of Ethics attached as EX-99.CODE ETH.

(a) (2) Certifications of Principal Executive and Financial Officers pursuant to Rule 30a-2(a) under the 1940 Act attached as EX-99.CERT.

(b) Certification of Principal Executive and Financial Officers pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 furnished as EX-99.906CERT.

Proxy Voting Policies attached as EX-99.PROXYPOL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) BlackRock Limited Duration Income Trust

By: /s/ Henry Gabbay

Name: Henry Gabbay

Title: Treasurer and Principal Financial Officer

Date: January 9, 2006

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

By: /s/ Robert S. Kapito

Name: Robert S. Kapito

Title: President and Principal Executive Officer

Date: January 9, 2006

By: /s/ Henry Gabbay

Name: Henry Gabbay

Title: Treasurer and Principal Financial Officer

Date: January 9, 2006