

BLACKROCK CORE BOND TRUST  
Form N-CSR  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

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

Investment Company Act file number 811-10543

Name of Fund: BlackRock Core Bond Trust (BHK)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 08/31/2014

Date of reporting period: 08/31/2014

Item 1 -Report to Stockholders

AUGUST 31, 2014

ANNUAL REPORT

**BlackRock Core Bond Trust (BHK)**

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

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

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

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

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Shareholder Letter

Dear Shareholder,

The latter part of 2013 was a strong period for most risk assets such as equities and high yield bonds, despite the mixed tone of economic and financial news and uncertainty as to when and by how much the U.S. Federal Reserve would begin to gradually reduce (or taper ) its asset purchase programs. Stock markets rallied in September when the Fed defied investors' expectations with its decision to delay tapering. The momentum was disrupted temporarily, however, when the U.S. debt ceiling debate led to a partial government shutdown, roiling financial markets globally until a compromise was struck in mid-October. The remainder of 2013 was generally positive for developed market stocks, while fixed income and emerging market investments struggled as Fed tapering became increasingly imminent. When the central bank ultimately announced its tapering plans in mid-December, equity investors reacted positively, as this action signaled the Fed's perception of real improvement in the economy.

Most asset classes moved higher in 2014 despite the pull back in Fed stimulus. The year got off to a rocky start, however, as a number of developing economies showed signs of stress while facing the onset of diminishing global liquidity. These risks, combined with disappointing U.S. economic data, caused equities to decline in January while bond markets found renewed strength from investors seeking relatively safer assets. Although these headwinds persisted, equities were back on the rise in February as investors were relieved by a one-year extension of the U.S. debt ceiling and market-friendly comments from the Fed's new Chairwoman, Janet Yellen. While it was clear that U.S. economic data had softened, investors were assuaged by increasing evidence that the trend was temporary and weather-related, and continued to take on risk with the expectation that growth would pick up later in the year.

In the months that followed, interest rates trended lower and bond prices climbed higher in the modest growth environment. Financial markets exhibited a remarkably low level of volatility despite rising geopolitical risks and mixed global economic news. Tensions in Russia and Ukraine and signs of decelerating growth in China caused some turbulence, but markets were resilient as investors focused on signs of improvement in the U.S. recovery, stronger corporate earnings and increased merger-and-acquisition activity. Importantly, investors were comforted by reassurance from the Fed that no changes to short-term interest rates were on the horizon.

In the ongoing low-rate environment, investors looked to equities as a source of yield, pushing major indices to record levels. As stock prices continued to move higher, investors soon became wary of stretched valuations and a new theme emerged. Stocks that had experienced significant price appreciation in 2013, particularly growth and momentum names, broadly declined as investors fled to stocks with cheaper valuations. This rotation resulted in the strongest performers of 2013 struggling most in 2014, and vice versa. Especially hard hit were U.S. small cap and European stocks, where earnings growth had not kept pace with recent market gains. In contrast, emerging market stocks benefited from the trend after having suffered heavy selling pressure earlier in the year.

However, asset prices tend to be more vulnerable to bad news when investors believe valuations are high. Consequently, markets came under pressure in July as geopolitical turmoil intensified in Gaza, Iraq and Ukraine and financial troubles boiled over in Argentina and Portugal. Investors regained confidence in August and, although volatility ticked up, markets rebounded as low rates and an improving U.S. economy trumped full valuations and lingering geopolitical risks. Concurrently, a slowdown in Europe's recovery fueled hopes for further monetary accommodation from the European Central Bank, driving global equities higher. Additionally, lower yields on European sovereign bonds made U.S. Treasuries more appealing by comparison, contributing to the persistence of low rates in the United States.

Despite a host of challenges, most asset classes generated solid returns for the six- and 12-month periods ended August 31, 2014, with equities generally outperforming fixed income. Emerging market equities delivered impressive gains. Developed markets also performed well, although the expensive U.S. small cap stocks lagged in 2014. Most fixed income assets produced positive results even as the Fed reduced its open-market purchases. Tax-exempt municipal bonds benefited from a favorable supply-and-demand environment. Short-term interest rates remained near zero, keeping yields on money market securities close to historic lows.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit **blackrock.com** for further insight about investing in today's world.

Sincerely,

**Rob Kapito**

President, BlackRock Advisors, LLC

*Asset prices pushed higher over the period despite modest global growth, geopolitical risks and a shift toward tighter U.S. monetary policy.*

**Rob Kapito**

President, BlackRock Advisors, LLC

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**Total Returns as of August 31, 2014**

|   | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| U.S. large cap equities (S&P 500® Index)  | 8.84 %         | 25.25 %         |
| U.S. small cap equities (Russell 2000® Index)                                     | (0.06 )        | 17.68           |
| International equities (MSCI Europe, Australasia, Far East Index)                 | 1.24           | 16.44           |
| Emerging market equities (MSCI Emerging Markets Index)                            | 14.52          | 19.98           |
| 3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)      | 0.02           | 0.05            |
| U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)         | 4.35           | 7.07            |
| U.S. investment grade bonds (Barclays U.S. Aggregate Bond Index)                  | 2.74           | 5.66            |
| Tax-exempt municipal bonds (S&P Municipal Bond Index)                             | 4.21           | 10.55           |
| U.S. high yield bonds (Barclays U.S. Corporate High Yield 2% Issuer Capped Index) | 2.89           | 10.57           |

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

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Trust Summary as of August 31, 2014  
**Trust Overview**

**BlackRock Core Bond Trust**

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

On June 6, 2014, the Boards of the Trust, BlackRock Income Opportunity Trust, Inc. ( BNA ) and BlackRock Income Trust, Inc. ( BKT ) approved the reorganizations of BKT and BNA with and into the Trust, with the Trust continuing as the surviving fund after the reorganizations. At a special meeting of shareholders on September 30, 2014, the shareholders of the Trust and BNA approved the reorganization of BNA with and into the Trust, which is expected to be completed in late 2014. The reorganization of BKT with and into the Trust was not approved by BKT shareholders. Consequently, the reorganization of BKT with and into the Trust will not be completed.

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

**Portfolio Management Commentary**

**How did the Trust perform?**

For the 12-month period ended August 31, 2014, the Trust returned 16.78% based on market price and 16.09% based on NAV. For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 13.73% based on market price and 11.63% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

In a generally positive environment for fixed income markets, spread sectors, including investment grade credit and securitized debt, performed well given strong market fundamentals as well as net negative supply, particularly in corporate credit securities. The largest contributors to the Trust s performance were positions in corporate credit, specifically high yield, as well as capital securities and investment grade industrials. The Trust also benefited from exposure to US Treasuries and commercial mortgage-backed securities ( CMBS ), non-US dollar positions, sovereign-related debt and agency mortgage-backed securities ( MBS ) 30-year pass-throughs. Based on the view that short-term rates would remain low, the Trust maintained a high level of leverage to augment income generation throughout the period.

**Describe recent portfolio activity.**

The Trust s allocations remained consistent throughout the 12-month period, with its largest position in investment grade corporate credit, followed by allocations to high yield corporate credit and securitized credits, including CMBS and asset-backed securities ( ABS ).

**Describe portfolio positioning at period end.**

At period end, the Trust maintained diversified exposure to non-government spread sectors including investment grade credit, high yield credit, CMBS, ABS and non-agency residential MBS. The Trust also held exposure to government-related sectors including US Treasury securities, agency debt and agency MBS. The Trust ended the period with a long duration profile.

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

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## BlackRock Core Bond Trust

## Trust Information

|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange ( NYSE )   | BHK               |
| Initial Offering Date  | November 27, 2001 |
| Current Distribution Rate on Closing Market Price as of August 31, 2014 (\$13.64) <sup>1</sup> | 6.64%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                                     | \$0.0755          |
| Current Annualized Distribution per Common Share <sup>2</sup>                                  | \$0.9060          |
| Economic Leverage as of August 31, 2014 <sup>3</sup>   | 29%               |

<sup>1</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

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

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

## Market Price and Net Asset Value Per Share Summary

|                 | 8/31/14 | 8/31/13 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$13.64 | \$12.50 | 9.12%  | \$14.00 | \$12.27 |
| Net Asset Value | \$15.24 | \$14.05 | 8.47%  | \$15.24 | \$13.82 |

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Trust's Long-Term Investments

| Portfolio Composition                       | 8/31/14 | 8/31/13 |
|---|---------|---------|
| Corporate Bonds                             | 56%     | 58%     |
| Non-Agency Mortgage-Backed Securities       | 10      | 11      |
| U.S. Treasury Obligations                   | 10      | 8       |
| U.S. Government Sponsored Agency Securities | 9       | 10      |
| Preferred Securities                        | 8       | 5       |
| Asset-Backed Securities                     | 4       | 5       |
| Municipal Bonds                             | 2       | 2       |
| Foreign Agency Obligations                  | 1       | 1       |

| Credit Quality Allocation <sup>4</sup> | 8/31/14 | 8/31/13 |
|--|---------|---------|
| AAA/Aaa <sup>5</sup>                   | 24%     | 14%     |
| AA/Aa                                  | 7       | 15      |
| A                                      | 18      | 21      |
| BBB/Baa                                | 28      | 23      |
| BB/Ba                                  | 13      | 12      |
| B                                      | 7       | 13      |

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|         |   |   |
|---------|---|---|
| CCC/Caa | 1 | 1 |
| N/R     | 2 | 1 |

For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used.

<sup>4</sup> Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>5</sup> The investment advisor evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

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Trust Summary as of August 31, 2014  
**Trust Overview**

**BlackRock Corporate High Yield Fund, Inc.**

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

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

**Portfolio Management Commentary**

**How did the Trust perform?**

For the 12-month period ended August 31, 2014, the Trust returned 15.58% based on market price and 16.21% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 15.47% based on market price and 14.60% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

The Trust benefited from its allocation to the equity of select high yield companies, which we prefer to higher beta CCC-rated bonds in this environment. In particular, equity positions in General Motors Co., Ally Financial, Inc., The Goodyear Tire & Rubber Co., American International Group, Inc. and American Capital Ltd. were notable contributors. Also adding to performance was issuer selection within high yield bonds and bank loans, with strong returns from Caesars Entertainment Resort Properties, LLC, TXU Corp., HD Supply, Inc. and Amaya Gaming. The Trust s limited exposure to bonds in the BB-rated quality range was a disadvantage as these bonds outperformed B-rated bonds, in which the Trust held a large allocation. The Trust s exposure to bank loans detracted from results as the asset class underperformed high yield bonds during the period.

**Describe recent portfolio activity.**

After five years of a favorable high yield market, pricing differentials between sectors have compressed. In this environment, the Trust s investment decisions were focused on bottom-up security selection over top-down sector allocation. The Trust held a broader than normal portfolio, allocated across roughly 500 issuers (versus the typical 250 to 300), although 25 names represented about one-third of portfolio exposure. The Trust maintained a low exposure to BB-rated bonds given their low coupons and greater sensitivity to rising interest rates, while maintaining non-benchmark exposure to bank loans and the equity of select high yield companies.

**Describe portfolio positioning at period end.**

At period end, the Trust held 75% of its total portfolio in corporate bonds, 12% in floating rate loan interests (bank loans) and 8% in common stocks, with the remainder invested in preferred stocks and other interests.

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## BlackRock Corporate High Yield Fund, Inc.

## Trust Information

|  |              |
|--|--------------|
| Symbol on NYSE   | HYT          |
| Initial Offering Date  | May 30, 2003 |
| Current Distribution Rate on Closing Market Price as of August 31, 2014 (\$12.07) <sup>1</sup> | 7.51%        |
| Current Monthly Distribution per Common Share <sup>2</sup>                                     | \$0.0755     |
| Current Annualized Distribution per Common Share <sup>2</sup>                                  | \$0.9060     |
| Economic Leverage as of August 31, 2014 <sup>3</sup>   | 30%          |

<sup>1</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

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

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

## Market Price and Net Asset Value Per Share Summary

|                 | 8/31/14 | 8/31/13 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$12.07 | \$11.37 | 6.16%  | \$12.65 | \$11.34 |
| Net Asset Value | \$13.47 | \$12.62 | 6.74%  | \$13.55 | \$12.62 |

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Trust's Long-Term Investments

| Portfolio Composition        | 8/31/14 | 8/31/13 |
|------------------------------|---------|---------|
| Corporate Bonds              | 75%     | 76%     |
| Floating Rate Loan Interests | 12      | 14      |
| Common Stocks                | 9       | 7       |
| Preferred Securities         | 3       | 2       |
| Asset-Backed Securities      | 1       | 1       |

| Credit Quality Allocation <sup>4</sup> | 8/31/14 | 8/31/13 <sup>5</sup> |
|--|---------|----------------------|
| AA/Aa                                  | 6       |                      |
| A                                      | 6       | 6                    |
| BBB/Baa                                | 4%      | 4%                   |
| BB/Ba                                  | 33      | 28                   |
| B                                      | 38      | 46                   |
| CCC/Caa                                | 13      | 10                   |
| N/R                                    | 12      | 12                   |

<sup>4</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized

statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>5</sup> Information has been revised to conform to current year presentation.

<sup>6</sup> Representing less than 0.5% of the Trust's long-term investments.

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Trust Summary as of August 31, 2014  
**Trust Overview**

**BlackRock Income Opportunity Trust, Inc.**

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

On June 6, 2014, the Boards of the Trust, BlackRock Core Bond Trust ( BHK ) and BlackRock Income Trust, Inc. ( BKT ) approved the reorganizations of the Trust and BKT with and into BHK, with BHK continuing as the surviving fund after the reorganizations. At a special meeting of shareholders on September 30, 2014, the shareholders of the Trust and BHK approved the reorganization of the Trust with and into BHK, which is expected to be completed in late 2014. The reorganization of BKT with and into BHK was not approved by BKT shareholders. Consequently, the reorganization of BKT with and into BHK will not be completed.

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

**Portfolio Management Commentary**

**How did the Trust perform?**

For the 12-month period ended August 31, 2014, the Trust returned 17.73% based on market price and 16.46% based on NAV. For the same period, the closed-end Lipper Corporate BBB-Rated Debt Funds (Leveraged) category posted an average return of 13.73% based on market price and 11.63% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

**What factors influenced performance?**

The Trust benefited from the generally positive market environment, with positions in investment grade corporate credit and high yield being the largest contributors to returns. The Trust s allocations to U.S. Treasuries and agency mortgage-backed securities ( MBS ) also contributed positively as the 10-year Treasury rate unexpectedly rallied lower during the period. (Bond prices rise when rates fall.) Exposure to securitized assets, including commercial mortgage-backed securities ( CMBS ) and asset-backed securities ( ABS ) also had a positive impact on performance.

As most fixed income sectors performed well during the period, the only detractor from the Trust s performance was the cost of derivatives used to manage the Trust s duration (sensitivity to interest rate movements).

**Describe recent portfolio activity.**

The Trust s allocations remained consistent throughout the 12-month period, with its largest position in investment grade and high yield corporate credit, followed by allocations to securitized credits, specifically, ABS and CMBS.

**Describe portfolio positioning at period end.**

At period end, the Trust maintained diversified exposure to non-government spread sectors including investment grade credit, high yield credit, CMBS, ABS and non-agency residential MBS. The Trust also held exposure to government-related sectors including U.S. Treasury securities, agency debt and agency MBS. The Trust ended the period with a long duration profile.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a

forecast of future events and are no guarantee of future results.  
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## BlackRock Income Opportunity Trust, Inc.

## Trust Information

|  |                   |
|--|-------------------|
| Symbol on NYSE   | BNA               |
| Initial Offering Date  | December 20, 1991 |
| Current Distribution Rate on Closing Market Price as of August 31, 2014 (\$10.59) <sup>1</sup> | 6.74%             |
| Current Monthly Distribution per Common Share <sup>2</sup>                                     | \$0.0595          |
| Current Annualized Distribution per Common Share <sup>2</sup>                                  | \$0.7140          |
| Economic Leverage as of August 31, 2014 <sup>3</sup>   | 29%               |

<sup>1</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

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

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

## Market Price and Net Asset Value Per Share Summary

|                 | 8/31/14 | 8/31/13 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$10.59 | \$ 9.64 | 9.85%  | \$10.86 | \$ 9.54 |
| Net Asset Value | \$11.91 | \$10.96 | 8.67%  | \$11.92 | \$10.79 |

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Trust's Long-Term Investments

| Portfolio Composition                       | 8/31/14 | 8/31/13 |
|---|---------|---------|
| Corporate Bonds                             | 55%     | 58%     |
| Non-Agency Mortgage-Backed Securities       | 11      | 11      |
| U.S. Treasury Obligations                   | 9       | 7       |
| U.S. Government Sponsored Agency Securities | 9       | 10      |
| Preferred Securities                        | 9       | 6       |
| Asset-Backed Securities                     | 4       | 5       |
| Municipal Bonds                             | 2       | 2       |
| Foreign Agency Obligations                  | 1       | 1       |

| Credit Quality Allocation <sup>4</sup> | 8/31/14 | 8/31/13 |
|--|---------|---------|
| AAA/Aaa <sup>5</sup>                   | 26%     | 24%     |
| AA/Aa                                  | 5       | 4       |
| A                                      | 20      | 21      |
| BBB/Baa                                | 22      | 24      |
| BB/Ba                                  | 15      | 13      |
| B                                      | 8       | 12      |

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|         |   |   |
|---------|---|---|
| CCC/Caa | 1 | 1 |
| N/R     | 3 | 1 |

For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa<sup>4</sup> or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

The investment advisor evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments.<sup>5</sup> Using this approach, the investment advisor has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

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Trust Summary as of August 31, 2014

BlackRock Income Trust, Inc.

## Trust Overview

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

On June 6, 2014, the Boards of the Trust, BlackRock Income Opportunity Trust, Inc. ( BNA ) and BlackRock Core Bond Trust ( BHK ) approved the reorganizations of the Trust and BNA with and into BHK, with BHK continuing as the surviving fund after the reorganizations. At a special meeting of shareholders on September 30, 2014, the reorganization of the Trust with and into BHK was not approved by BKT shareholders. Consequently, the reorganization of BKT with and into BHK will not be completed.

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

## Portfolio Management Commentary

### How did the Trust perform?

For the 12-month period ended August 31, 2014, the Trust returned 7.12% based on market price and 6.05% based on NAV. For the same period, the closed-end Lipper US Mortgage Funds category posted an average return of 16.32% based on market price and 13.06% based on NAV. All returns reflect reinvestment of dividends. The Trust s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

### What factors influenced performance?

Positive contributions to returns came from the Trust s exposure to securitized assets, specifically, agency collateralized mortgage obligations ( CMOs ) and agency mortgage derivatives (including interest-only and principal-only securities). The Trust continued to benefit from exposure to Alt-A (riskier than prime, but less risky than subprime) and prime non-agency residential mortgage-backed securities ( MBS ), as well as commercial mortgage-backed securities ( CMBS ) as spreads tightened through most of the period. The Trust uses interest rate derivatives including futures, options, swaps and swaptions, mainly for the purpose of managing duration, convexity (the rate at which duration changes in response to interest rate movements) and yield curve positioning. During the period, the Trust held short positions on U.S. Treasuries in order to manage the duration profile of the portfolio. These positions were beneficial to the Trust s performance during certain periods of rising interest rates. However, for the period as a whole, the Trust s derivatives holdings had a negative impact on returns.

### Describe recent portfolio activity.

During the 12-month period, the Trust increased overall exposure to agency MBS, while reducing exposure to 30-year pass-through MBS in favor of agency CMO securities exhibiting attractive spreads, strong income and low convexity.

### Describe portfolio positioning at period end.

As of period end, the Trust maintained exposure to high quality agency MBS with varying maturities and coupon rates. The Trust continued to favor agency CMOs, while holding low exposure to 15- and 30-year agency pass-through issues. The Trust continued to hold modest allocations in asset-backed securities ( ABS ), non-agency

MBS and CMBS based on improving underlying fundamentals.

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

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## BlackRock Income Trust, Inc.

## Trust Information

|   |               |
|---|---------------|
| Symbol on NYSE  | BKT           |
| Initial Offering Date   | July 22, 1988 |
| Current Distribution Rate on Closing Market Price as of August 31, 2014 (\$6.42) <sup>1</sup> | 6.54%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                                    | \$0.035       |
| Current Annualized Distribution per Common Share <sup>2</sup>                                 | \$0.420       |
| Economic Leverage as of August 31, 2014 <sup>3</sup>  | 31%           |

<sup>1</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

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

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

## Market Price and Net Asset Value Per Share Summary

|                 | 8/31/14 | 8/31/13 | Change  | High   | Low    |
|-----------------|---------|---------|---------|--------|--------|
| Market Price    | \$6.42  | \$6.40  | 0.31%   | \$6.72 | \$6.31 |
| Net Asset Value | \$7.27  | \$7.32  | (0.68)% | \$7.41 | \$7.21 |

## Market Price and Net Asset Value History For the Past Five Years

## Overview of the Trust's Long-Term Investments

| Portfolio Composition                       | 8/31/14 | 8/31/13 |
|---|---------|---------|
| U.S. Government Sponsored Agency Securities | 97%     | 96%     |
| Non-Agency Mortgage-Backed Securities       | 1       | 2       |
| U.S. Treasury Obligations                   | 1       | 1       |
| Asset-Backed Securities                     | 1       | 1       |

| Credit Quality Allocation <sup>4</sup> | 8/31/14 | 8/31/13 |
|--|---------|---------|
| AAA/Aaa <sup>5</sup>                   | 98%     | 100%    |
| AA                                     | 1       |         |
| NR                                     | 1       |         |

For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa<sup>4</sup> or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>5</sup>

The investment advisor evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

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## The Benefits and Risks of Leveraging

The Trusts may utilize leverage to seek to enhance the yield and net asset value ( NAV ) of their common shares ( Common Shares ). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which will be based on short-term interest rates, will normally be lower than the income earned by a Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trust s shareholders will benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Trust s Common Shares capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust s financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Trust with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Trust s costs of leverage are significantly lower than the income earned on the Trust s longer-term investments acquired from leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trust s return on assets purchased with leverage proceeds, income to shareholders will be lower than if the Trust had not used leverage. Furthermore, the value of the Trust s portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the

value of the Trust s obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trust s NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that a Trust s intended leveraging strategy will be successful.

Leverage also will generally cause greater changes in the Trusts NAVs, market prices and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the net asset value and market price of a Trust s Common Shares than if the Trust were not leveraged. In addition, the Trust may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trust to incur losses. The use of leverage may limit the Trust s ability to invest in certain types of securities or use certain types of hedging strategies. The Trust will incur expenses in connection with the use of leverage, all of which are borne by Common Shareholders and may reduce income to the Common Shares.

Each Trust may utilize leverage through a credit facility or reverse repurchase agreements as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Trust is permitted to issue debt up to 33% of their total managed assets. A Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Trust may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

If a Trust segregates or designates on its books and records cash or liquid assets having values not less than the value of the Trust s obligations under the reverse repurchase agreement (including accrued interest), then such transaction will not be considered a senior security and will not be subject to the foregoing limitations and requirements under the 1940 Act.

## Derivative Financial Instruments

The Trusts may invest in various derivative financial instruments, including financial futures contracts, foreign currency exchange contracts, options and swaps, as specified in Note 4 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market, equity, credit, interest rate, foreign currency exchange rate and/or other risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The

Trusts' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Trust to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Trust can realize on an investment, may result in lower dividends paid to shareholders and/or may cause a Trust to hold an investment that it might otherwise sell. The Trusts' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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

Schedule of Investments August 31, 2014

**Asset-Backed Securities Par  
(000) Value**

**Asset-Backed Securities 6.4%**

AmeriCredit Automobile Receivables Trust, Series 2011-5, Class C, 3.44%, 10/08/17

USD

400 \$ 409,335

Apidos CDO XI, Series 2012-11A, Class D, 4.48%, 1/17/23 (a)(b)

600 599,980

Atrium CDO Corp., Series 9A, Class D, 3.74%, 2/28/24 (a)(b)

750 716,947

Babson CLO Ltd., Series 2012-1X, Class B, 2.73%, 4/15/22 (b)

500 490,101

Benefit Street Partners CLO III, Ltd., Series 2013-III A, Class C, 3.48%, 1/20/26 (a)(b)

1,000 923,836

Brookside Mill CLO, Ltd., Series 2013-1A, Class C1, 2.93%, 4/17/25 (a)(b)

500 487,352

CarMax Auto Owner Trust, Series 2012-1:

Class B, 1.76%, 8/15/17

210 213,025

Class C, 2.20%, 10/16/17

125 127,555

Class D, 3.09%, 8/15/18

155 158,080

CenterPoint Energy Transition Bond Co. LLC, Series 2012-1, Class A3, 3.03%, 10/15/25

1,105 1,119,618

CIFC Funding 2014-IV, Ltd., Series 2014-4A, Class D, 3.64%, 10/17/26 (a)(b)(c)

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2,000 1,852,000  
CIFC Funding Ltd. (a)(b):

Series 2012-1AR, Class B1R, 4.39%, 8/14/24

750 743,850  
Series 2013-IA, Class B, 3.04%, 4/16/25

500 489,156  
Series 2013-IA, Class C, 3.83%, 4/16/25

500 477,036  
Countrywide Asset-Backed Certificates, Series 2006-13, Class 3AV2, 0.31%, 1/25/37 (b)

860 809,636  
Dryden 34 Senior Loan Fund, Series 2014-34A, Class C, 3.03%, 10/15/26 (a)(b)

2,000 1,960,000  
Ford Credit Floorplan Master Owner Trust, Series 2012-2:

Class B, 2.32%, 1/15/19

245 249,967  
Class C, 2.86%, 1/15/19

105 108,453  
Class D, 3.50%, 1/15/19

200 209,071  
Galaxy CLO Ltd., Series 2014-18A, Class C1, 3.23%, 10/15/26 (a)(b)

1,625 1,592,500  
Galaxy XV CLO Ltd., Series 2013-15A, Class C, 2.83%, 4/15/25 (a)(b)

500 485,323  
ING IM CLO Ltd., Series 2012-2A, Class C, 3.68%, 10/15/22 (a)(b)

750 750,197  
Nelnet Student Loan Trust (b):

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Series 2006-1, Class A5, 0.34%, 8/23/27

525 517,032

Series 2008-3, Class A4, 1.88%, 11/25/24

615 645,157

Octagon Investment Partners XX Ltd., Series 2014-1A (a)(b):

Class C, 3.04%, 8/12/26

1,000 981,100

Class D, 3.89%, 8/12/26

1,000 959,900

OZLM Funding III, Ltd., Series 2013-3A, Class B, 3.33%, 1/22/25 (a)(b)

750 745,725

OZLM VII Ltd., Series 2014-7A, Class C, 3.86%, 7/17/26 (a)(b)

470 442,002

Santander Drive Auto Receivables Trust:

Series 2010-2, Class C, 3.89%, 7/17/17

602 604,433

Series 2010-B, Class C, 3.02%, 10/17/16 (a)

40 39,879

Series 2011-1, Class D, 4.01%, 2/15/17

940 964,887

Series 2012-1, Class B, 2.72%, 5/16/16

96 95,898

Series 2012-1, Class C, 3.78%, 11/15/17

325 332,363

**Asset-Backed Securities Par  
(000) Value**

**Asset-Backed Securities (concluded)**

SLM Private Credit Student Loan Trust, Series 2004-B, Class A2, 0.43%, 6/15/21 (b)

USD

109 \$ 108,189

SLM Private Education Loan Trust, Series 2012-A, Class A1, 1.56%, 8/15/25 (a)(b)

190 192,298

SLM Student Loan Trust:

Series 2008-5, Class A3, 1.53%, 1/25/18 (b)

416 418,953

Series 2008-5, Class A4, 1.93%, 7/25/23 (b)

615 642,133

Series 2012-A, Class A2, 3.83%, 1/17/45 (a)

345 361,818

Series 2014-A, Class B, 3.50%, 11/15/44 (a)

250 244,638

Structured Asset Securities Corp., Series 2002-AL1, Class A2, 3.45%, 2/25/32

1,019 1,014,172

Symphony CLO VII, Ltd., Series 2011-7A, Class E, 3.84%, 7/28/21 (a)(b)

750 723,920

World Financial Network Credit Card Master Trust, Series 2012-C, Class C, 4.55%, 8/15/22

1,180 1,231,459

26,238,974

**Interest Only Asset-Backed Securities 0.1%**

Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (a)

2,435 176,505

Sterling Coofs Trust, Series 2004-1, Class A, 2.36%, 4/15/29 (a)

4,974 341,984

518,489

**Total Asset-Backed Securities 6.5%**

26,757,463

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**Corporate Bonds**

**Aerospace & Defense 0.6%**

Huntington Ingalls Industries, Inc., 7.13%, 3/15/21

230 250,125

United Technologies Corp. (d):

4.88%, 5/01/15

1,125 1,158,807

6.13%, 7/15/38

700 911,721

2,320,653

**Airlines 2.0%**

American Airlines Pass-Through Trust, Series 2013-2:

Class A, 4.95%, 7/15/24

2,223 2,395,331

Class B, 5.60%, 1/15/22

488 506,206

Continental Airlines Pass-Through Trust:

Series 2010-1, Class B, 6.00%, 7/12/20

421 448,375

Series 2012-3, Class C, 6.13%, 4/29/18

500 530,000  
United Airlines Pass-Through Trust:

Series 2013-1, Class A, 4.30%, 2/15/27

2,000 2,050,000  
Series 2014-2, Class B, 4.63%, 3/03/24

1,375 1,375,000  
US Airways Pass-Through Trust, Series 2012-1, Class C, 9.13%, 10/01/15

1,084 1,143,747

8,448,659  
**Auto Components 0.8%**  
Icahn Enterprises LP/Icahn Enterprises Finance Corp.:

3.50%, 3/15/17

91 91,569  
4.88%, 3/15/19

1,330 1,366,575  
6.00%, 8/01/20

953 1,017,327  
5.88%, 2/01/22

911 949,718

3,425,189

#### Portfolio Abbreviations

|            |                              |            |                                    |               |                       |
|------------|------------------------------|------------|------------------------------------|---------------|-----------------------|
| <b>ABS</b> | Asset-Backed Security        | <b>CMO</b> | Collateralized Mortgage Obligation | <b>OTC</b>    | Over-the-Counter      |
| <b>ADR</b> | American Depositary Receipts | <b>DIP</b> | Debtor-In-Possession               | <b>PIK</b>    | Payment-In-Kind       |
| <b>ADS</b> | American Depositary Shares   | <b>EUR</b> | Euro                               | <b>Radian</b> | Radian Guaranty, Inc. |

|            |                                |              |                               |                |                     |
|------------|--------------------------------|--------------|-------------------------------|----------------|---------------------|
| <b>ARC</b> | Auction Rate Certificates      | <b>GBP</b>   | British Pound                 | <b>RB</b>      | Revenue Bonds       |
| <b>AUD</b> | Australian Dollar              | <b>GO</b>    | General Obligation Bonds      | <b>S&amp;P</b> | Standard and Poor's |
| <b>CAD</b> | Canadian Dollar                | <b>LIBOR</b> | London Interbank Offered Rate | <b>USD</b>     | U.S. Dollar         |
| <b>CLO</b> | Collateralized Loan Obligation | <b>OIS</b>   | Overnight Indexed Swap        |                |                     |

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

**Automobiles 1.1%**

Ford Motor Co., 4.75%, 1/15/43

USD

2,250 \$2,355,037

General Motors Co., 6.25%, 10/02/43

1,253 1,469,142

Jaguar Land Rover Automotive PLC, 4.13%, 12/15/18 (a)

750 761,250

4,585,429

**Banks 4.1%**

Barclays Bank PLC, 7.63%, 11/21/22

1,750 1,965,469

CIT Group, Inc.:

5.50%, 2/15/19 (a)

398 429,343

5.38%, 5/15/20

1,650 1,786,125

Depfa ACS Bank, 5.13%, 3/16/37 (a)

3,775 4,515,768

HSBC Bank Brasil SA Banco Multiplo, 4.00%, 5/11/16 (a)

1,400 1,442,000

HSBC Bank PLC, 3.10%, 5/24/16 (a)

700 728,813



HSBC Holdings PLC:

4.25%, 3/14/24

1,010 1,048,506

6.10%, 1/14/42

305 396,442

Rabobank Nederland:

3.88%, 2/08/22

1,390 1,487,167

3.95%, 11/09/22

1,500 1,542,769

Wells Fargo & Co., 3.50%, 3/08/22 (d)

1,390 1,447,846

16,790,248

**Building Products 0.1%**

Cemex SAB de CV, 5.88%, 3/25/19 (a)

200 209,500

**Capital Markets 3.6%**

CDP Financial, Inc., 5.60%, 11/25/39 (a)(d)

2,935 3,782,613

The Goldman Sachs Group, Inc. (d):

5.38%, 3/15/20

1,220 1,378,362

5.25%, 7/27/21

3,165 3,566,778

5.75%, 1/24/22

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1,800 2,088,945  
Morgan Stanley:

4.20%, 11/20/14

490 493,953  
4.00%, 7/24/15

410 422,780  
6.25%, 8/28/17 (d)

1,930 2,184,916  
Murray Street Investment Trust I, 4.65%, 3/09/17 (e)

825 887,461

14,805,808  
**Chemicals 1.3%**

Axalta Coating Systems US Holdings, Inc./Axalta Coating Systems Dutch Holding BV, 7.38%, 5/01/21 (a)

151 164,590  
Axiall Corp., 4.88%, 5/15/23

152 152,190  
The Dow Chemical Co., 4.13%, 11/15/21

350 374,869  
Huntsman International LLC, 4.88%, 11/15/20

298 303,960  
Methanex Corp., 3.25%, 12/15/19

2,074 2,127,341  
PetroLogistics LP/PetroLogistics Finance Corp., 6.25%, 4/01/20

161 177,503  
Rockwood Specialties Group, Inc., 4.63%, 10/15/20

1,800 1,872,000

5,172,453

**Commercial Services & Supplies 1.0%**  
ADS Waste Holdings, Inc., 8.25%, 10/01/20

246 261,990

The ADT Corp., 4.88%, 7/15/42

539 458,150

Aviation Capital Group Corp. (a):

4.63%, 1/31/18

650 680,991

7.13%, 10/15/20

900 1,027,407

Brand Energy & Infrastructure Services, Inc., 8.50%, 12/01/21 (a)

217 225,680

Mobile Mini, Inc., 7.88%, 12/01/20

320 345,600

United Rentals North America, Inc.:

5.75%, 7/15/18

194 204,185

7.38%, 5/15/20

385 419,650

7.63%, 4/15/22

452 507,370

4,131,023

**Corporate Bonds Par  
(000) Value**

**Communications Equipment 1.2%**

ADC Telecommunications, Inc., 3.50%, 7/15/15 (f)

USD

4,330 \$ 4,373,300

Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20

530 571,737

4,945,037

**Construction & Engineering 0.1%**

ABB Finance USA, Inc., 4.38%, 5/08/42

192 201,970

BlueLine Rental Finance Corp., 7.00%, 2/01/19 (a)

96 101,520

Safway Group Holding LLC/Safway Finance Corp., 7.00%, 5/15/18 (a)

200 210,500

513,990

**Construction Materials 1.0%**

Allegion US Holding Co., Inc., 5.75%, 10/01/21

446 467,185

HD Supply, Inc.:

8.13%, 4/15/19

1,815 1,978,350

7.50%, 7/15/20

1,544 1,659,800

Lafarge SA, 7.13%, 7/15/36

135 154,575

4,259,910

**Consumer Finance 0.8%**

Discover Financial Services, 3.85%, 11/21/22

250 256,017

Ford Motor Credit Co. LLC:

8.13%, 1/15/20

1,265 1,605,981

4.25%, 9/20/22

800 854,769

SLM Corp., 6.25%, 1/25/16

661 700,660

3,417,427

**Containers & Packaging 0.3%**

Crown Americas LLC/Crown Americas Capital

Corp. III, 6.25%, 2/01/21

91 97,143

Sealed Air Corp. (a):

6.50%, 12/01/20

550 605,000

8.38%, 9/15/21

225 253,125

Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (a)

410 425,375

1,380,643

**Diversified Consumer Services 0.1%**

APX Group, Inc., 6.38%, 12/01/19

266 269,990

**Diversified Financial Services 8.2%**

Aircastle Ltd., 6.25%, 12/01/19

708 766,410

Ally Financial, Inc.:

5.50%, 2/15/17

1,500 1,601,250

6.25%, 12/01/17

160 176,200

8.00%, 3/15/20

560 680,400

8.00%, 11/01/31

300 388,125

Bank of America Corp. (d):

5.63%, 7/01/20

1,100 1,260,607

3.30%, 1/11/23

4,990 4,948,513

Capital One Financial Corp., 4.75%, 7/15/21

960 1,065,695

FMR LLC, 4.95%, 2/01/33 (a)

1,150 1,278,895

General Electric Capital Corp.:

6.15%, 8/07/37 (d)

2,150 2,737,885  
6.88%, 1/10/39

135 186,937  
General Motors Financial Co., Inc., 4.25%, 5/15/23

401 409,521  
IntercontinentalExchange Group, Inc., 4.00%, 10/15/23

235 250,047  
Intesa Sanpaolo SpA, 5.02%, 6/26/24 (a)

1,145 1,155,713  
Jefferies Finance LLC/JFIN Co-Issuer Corp., 7.38%, 4/01/20 (a)

1,250 1,306,250  
JPMorgan Chase & Co. (d):

3.70%, 1/20/15

3,425 3,467,785  
6.30%, 4/23/19

2,000 2,347,590  
JPMorgan Chase Bank NA, 6.00%, 10/01/17

800 904,972  
Macquarie Bank Ltd., 10.25%, 6/20/57 (b)

900 1,026,000  
Moody's Corp., 4.50%, 9/01/22

900 958,425  
Northern Trust Corp., 3.95%, 10/30/25

4,000 4,185,768

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

**Diversified Financial Services (concluded)**

Reynolds Group Issuer, Inc.:

7.13%, 4/15/19

USD

200 \$ 207,750

7.88%, 8/15/19

560 606,200

5.75%, 10/15/20

1,000 1,045,000

6.88%, 2/15/21

680 728,450

33,690,388

**Diversified Telecommunication Services 3.1%**

CenturyLink, Inc., Series V, 5.63%, 4/01/20

400 423,000

Level 3 Financing, Inc.:

8.13%, 7/01/19

698 755,585

8.63%, 7/15/20

650 719,875

Telecom Italia Capital SA, 6.00%, 9/30/34

1,550 1,550,000

Verizon Communications, Inc. (d):

3.50%, 11/01/21

500 518,931  
6.40%, 2/15/38

3,483 4,354,474  
6.55%, 9/15/43

3,376 4,348,224  
Windstream Corp.:

7.75%, 10/15/20

100 107,750  
6.38%, 8/01/23

20 20,050

12,797,889  
**Electric Utilities 4.6%**  
The Cleveland Electric Illuminating Co.:

8.88%, 11/15/18

121 152,411  
5.95%, 12/15/36

217 256,681  
CMS Energy Corp., 5.05%, 3/15/22

915 1,038,289  
ComEd Financing III, 6.35%, 3/15/33

150 153,375  
Duke Energy Carolinas LLC:

6.10%, 6/01/37

315 399,506  
6.00%, 1/15/38 (d)

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825 1,069,758  
4.25%, 12/15/41 (d)

375 388,681  
Duke Energy Florida, Inc., 6.40%, 6/15/38

430 586,855  
E.ON International Finance BV, 6.65%, 4/30/38 (a)(d)

1,525 1,978,501  
Electricite de France SA, 5.60%, 1/27/40 (a)(d)

1,400 1,644,663  
Florida Power Corp., 6.35%, 9/15/37 (d)

1,325 1,801,015  
Jersey Central Power & Light Co., 7.35%, 2/01/19

245 294,263  
Ohio Power Co., Series D, 6.60%, 3/01/33

1,500 1,975,527  
PacifiCorp, 6.25%, 10/15/37

575 765,630  
Public Service Co. of Colorado, Series 17, 6.25%, 9/01/37 (d)

1,200 1,618,200  
Southern California Edison Co.:  
5.63%, 2/01/36

625 780,361  
Series A, 5.95%, 2/01/38 (d)

1,075 1,382,361  
Virginia Electric and Power Co., Series A, 6.00%, 5/15/37 (d)

2,000 2,575,904

18,861,981

**Energy Equipment & Services 2.4%**  
Calfrac Holdings LP, 7.50%, 12/01/20 (a)

470 499,375

EnSCO PLC:

3.25%, 3/15/16

160 165,675

4.70%, 3/15/21 (d)

1,745 1,899,766

EOG Resources, Inc., 2.63%, 3/15/23 (d)

1,902 1,850,779

Genesis Energy LP/Genesis Energy Finance Corp., 5.75%, 2/15/21

71 73,307

GrafTech International Ltd., 6.38%, 11/15/20

580 600,300

Noble Holding International Ltd., 5.25%, 3/15/42

350 369,052

Peabody Energy Corp.:

6.00%, 11/15/18

1,251 1,288,530

6.25%, 11/15/21

1,239 1,234,354

Seadrill Ltd., 6.13%, 9/15/17 (a)

1,590 1,641,675

Transocean, Inc., 6.50%, 11/15/20

350 395,876

10,018,689

**Food & Staples Retailing 0.1%**

Rite Aid Corp., 6.75%, 6/15/21

279 296,089

**Corporate Bonds Par  
(000) Value**

**Food Products 0.5%**

Barry Callebaut Services NV, 5.50%, 6/15/23 (a)

USD

593 \$ 626,000

Kraft Foods Group, Inc., 5.00%, 6/04/42

997 1,084,150

Smithfield Foods, Inc., 5.88%, 8/01/21 (a)

169 180,830

1,890,980

**Health Care Equipment & Supplies 0.4%**

Boston Scientific Corp., 6.25%, 11/15/15

1,251 1,330,170

Teleflex, Inc., 6.88%, 6/01/19

385 407,137

1,737,307

**Health Care Providers & Services 4.1%**

Aviv Healthcare Properties LP/Aviv Healthcare Capital Corp., 7.75%, 2/15/19

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175 185,063  
CHS/Community Health Systems, Inc., 5.13%, 8/15/18

400 416,000  
ConvaTec Healthcare E SA, 7.38%, 12/15/17 (a)

EUR  
494 681,925  
HCA Holdings, Inc., 7.75%, 5/15/21

USD  
140 152,600  
HCA, Inc.:

3.75%, 3/15/19

130 130,975  
6.50%, 2/15/20

2,198 2,459,012  
4.75%, 5/01/23

1,161 1,171,159  
Symbion, Inc., 8.00%, 6/15/16

455 473,769  
Tenet Healthcare Corp.:

6.25%, 11/01/18

859 936,310  
6.00%, 10/01/20

622 674,870  
4.50%, 4/01/21

383 383,958  
4.38%, 10/01/21

1,765 1,751,762  
8.13%, 4/01/22

1,157 1,331,996  
UnitedHealth Group, Inc., 2.88%, 3/15/22 (d)

2,000 2,007,922  
WellPoint, Inc., 4.65%, 1/15/43 (d)

4,005 4,127,853

16,885,174  
**Hotels, Restaurants & Leisure 2.6%**  
MCE Finance Ltd., 5.00%, 2/15/21 (a)

935 930,325  
Six Flags Entertainment Corp., 5.25%, 1/15/21 (a)

865 875,812  
The Unique Pub Finance Co. PLC:

Series A3, 6.54%, 3/30/21

GBP  
1,748 3,054,295  
Series A4, 5.66%, 6/30/27

623 1,041,957  
Series M, 7.40%, 3/28/24

1,500 2,543,706  
Series N, 6.46%, 3/30/32

1,195 1,867,672  
Wynn Macau Ltd., 5.25%, 10/15/21 (a)

USD  
416 423,280

10,737,047  
**Household Durables 1.0%**  
Beazer Homes USA, Inc.:

6.63%, 4/15/18

580 613,350  
7.50%, 9/15/21

166 174,300  
Standard Pacific Corp., 10.75%, 9/15/16

2,100 2,446,500  
Taylor Morrison Communities, Inc./Monarch Communities, Inc., 5.25%, 4/15/21 (a)

372 375,720  
Weyerhaeuser Real Estate Co. (a):

4.38%, 6/15/19

215 215,000  
5.88%, 6/15/24

145 147,900

3,972,770  
**Household Products 0.1%**  
Spectrum Brands, Inc.:

6.38%, 11/15/20

200 215,000  
6.63%, 11/15/22

275 297,688

512,688  
**Independent Power and Renewable Electricity Producers 0.4%**  
Calpine Corp. (a):

6.00%, 1/15/22



137 147,617  
5.88%, 1/15/24

194 207,580  
NRG REMA LLC, Series C, 9.68%, 7/02/26

1,037 1,130,330

1,485,527  
**Industrial Conglomerates 0.0%**  
Smiths Group PLC, 3.63%, 10/12/22 (a)

180 179,997

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
(000) Value**

**Insurance 3.8%**

A-S Co-Issuer Subsidiary, Inc./A-S Merger Sub LLC, 7.88%, 12/15/20 (a)

USD

613 \$ 652,845

American International Group, Inc., 5.45%, 5/18/17 (d)

800 886,638

AXA SA, 5.25%, 4/16/40 (b)

EUR

250 371,716

Five Corners Funding Trust, 4.42%, 11/15/23 (a)

USD

1,025 1,093,923

Hartford Financial Services Group, Inc.:

6.00%, 1/15/19

345 396,877

5.13%, 4/15/22

930 1,062,591

Liberty Mutual Group, Inc., 6.50%, 5/01/42 (a)

1,000 1,241,191

Lincoln National Corp., 6.25%, 2/15/20

630 742,463

Manulife Financial Corp., 3.40%, 9/17/15 (d)

1,630 1,677,860

MetLife, Inc., 6.40%, 12/15/36

3,500 3,946,250

Montpelier Re Holdings Ltd., 4.70%, 10/15/22

450 471,476  
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)

340 362,950  
Muenchener Rueckversicherungs AG, 6.00%, 5/26/41 (b)

EUR  
200 318,679  
Prudential Financial, Inc. (d):

7.38%, 6/15/19

USD  
250 307,456  
5.38%, 6/21/20

250 286,330  
4.50%, 11/15/20

450 493,949  
5.90%, 3/17/36

500 606,992  
5.70%, 12/14/36

675 807,066

15,727,252  
**Internet Software & Services 0.1%**  
Equinix, Inc., 4.88%, 4/01/20

86 87,720  
VeriSign, Inc., 4.63%, 5/01/23

345 338,963

426,683  
**IT Services 0.6%**

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Ceridian HCM Holding, Inc., 11.00%, 3/15/21 (a)

440 502,700  
First Data Corp. (a):

7.38%, 6/15/19

775 827,312  
6.75%, 11/01/20

1,192 1,290,340

2,620,352  
**Life Sciences Tools & Services 0.1%**  
Agilent Technologies, Inc., 3.20%, 10/01/22

250 245,713  
**Marine 0.3%**

Nakilat, Inc., Series A, 6.07%, 12/31/33 (a)

1,050 1,181,250  
**Media 5.6%**

AMC Networks, Inc.:

7.75%, 7/15/21

320 353,200  
4.75%, 12/15/22

343 347,287  
Cinemark USA, Inc., 5.13%, 12/15/22

175 177,844  
Clear Channel Communications, Inc., 9.00%, 12/15/19

305 315,675  
Clear Channel Worldwide Holdings, Inc., Series B, 6.50%, 11/15/22

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2,495 2,666,280  
Comcast Cable Communications Holdings, Inc., 9.46%, 11/15/22 (d)

600 872,743  
Comcast Corp., 6.45%, 3/15/37 (d)

790 1,035,153  
Cox Communications, Inc., 8.38%, 3/01/39 (a)

1,740 2,529,285  
DIRECTV Holdings LLC/DIRECTV Financing Co., Inc.:  
6.38%, 3/01/41

260 322,932  
5.15%, 3/15/42

700 753,675  
Gray Television, Inc., 7.50%, 10/01/20

332 350,260  
Inmarsat Finance PLC, 4.88%, 5/15/22 (a)

500 501,250  
The Interpublic Group of Cos., Inc., 3.75%, 2/15/23

2,000 2,013,692  
Live Nation Entertainment, Inc., 7.00%, 9/01/20 (a)

109 117,448  
NAI Entertainment Holdings/NAI Entertainment Holdings Finance Corp., 5.00%, 8/01/18 (a)

292 300,030  
NBCUniversal Media LLC (d):  
5.15%, 4/30/20

1,983 2,269,926  
4.38%, 4/01/21

1,015 1,121,618  
News America, Inc., 7.63%, 11/30/28

385 502,572

**Corporate Bonds Par  
(000) Value  
Media (concluded)**

Omnicom Group, Inc., 3.63%, 5/01/22 (d)

USD  
2,355 \$ 2,421,649  
Sirius XM Holdings, Inc., 4.25%, 5/15/20 (a)

559 547,820  
TCI Communications, Inc., 7.88%, 2/15/26

610 851,142  
Time Warner, Inc.:

4.70%, 1/15/21

350 386,687  
6.10%, 7/15/40

215 258,742  
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, 5.50%, 1/15/23 (a)

255 260,738  
Univision Communications, Inc., 5.13%, 5/15/23 (a)

1,153 1,207,767  
Virgin Media Secured Finance PLC, 5.38%, 4/15/21 (a)

395 410,800

22,896,215

**Metals & Mining 3.7%**

Alcoa, Inc., 5.40%, 4/15/21

1,450 1,580,965  
ArcelorMittal:

4.25%, 8/05/15

173 176,676  
6.13%, 6/01/18

384 418,080  
Commercial Metals Co., 4.88%, 5/15/23

534 523,320  
Corp. Nacional del Cobre de Chile, 3.00%, 7/17/22 (a)

1,565 1,538,340  
Freeport-McMoRan Copper & Gold, Inc.:

3.55%, 3/01/22

540 542,938  
5.45%, 3/15/43

450 486,195  
New Gold, Inc., 6.25%, 11/15/22 (a)

440 462,000  
Newcrest Finance Property Ltd., 4.45%, 11/15/21 (a)

475 473,097  
Novelis, Inc., 8.75%, 12/15/20

4,120 4,557,750  
Teck Resources, Ltd., 5.38%, 10/01/15

2,359 2,469,288  
Wise Metals Group LLC/Wise Alloys Finance Corp., 8.75%, 12/15/18 (a)

602 650,160  
Xstrata Canada Corp., 6.20%, 6/15/35

1,250 1,402,748

15,281,557  
**Multiline Retail 0.3%**

Dufry Finance SCA, 5.50%, 10/15/20 (a)

1,260 1,310,463  
**Oil, Gas & Consumable Fuels 10.8%**  
Access Midstream Partners LP/ACMP Finance Corp., 6.13%, 7/15/22

400 435,000  
Anadarko Petroleum Corp., 5.95%, 9/15/16

1,916 2,103,666  
Antero Resources Finance Corp., 5.38%, 11/01/21

153 157,590  
Athlon Holdings LP/Athlon Finance Corp., 7.38%, 4/15/21

159 172,515  
Bonanza Creek Energy, Inc., 6.75%, 4/15/21

99 103,950  
Burlington Resources Finance Co., 7.40%, 12/01/31

875 1,267,708  
Carrizo Oil & Gas, Inc., 7.50%, 9/15/20

400 428,000  
Cenovus Energy, Inc., 6.75%, 11/15/39

750 996,115  
Chesapeake Energy Corp., 5.75%, 3/15/23



615 686,494  
ConocoPhillips Canada Funding Co., 5.95%, 10/15/36 (d)

535 681,807  
Continental Resources, Inc.:

5.00%, 9/15/22

1,600 1,726,000  
4.50%, 4/15/23

113 122,027  
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., 6.13%, 3/01/22

110 113,850  
Denbury Resources, Inc., 4.63%, 7/15/23

623 601,195  
El Paso LLC, 7.80%, 8/01/31

45 55,800  
El Paso Natural Gas Co., 8.38%, 6/15/32

275 376,336  
Energy Transfer Partners LP, 7.50%, 7/01/38

500 655,341  
Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17

455 482,300  
Enterprise Products Operating LLC, 6.13%, 10/15/39

700 872,348  
KeySpan Gas East Corp., 5.82%, 4/01/41 (a)

505 643,612  
Kinder Morgan Energy Partners LP:

6.50%, 9/01/39 (d)

3,000 3,514,896  
6.55%, 9/15/40

110 129,327  
6.38%, 3/01/41

150 175,240

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

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

Kinder Morgan, Inc., 5.63%, 11/15/23 (a)

USD

170 \$ 187,425

Kodiak Oil & Gas Corp., 5.50%, 2/01/22

106 111,830

Linn Energy LLC/Linn Energy Finance Corp., 6.25%, 11/01/19

237 244,703

Marathon Petroleum Corp., 6.50%, 3/01/41

997 1,254,328

MarkWest Energy Partners LP/MarkWest Energy Finance Corp.:

6.25%, 6/15/22

73 78,475

4.50%, 7/15/23

25 25,406

Memorial Production Partners LP/Memorial Production Finance Corp., 7.63%, 5/01/21

212 219,950

MidAmerican Energy Co., 5.80%, 10/15/36

700 896,927

MidAmerican Energy Holdings Co. (d):

5.95%, 5/15/37

800 992,971

6.50%, 9/15/37

3,400 4,485,691

Nexen, Inc., 7.50%, 7/30/39

1,000 1,412,478  
Pacific Drilling SA, 5.38%, 6/01/20 (a)

368 358,800  
PBF Holding Co. LLC/PBF Finance Corp., 8.25%, 2/15/20

47 50,643  
PDC Energy, Inc., 7.75%, 10/15/22

260 284,700  
Pemex Project Funding Master Trust, 6.63%, 6/15/35

1,995 2,458,837  
Petrobras International Finance Co.:  
3.88%, 1/27/16

1,340 1,377,515  
5.75%, 1/20/20

1,725 1,859,464  
Pioneer Natural Resources Co., 3.95%, 7/15/22

350 366,893  
Premier Oil PLC, 5.00%, 6/09/18

1,900 1,995,000  
Range Resources Corp.:  
5.75%, 6/01/21

107 114,223  
5.00%, 8/15/22

26 27,658  
5.00%, 3/15/23

62 65,875

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Regency Energy Partners LP/Regency Energy Finance Corp., 4.50%, 11/01/23

249 250,867

RKI Exploration & Production LLC/RKI Finance Corp., 8.50%, 8/01/21 (a)

118 126,850

Rosetta Resources, Inc., 5.63%, 5/01/21

357 365,479

Sabine Pass Liquefaction LLC:

5.63%, 2/01/21

1,787 1,885,285

6.25%, 3/15/22 (a)

398 431,830

5.63%, 4/15/23

468 486,720

SandRidge Energy, Inc.:

8.75%, 1/15/20

30 31,500

7.50%, 2/15/23

382 397,280

Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 7.50%, 7/01/21

386 424,600

Ultra Petroleum Corp., 5.75%, 12/15/18 (a)

357 368,602

Western Gas Partners LP, 5.38%, 6/01/21

710 807,078

Whiting Petroleum Corp., 5.00%, 3/15/19

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821 866,155  
The Williams Cos., Inc., Series A, 7.50%, 1/15/31

2,500 2,977,077

44,790,232  
**Paper & Forest Products 0.3%**  
International Paper Co.:

7.50%, 8/15/21

75 95,630  
4.75%, 2/15/22

420 464,268  
6.00%, 11/15/41

435 522,873  
NewPage Corp., 11.38%, 12/31/14 (h)(i)

397

1,082,771  
**Pharmaceuticals 1.0%**  
Forest Laboratories, Inc. (a):

4.38%, 2/01/19

228 245,604  
5.00%, 12/15/21

379 417,936  
Grifols Worldwide Operations Ltd., 5.25%, 4/01/22 (a)

200 205,500  
Jaguar Holding Co. II/Jaguar Merger Sub, Inc., 9.50%, 12/01/19 (a)

520 565,500

Salix Pharmaceuticals Ltd., 6.00%, 1/15/21 (a)

162 175,770

**Corporate Bonds Par**

**(000) Value**

**Pharmaceuticals (concluded)**

Valeant Pharmaceuticals International, Inc. (a):

6.75%, 8/15/18

USD

1,321 \$ 1,413,470

6.38%, 10/15/20

575 601,594

5.63%, 12/01/21

376 382,110

4,007,484

**Real Estate Investment Trusts (REITs) 1.1%**

ARC Properties Operating Partnership LP/Clark Acquisition LLC, 4.60%, 2/06/24 (a)

1,830 1,883,989

Felcor Lodging LP, 5.63%, 3/01/23

247 250,087

Simon Property Group LP, 4.75%, 3/15/42

835 915,342

Ventas Realty LP/Ventas Capital Corp., 4.75%, 6/01/21

275 303,112

Vornado Realty LP, 5.00%, 1/15/22

1,185 1,304,737

4,657,267

**Real Estate Management & Development 0.9%**

Lennar Corp., 4.75%, 11/15/22

440 433,400

Northwest Florida Timber Finance LLC, 4.75%, 3/04/29 (a)

2,300 2,409,020

Realogy Corp., 7.63%, 1/15/20 (a)(d)

996 1,085,640

3,928,060

**Road & Rail 0.7%**

Burlington Northern Santa Fe LLC, 5.75%, 5/01/40

950 1,153,820

The Hertz Corp.:

4.25%, 4/01/18

236 237,180

5.88%, 10/15/20

230 236,613

7.38%, 1/15/21

620 663,400

6.25%, 10/15/22

385 401,362

2,692,375

**Semiconductors & Semiconductor Equipment 0.1%**

NXP BV/NXP Funding LLC, 5.75%, 2/15/21 (a)

470 493,500



**Software 0.5%**

Nuance Communications, Inc., 5.38%, 8/15/20 (a)

1,085 1,090,425  
Oracle Corp., 5.38%, 7/15/40

775 909,880

2,000,305  
**Specialty Retail 0.6%**

The Home Depot, Inc., 5.88%, 12/16/36 (d)

830 1,052,592  
QVC, Inc. (a):

7.50%, 10/01/19

395 412,325  
7.38%, 10/15/20

975 1,042,187

2,507,104  
**Textiles, Apparel & Luxury Goods 0.3%**  
PVH Corp., 4.50%, 12/15/22

490 486,325  
Springs Industries, Inc., 6.25%, 6/01/21

402 404,010  
The William Carter Co., 5.25%, 8/15/21

328 342,760

1,233,095

**Tobacco 1.2%**

Altria Group, Inc.:

9.95%, 11/10/38

258 438,257  
10.20%, 2/06/39

447 773,806  
5.38%, 1/31/44

2,015 2,238,032  
Lorillard Tobacco Co., 7.00%, 8/04/41

500 631,462  
Reynolds American, Inc., 4.75%, 11/01/42

1,050 1,024,752

5,106,309

**Wireless Telecommunication Services 2.2%**  
America Movil SAB de CV, 2.38%, 9/08/16

795 814,318  
Crown Castle International Corp., 5.25%, 1/15/23

465 480,257  
Crown Castle Towers LLC, 6.11%, 1/15/40 (a)

1,560 1,824,400  
Digicel Group Ltd., 8.25%, 9/30/20 (a)

460 496,800  
Digicel Ltd., 6.00%, 4/15/21 (a)

750 772,500  
Rogers Communications, Inc., 7.50%, 8/15/38 (d)

1,150 1,583,338  
SBA Tower Trust, 5.10%, 4/15/42 (a)

360 382,507

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

**Wireless Telecommunication Services (concluded)**

Sprint Communications, Inc. (a):

9.00%, 11/15/18

USD

530 \$ 630,038

7.00%, 3/01/20

888 990,120

Sprint Corp., 7.88%, 9/15/23 (a)

1,041 1,116,472

9,090,750

**Total Corporate Bonds 79.8%**

329,021,222

**Foreign Agency Obligations**

Brazilian Government International Bond, 5.00%, 1/27/45

2,862 2,933,550

Cyprus Government International Bond, 4.63%, 2/03/20

EUR

605 790,965

Iceland Government International Bond, 5.88%, 5/11/22

USD

1,775 2,019,959

Italian Republic, 5.38%, 6/15/33

455 553,009

Portugal Government International Bond, 5.13%, 10/15/24 (a)

625 646,625

Slovenia Government International Bond, 5.85%, 5/10/23 (a)

432 488,592

**Total Foreign Agency Obligations 1.8%**

7,432,700

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**Municipal Bonds**

City of Detroit Michigan, GO, Taxable Capital Improvement, Limited Tax, Series A-2, 8.00%, 4/01/15 (h)(i)

1,525 427,153

City of New York New York Municipal Water Finance Authority, Refunding RB, 2nd General Resolution:

Series EE, 5.50%, 6/15/43

465 549,756

Series GG, Build America Bonds, 5.72%, 6/15/42

700 904,106

Water & Sewer System, Fiscal 2011, Series EE, 5.38%, 6/15/43

385 450,900

East Bay Municipal Utility District, RB, Build America Bonds, 5.87%, 6/01/40

950 1,225,795

Indianapolis Local Public Improvement Bond Bank, RB, Build America Bonds, 6.12%, 1/15/40

1,275 1,665,953

Metropolitan Transportation Authority, RB, Build America Bonds, Series C, 7.34%, 11/15/39

625 952,231

Municipal Electric Authority of Georgia Plant Vogtle Units 3 & 4, Refunding RB, Build America Bonds, Series A, 7.06%, 4/01/57

1,000 1,156,240

New York State Dormitory Authority, RB, Build America Bonds:

5.63%, 3/15/39

550 674,960

5.60%, 3/15/40

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950 1,181,971  
Port Authority of New York & New Jersey, RB, Consolidated, 159th Series, 6.04%, 12/01/29

385 486,694  
State of California, GO, Build America Bonds, Various Purpose:

7.55%, 4/01/39

140 211,474  
7.63%, 3/01/40

860 1,299,451  
State of Illinois, GO, Pension, 5.10%, 6/01/33

1,000 991,670  
University of California, RB, Build America Bonds, 5.95%, 5/15/45

445 565,453  
**Total Municipal Bonds 3.1%**  
12,743,807

**Non-Agency Mortgage-Backed Securities Par**  
**(000) Value**

**Collateralized Mortgage Obligations 1.3%**  
Banc of America Funding Corp., Series 2007-2, Class 1A2, 6.00%, 3/25/37

USD  
660 \$ 556,822  
Countrywide Alternative Loan Trust:

Series 2005-64CB, Class 1A15, 5.50%, 12/25/35

1,037 982,209  
Series 2006-OA21, Class A1, 0.35%, 3/20/47 (b)

675 546,760  
Countrywide Home Loan Mortgage Pass-Through Trust, Series 2006-OA5, Class 2A1, 0.36%, 4/25/46 (b)

281 234,968  
Credit Suisse Mortgage Capital Certificates, Series 2011-2R, Class 2A1, 2.61%, 7/27/36 (a)(b)

947 959,815  
GMAC Mortgage Corp. Loan Trust, Series 2005-AR3, Class 5A1, 5.06%, 6/19/35 (b)

553 557,069

GSR Mortgage Loan Trust:

Series 2006-4F, Class 1A1, 5.00%, 5/25/36

269 261,634

Series 2007-4F, Class 3A1, 6.00%, 7/25/37

442 402,073

Homebanc Mortgage Trust, Series 2006-2, Class A1, 0.34%, 12/25/36 (b)

455 400,434

JP Morgan Mortgage Trust, Series 2006-S3, Class 1A12, 6.50%, 8/25/36

161 143,803

Merrill Lynch Mortgage Investors, Inc., Series 2006-A3, Class 3A1, 2.71%, 5/25/36 (b)

535 439,681

5,485,268

**Commercial Mortgage-Backed Securities 12.5%**

Banc of America Merrill Lynch Commercial Mortgage Trust, Class A4:

Series 2007-1, 5.45%, 1/15/49

500 536,104

Series 2007-2, 5.78%, 4/10/49 (b)

750 818,490

Bear Stearns Commercial Mortgage Securities, Series 2005-PWR9, Class A4A, 4.87%, 9/11/42

663 681,893

Citigroup Commercial Mortgage Trust (b):

Series 2008-C7, Class A4, 6.34%, 12/10/49

1,370 1,518,126

Series 2013-GC15, Class B, 5.28%, 9/10/46

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3,590 3,980,118  
Series 2013-GC15, Class XA, 1.46%, 9/10/46

13,171 925,360  
Citigroup/Deutsche Bank Commercial Mortgage Trust, Series 2006-CD3, Class AM, 5.65%, 10/15/48

1,093 1,182,145  
Commercial Mortgage Trust:

Series 2006-C7, Class AM, 5.97%, 6/10/46 (b)

1,750 1,872,043  
Series 2013-CR11, Class B, 5.33%, 10/10/46 (b)

3,495 3,881,061  
Series 2013-CR11, Class C, 5.34%, 10/10/46 (a)(b)

3,260 3,514,371  
Series 2013-LC6, Class B, 3.74%, 1/10/46

695 699,949  
Series 2013-LC6, Class D, 4.43%, 1/10/46 (a)(b)

835 787,811  
Credit Suisse Commercial Mortgage Trust:

Series 2006-C3, Class AM, 6.00%, 6/15/38 (b)

1,000 1,072,522  
Series 2006-C5, Class AM, 5.34%, 12/15/39

1,750 1,881,647  
Series 2010-RR2, Class 2A, 6.10%, 9/15/39 (a)(b)

774 831,994  
Credit Suisse First Boston Mortgage Securities Corp., Series 2005-C3, Class AJ, 4.77%, 7/15/37

705 718,278



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DBRR Trust, Series 2011-C32, Class A3A, 5.93%, 6/17/49 (a)(b)

365 399,017

Greenwich Capital Commercial Funding Corp., Series 2006-GG7, Class A4, 6.01%, 7/10/38 (b)

1,128 1,201,678

GS Mortgage Securities Corp. II, Series 2013-GC10, Class B, 3.68%, 2/10/46 (a)

1,250 1,250,235

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Non-Agency Mortgage-Backed Securities Par  
(000) Value**

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

Hilton USA Trust, Series 2013- HLT, 4.41%, 11/05/30

USD

2,950 \$ 3,020,517

JPMBB Commercial Mortgage Securities Trust, Series 2013-C15, Class D, 5.25%, 11/15/45 (a)(b)

800 794,388

JPMorgan Chase Commercial Mortgage Securities Corp., Series 2004-LN2, Class A2, 5.12%, 7/15/41

105 105,659

JPMorgan Chase Commercial Mortgage Securities Trust, Series 2006-CB14, Class AM, 5.62%, 12/12/44 (b)

330 346,995

LB-UBS Commercial Mortgage Trust (b):

Series 2004-C8, Class C, 4.93%, 12/15/39

1,385 1,391,847

Series 2007-C6, Class A4, 5.86%, 7/15/40

4,898 5,209,629

Series 2007-C7, Class A3, 5.87%, 9/15/45

1,100 1,223,175

Morgan Stanley Capital I Trust, Series 2007-HQ11, Class A4, 5.45%, 2/12/44 (b)

4,000 4,327,020

RCMC LLC, Series 2012-CRE1, Class A, 5.62%, 11/15/44 (a)

663 682,854

Titan Europe PLC, Series 2007-1X, Class A, 0.81%, 1/20/17 (b)

GBP

1,607 2,535,060

Wachovia Bank Commercial Mortgage Trust, Series 2007-C33, Class A4, 6.14%, 2/15/51 (b)

USD

2,185 2,369,737

WF-RBS Commercial Mortgage Trust, Series 2012-C8:

Class B, 4.31%, 8/15/45

695 731,110

Class C, 5.04%, 8/15/45 (b)

895 958,596

51,449,429

**Interest Only Commercial Mortgage-Backed Securities 0.8%**

Morgan Stanley Bank of America Merrill Lynch Trust, Series 2012-C5, Class XA, 2.02%, 8/15/45 (a)(b)

15,528 1,369,235

WF-RBS Commercial Mortgage Trust, Class XA (a)(b):

Series 2012-C8, 2.38%, 8/15/45

5,942 650,086

Series 2012-C9, 2.39%, 11/15/45

10,526 1,236,526

3,255,847

**Total Non-Agency Mortgage-Backed Securities 14.6%**

60,190,544

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**Preferred Securities**

**Capital Trusts**

**Banks 0.7%**

BNP Paribas SA, 7.20% (a)(b)(g)

1,000 1,167,500

Wachovia Capital Trust III, 5.57% (b)(g)

1,025 1,004,500

Wells Fargo & Co., Series S, 5.90% (b)(g)

795 832,763

3,004,763

**Capital Markets 1.4%**

The Bank of New York Mellon Corp., Series D, 4.50% (b)(g)

4,198 3,935,625

Credit Suisse Group AG, 7.50%, (a)(b)(g)

1,500 1,627,500

State Street Capital Trust IV, 1.23%, 6/01/77 (b)

70 60,462

5,623,587

**Diversified Financial Services 4.5%**

Citigroup, Inc., (b)(g):

Series D, 5.35%

1,050 1,002,612

Series M, 6.30%

2,000 2,035,000

Credit Agricole SA, 7.88% (a)(b)(g)

1,000 1,078,750

General Electric Capital Corp., Series  
B, 6.25% (b)(g)

900 1,004,625

JPMorgan Chase & Co. (b)(g):

Series 1, 7.90%

3,500 3,871,875

Series Q, 5.15%

1,500 1,460,625  
Series U, 6.13%

500 511,250  
Series V, 5.00%

3,000 2,974,968  
**Preferred Securities Par**  
**(000) Value**  
**Diversified Financial Services (concluded)**  
Morgan Stanley, Series H, 5.45% (b)(g)

USD  
875 \$ 890,313  
Societe Generale SA (a)(b)(g):

6.00%

2,860 2,731,300  
7.88%

1,000 1,042,700

18,604,018  
**Electric Utilities 0.5%**

Electricite de France SA, 5.25% (a)(b)(g)

2,100 2,168,250  
**Insurance 3.2%**

The Allstate Corp. (b):  
5.75%, 8/15/53

1,000 1,070,000  
6.50%, 5/15/67

1,950 2,137,687  
American International Group, Inc., 8.18%, 5/15/68 (b)

970 1,336,175  
AXA SA, 6.46% (a)(b)(g)

1,025 1,087,781  
Genworth Holdings, Inc., 6.15%, 11/15/66 (b)

1,150 1,012,000  
Liberty Mutual Group, Inc., 7.00%, 3/15/67 (a)(b)

975 1,035,938  
Lincoln National Corp., 6.05%, 4/20/67 (b)

675 692,719  
Metlife Capital Trust IV, 7.88%, 12/15/67 (a)

640 817,600  
Swiss Re Capital I LP, 6.85% (a)(b)(g)

1,060 1,115,650  
Voya Financial, Inc., 5.65%, 5/15/53 (b)

2,250 2,289,375  
XL Group PLC, Series E, 6.50% (b)(g)

815 787,494

13,382,419  
**Total Capital Trusts 10.3%**

42,783,037

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## Preferred Stocks

**Shares**  
**Banks 1.2%**

U.S. Bancorp, 6.00% (b)(g)

150,000 4,108,500  
Wells Fargo & Co., 5.85% (b)(g)

37,500 977,625

5,086,125  
**Capital Markets 0.4%**

The Goldman Sachs Group, Inc., Series J,  
5.50% (b)(g)

46,000 1,126,080  
SCE Trust III, 5.75% (b)(g)

12,657 336,423

1,462,503  
**Total Preferred Stocks 1.6%**

6,548,628

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**Trust Preferred  
Banks 0.1%**

Citigroup Capital XIII, 7.88%, 10/30/40 (g)

14,773 399,912  
**Total Preferred Securities 12.0%**

49,731,577

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**U.S. Government Sponsored Agency Securities  
Par  
(000)**

**Agency Obligations 2.5%**

Fannie Mae (d):

0.00%, 10/09/19 (j)

USD

7,055 6,244,458

5.63%, 7/15/37

775 1,057,629

Federal Home Loan Bank (d):

5.25%, 12/09/22

675 813,789

5.37%, 9/09/24

1,075 1,318,743

Resolution Funding Corp., 0.00%, 7/15/18 10/15/18 (j)

1,050 989,331

10,423,950

See Notes to Financial Statements.

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

Schedule of Investments (continued)

|   | <b>Par<br/>(000)</b> | <b>Value</b>      |
|---|----------------------|-------------------|
| <b>U.S. Government Sponsored Agency Securities</b>                              |                      |                   |
| <b>Collateralized Mortgage Obligations 0.1%</b>                                 |                      |                   |
| Fannie Mae Mortgage-Backed Securities, Series 2005-5, Class PK, 5.00%, 12/25/34 | USD 257              | \$ 272,626        |
| <b>Commercial Mortgage-Backed Securities 0.7%</b>                               |                      |                   |
| Freddie Mac Mortgage-Backed Securities (b):                                     |                      |                   |
| Series 2013-K24, Class B, 3.62%, 11/25/45 (a)                                   | 1,750                | 1,728,745         |
| Series K013, Class A2, 3.97%, 1/25/21   | 940                  | 1,027,152         |
| Series 2012-K706, Class C, 4.16%, 11/25/44 (a)                                  | 165                  | 170,352           |
|   |                      | 2,926,249         |
| <b>Interest Only Collateralized Mortgage Obligations 1.8%</b>                   |                      |                   |
| Fannie Mae Mortgage-Backed Securities:  |                      |                   |
| Series 2012-96, Class DI, 4.00%, 2/25/27  | 6,075                | 670,295           |
| Series 2012-M9, Class X1, 4.23%, 12/25/17 (b)                                   | 12,417               | 1,336,478         |
| Series 2012-47, Class NI, 4.50%, 4/25/42  | 4,658                | 774,410           |
| Freddie Mac Mortgage-Backed Securities:   |                      |                   |
| Series K707, Class X1, 1.69%, 12/25/18 (b)                                      | 2,468                | 143,038           |
| Series K710, Class X1, 1.91%, 5/25/19 (b)                                       | 8,538                | 607,632           |
| Series 2611, Class QI, 5.50%, 9/15/32   | 828                  | 89,875            |
| Ginnie Mae Mortgage-Backed Securities (b):                                      |                      |                   |
| Series 2009-78, Class SD, 6.04%, 9/20/32  | 4,846                | 933,409           |
| Series 2009-116, Class KS, 6.32%, 12/16/39                                      | 2,369                | 367,790           |
| Series 2011-52, Class NS, 6.52%, 4/16/41  | 13,067               | 2,397,384         |
|   |                      | 7,320,311         |
| <b>Mortgage-Backed Securities 7.3%</b>  |                      |                   |
| Fannie Mae Mortgage-Backed Securities:  |                      |                   |
| 3.00%, 9/01/44 (k)  | 6,800                | 6,770,250         |
| 4.00%, 12/01/41 9/01/44 (k)   | 4,930                | 5,230,179         |
| 4.50%, 7/01/41 9/01/44 (k)  | 12,018               | 12,988,199        |
| 5.00%, 8/01/34  | 2,094                | 2,314,076         |
| 5.50%, 6/01/38  | 1,218                | 1,363,093         |
| 6.00%, 12/01/38   | 994                  | 1,122,586         |
| Freddie Mac Mortgage-Backed Securities, 6.00%, 10/1/14 12/1/18                  | 237                  | 246,041           |
| Ginnie Mae Mortgage-Backed Securities, 5.50%, 8/15/33                           | 63                   | 69,746            |
|   |                      | 30,104,170        |
| <b>Total U.S. Government Sponsored Agency Securities 12.4%</b>                  |                      | <b>51,047,306</b> |
| <b>U.S. Treasury Obligations Par</b>  |                      |                   |
| <b>(000) Value</b>  |                      |                   |
| U.S. Treasury Bonds (d):  |                      |                   |
| 8.13%, 8/15/21  |                      |                   |
| USD   |                      |                   |
| 1,550   | \$ 2,171,575         |                   |
| 6.13%, 8/15/29  |                      |                   |
| 5,000   | 7,135,155            |                   |

3.50%, 2/15/39

330 359,030  
4.25%, 5/15/39

3,045 3,722,037  
4.38%, 5/15/40

6,375 7,965,760  
4.75%, 2/15/41

1,630 2,158,477  
4.38%, 5/15/41

800 1,003,250  
3.13%, 11/15/41

9,930 10,078,950  
3.13%, 2/15/42

6,268 6,354,185  
3.00%, 5/15/42

2,730 2,699,287  
3.13%, 2/15/43

2,337 2,358,405  
3.75%, 11/15/43

1,065 1,205,113  
3.63%, 2/15/44

6,500 7,194,687  
U.S. Treasury Notes (d):

2.25%, 7/31/18

495 511,861  
1.75%, 5/15/22

156 151,759  
2.50%, 5/15/24

3,450 3,499,403  
**Total U.S. Treasury Obligations 14.2%**  
58,568,934  
**Total Long-Term Investments**  
**(Cost \$558,883,581) 144.4%**

595,493,553

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### Short-Term Securities

#### Shares

BlackRock Liquidity Funds, TempFund, Institutional Class, 0.03% (1)(m)

742,474 742,474  
**Total Short-Term Securities**  
**(Cost \$742,474) 0.2%**

742,474

---

### Options Purchased

**(Cost \$1,408,344) 0.2%**

954,199  
**Total Investments Before Options Written**  
**(Cost \$561,034,399) 144.8%**  
597,190,226

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### Options Written

**(Premiums Received \$3,343,622) (0.6)%**  
(2,580,908)  
**Total Investments, Net of Options Written 144.2%**  
594,609,318  
**Liabilities in Excess of Other Assets (44.2)%**

(182,530,906)

**Net Assets 100.0%**

\$412,078,412

**Notes to Schedule of Investments**

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>      | <b>Value</b>  | <b>Unrealized<br/>Appreciation</b> |
|--------------------------|---|------------------------------------|
| Morgan Stanley & Co. LLC | \$1,852,000   |                                    |
| (d)                      | All or a portion of security has been pledged as collateral in connection with outstanding reverse repurchase agreements.   |                                    |
| (e)                      | Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date. |                                    |
| (f)                      | Convertible security.   |                                    |
| (g)                      | Security is perpetual in nature and has no stated maturity date.  |                                    |
| (h)                      | Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.   |                                    |
| (i)                      | Non-income producing security.  |                                    |
| (j)                      | Zero-coupon bond.   |                                    |

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

Schedule of Investments (continued)

(k) Represents or includes a TBA transaction. Unsettled TBA transactions as of August 31, 2014 were as follows:

| Counterparty                       | Value       | Unrealized Appreciation |
|------------------------------------|-------------|-------------------------|
| Credit Suisse Securities (USA) LLC | \$6,770,250 | \$105,187               |
| Goldman Sachs & Co.                | \$2,114,388 | \$ 15,274               |
| J.P. Morgan Securities LLC         | \$9,180,000 | \$ 25,234               |

(l) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate  | Shares Held at August 31, 2013 | Net Activity | Shares Held at August 31, 2014 | Income  |
|--|--------------------------------|--------------|--------------------------------|---------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 5,335,491                      | (4,593,017)  | 742,474                        | \$1,865 |

(m) Represents the current yield as of report date.  
Reverse repurchase agreements outstanding as of August 31, 2014 were as follows:

| Counterparty                                | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Face Value | Face Value Including Accrued Interest |
|---|---------------|------------|----------------------------|------------|---------------------------------------|
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 0.11%         | 4/02/13    | Open                       | \$ 875,812 | \$ 877,052                            |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 0.11%         | 4/02/13    | Open                       | 1,097,844  | 1,099,397                             |
| BNP Paribas Securities Corp.                | 0.11%         | 4/03/13    | Open                       | 851,537    | 852,697                               |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 0.09%         | 4/25/13    | Open                       | 8,430,937  | 8,435,371                             |
| BNP Paribas Securities Corp.                | 0.04%         | 4/29/13    | Open                       | 1,039,000  | 1,039,318                             |
| BNP Paribas Securities Corp.                | 0.08%         | 4/29/13    | Open                       | 377,850    | 378,127                               |
| BNP Paribas Securities Corp.                | 0.34%         | 5/24/13    | Open                       | 1,342,000  | 1,347,894                             |
| Barclays Capital, Inc.                      | 0.60%         | 6/03/13    | Open                       | 3,258,750  | 3,283,408                             |
| Barclays Capital, Inc.                      | 0.35%         | 6/24/13    | Open                       | 3,334,398  | 3,348,467                             |
| BNP Paribas Securities Corp.                | 0.07%         | 6/24/13    | Open                       | 5,876,250  | 5,880,582                             |
| BNP Paribas Securities Corp.                | 0.34%         | 8/30/13    | Open                       | 3,569,000  | 3,580,326                             |
| BNP Paribas Securities Corp.                | 0.36%         | 8/30/13    | Open                       | 2,294,000  | 2,301,708                             |
| BNP Paribas Securities Corp.                | 0.36%         | 8/30/13    | Open                       | 871,000    | 873,927                               |
| BNP Paribas Securities Corp.                | 0.36%         | 8/30/13    | Open                       | 1,529,000  | 1,534,137                             |
| BNP Paribas Securities Corp.                | 0.35%         | 10/22/13   | Open                       | 4,540,900  | 4,554,718                             |
| Credit Suisse Securities (USA) LLC          | 0.35%         | 10/22/13   | Open                       | 2,125,413  | 2,131,880                             |
| UBS Securities LLC                          | 0.28%         | 2/10/14    | Open                       | 3,373,000  | 3,378,299                             |
| UBS Securities LLC                          | 0.32%         | 2/10/14    | Open                       | 2,369,000  | 2,373,254                             |
| UBS Securities LLC                          | 0.32%         | 2/10/14    | Open                       | 1,348,000  | 1,350,420                             |

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|   |                               |           |           |
|---|-------------------------------|-----------|-----------|
| UBS Securities LLC                          | 0.32% <sup>2</sup> /10/14Open | 2,289,000 | 2,293,110 |
| UBS Securities LLC                          | 0.32% <sup>2</sup> /10/14Open | 1,355,000 | 1,357,433 |
| UBS Securities LLC                          | 0.32% <sup>2</sup> /10/14Open | 1,416,000 | 1,418,542 |
| UBS Securities LLC                          | 0.33% <sup>2</sup> /10/14Open | 1,073,000 | 1,074,987 |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 1,233,000 | 1,235,352 |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 3,805,000 | 3,812,259 |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 1,410,000 | 1,412,690 |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 1,139,000 | 1,141,173 |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 827,000   | 828,578   |
| UBS Securities LLC                          | 0.34% <sup>2</sup> /10/14Open | 1,853,000 | 1,856,535 |
| UBS Securities LLC                          | 0.40% <sup>2</sup> /10/14Open | 496,000   | 497,113   |
| RBC Capital Markets, LLC                    | 0.11% <sup>3</sup> /13/14Open | 1,464,000 | 1,464,699 |
| Deutsche Bank Securities, Inc.              | 0.07% <sup>4</sup> /16/14Open | 2,000,000 | 2,000,527 |
| Deutsche Bank Securities, Inc.              | 0.11% <sup>4</sup> /16/14Open | 6,100,000 | 6,102,555 |
| Deutsche Bank Securities, Inc.              | 0.34% <sup>4</sup> /21/14Open | 1,896,000 | 1,898,369 |
| UBS Securities LLC                          | 0.32% <sup>5</sup> /13/14Open | 1,610,000 | 1,611,574 |
| UBS Securities LLC                          | 0.34% <sup>5</sup> /13/14Open | 1,172,000 | 1,173,218 |
| UBS Securities LLC                          | 0.34% <sup>5</sup> /13/14Open | 633,000   | 633,658   |
| UBS Securities LLC                          | 0.40% <sup>5</sup> /13/14Open | 3,880,000 | 3,884,742 |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 534,000   | 534,571   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 556,000   | 556,595   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 354,000   | 354,379   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 272,000   | 272,280   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 979,000   | 980,037   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 468,000   | 468,453   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 294,000   | 294,303   |
| Barclays Capital, Inc.                      | 0.35% <sup>5</sup> /14/14Open | 738,000   | 738,715   |
| BNP Paribas Securities Corp.                | 0.01% <sup>5</sup> /20/14Open | 7,043,750 | 7,044,971 |
| BNP Paribas Securities Corp.                | 0.08% <sup>5</sup> /20/14Open | 697,812   | 697,933   |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 0.05% <sup>6</sup> /11/14Open | 3,524,588 | 3,525,631 |

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

Schedule of Investments (continued)

Reverse repurchase agreements outstanding as of August 31, 2014 were as follows (concluded):

| Counterparty                       | Interest Rate | Trade Date | Maturity Date <sup>1</sup> | Face Value   | Face Value   | Face Value Including Accrued Interest |
|------------------------------------|---------------|------------|----------------------------|--------------|--------------|---------------------------------------|
| Barclays Capital, Inc.             | (1.75%)       | 07/14      | Open                       | \$ 1,102,710 | \$ 1,102,710 | \$ 1,099,065                          |
| Barclays Capital, Inc.             | 0.35%         | 07/26/14   | Open                       | 2,981,250    | 2,981,250    | 2,983,192                             |
| BNP Paribas Securities Corp.       | 0.08%         | 07/14      | Open                       | 9,483,150    | 9,483,150    | 9,488,186                             |
| BNP Paribas Securities Corp.       | 0.08%         | 07/14      | Open                       | 2,535,487    | 2,535,487    | 2,535,797                             |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 1,069,000    | 1,069,000    | 1,069,539                             |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 1,823,000    | 1,823,000    | 1,823,919                             |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 2,172,000    | 2,172,000    | 2,173,095                             |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 968,000      | 968,000      | 968,488                               |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 963,000      | 963,000      | 963,485                               |
| BNP Paribas Securities Corp.       | 0.33%         | 07/14      | Open                       | 1,884,000    | 1,884,000    | 1,884,950                             |
| BNP Paribas Securities Corp.       | 0.34%         | 07/14      | Open                       | 2,300,000    | 2,300,000    | 2,301,195                             |
| BNP Paribas Securities Corp.       | 0.34%         | 07/14      | Open                       | 490,000      | 490,000      | 490,255                               |
| BNP Paribas Securities Corp.       | 0.35%         | 07/14      | Open                       | 1,203,000    | 1,203,000    | 1,203,643                             |
| BNP Paribas Securities Corp.       | 0.35%         | 07/14      | Open                       | 834,000      | 834,000      | 834,446                               |
| BNP Paribas Securities Corp.       | 0.35%         | 07/14      | Open                       | 853,000      | 853,000      | 853,456                               |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 1,671,156    | 1,671,156    | 1,672,050                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 1,858,594    | 1,858,594    | 1,859,588                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 1,510,500    | 1,510,500    | 1,511,308                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 2,011,500    | 2,011,500    | 2,012,576                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 1,747,463    | 1,747,463    | 1,748,397                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 07/14      | Open                       | 3,373,625    | 3,373,625    | 3,375,429                             |
| BNP Paribas Securities Corp.       | 0.06%         | 08/14      | Open                       | 6,898,125    | 6,898,125    | 6,898,539                             |
| BNP Paribas Securities Corp.       | 0.09%         | 08/14      | Open                       | 1,147,537    | 1,147,537    | 1,147,710                             |
| BNP Paribas Securities Corp.       | 0.09%         | 08/14      | Open                       | 516,038      | 516,038      | 516,115                               |
| Credit Suisse Securities (USA) LLC | 0.09%         | 07/23/14   | Open                       | 2,225,000    | 2,225,000    | 2,225,217                             |
| Credit Suisse Securities (USA) LLC | (0.03%)       | 07/14      | Open                       | 3,497,438    | 3,497,438    | 3,497,385                             |
| Credit Suisse Securities (USA) LLC | 0.14%         | 07/12/14   | 09/11/14                   | 3,562,000    | 3,562,000    | 3,562,277                             |
| BNP Paribas Securities Corp.       | 0.18%         | 07/15/14   | 09/11/14                   | 1,089,000    | 1,089,000    | 1,089,093                             |
| Citigroup Global Markets, Inc.     | 0.16%         | 07/18/14   | 09/16/14                   | 6,726,000    | 6,726,000    | 6,726,418                             |

**Total** \$168,111,414 \$168,300,777

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts Purchased (Sold) | Issue | Exchange | Expiration | Notional Value | Unrealized Appreciation (Depreciation) |
|----------------------------|-------|----------|------------|----------------|--|
|----------------------------|-------|----------|------------|----------------|--|

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|              |                               |                        |               |                |                 |
|--------------|-------------------------------|------------------------|---------------|----------------|-----------------|
| 48           | 2-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014 | USD 10,514,250 | \$4,903         |
| 31           | Long U.S. Treasury Bond       | Chicago Board of Trade | December 2014 | USD 4,342,906  | 16,008          |
| 109          | Ultra Long U.S. Treasury Bond | Chicago Board of Trade | December 2014 | USD 16,949,500 | 130,137         |
| (129)        | 5-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014 | USD 15,329,836 | (19,218)        |
| (272)        | 10-Year U.S. Treasury Note    | Chicago Board of Trade | December 2014 | USD 34,212,500 | (99,118)        |
| <b>Total</b> |                               |                        |               |                | <b>\$32,712</b> |

Forward foreign currency exchange contracts outstanding as of August 31, 2014 were as follows:

| <b>Currency Purchased</b> | <b>Currency Sold</b> | <b>Counterparty</b>      | <b>Settlement Date</b> | <b>Unrealized Appreciation<br/>-(Depreciation)</b> |
|---------------------------|----------------------|--------------------------|------------------------|--|
| EUR 220,000               | USD 294,650          | Bank of America N.A.     | 10/21/14               | \$ (5,496 )  |
| USD 2,474,207             | EUR 1,829,000        | JPMorgan Chase Bank N.A. | 10/21/14               | 70,282   |
| USD 11,289,315            | GBP 6,607,000        | Bank of America N.A.     | 10/21/14               | 324,965  |
| <b>Total</b>              |                      |                          |                        | <b>\$ 389,751</b>                                  |

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

## Schedule of Investments (continued)

OTC interest rate swaptions purchased as of August 31, 2014 were as follows:

| Position           | Counterparty                | Put/<br>Call | Exercise<br>Rate | Pay/Receive<br>Exercise Rate | Floating Rate<br>Index | Expiration<br>Date | Notional<br>Amount<br>(000) | Market<br>Value |
|--------------------|-----------------------------|--------------|------------------|------------------------------|------------------------|--------------------|-----------------------------|-----------------|
| Interest Rate Swap | Credit Suisse International | Call         | 2.40%            | Receive                      | 3-month LIBOR          | 9/02/14            | USD 11,200                  | \$1,200         |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.30%            | Receive                      | 3-month LIBOR          | 5/22/17            | USD 4,400                   | 375             |
| Interest Rate Swap | Credit Suisse International | Put          | 3.45%            | Pay                          | 3-month LIBOR          | 9/02/14            | USD 67,100                  | 6,710           |
| Interest Rate Swap | Bank of America N.A.        | Put          | 0.60%            | Pay                          | 3-month LIBOR          | 10/02/14           | USD 11,850                  | 275             |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 4.55%            | Pay                          | 3-month LIBOR          | 4/25/17            | USD 10,400                  | 1,400           |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 4.60%            | Pay                          | 3-month LIBOR          | 4/28/17            | USD 10,400                  | 1,400           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.30%            | Pay                          | 3-month LIBOR          | 5/22/17            | USD 4,400                   | 1,400           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.50%            | Pay                          | 3-month LIBOR          | 5/22/18            | USD 6,000                   | 1,400           |

OTC interest rate swaptions written as of August 31, 2014 were as follows:

| Position           | Counterparty                | Put/<br>Call | Exercise<br>Rate | Pay/Receive<br>Exercise Rate | Floating Rate<br>Index | Expiration<br>Date | Notional<br>Amount<br>(000) | Market<br>Value |
|--------------------|-----------------------------|--------------|------------------|------------------------------|------------------------|--------------------|-----------------------------|-----------------|
| Interest Rate Swap | Credit Suisse International | Call         | 2.60%            | Pay                          | 3-month LIBOR          | 9/02/14            | USD 11,200                  | \$(10,000)      |
| Interest Rate Swap | Barclays Bank PLC           | Call         | 3.26%            | Pay                          | 3-month LIBOR          | 11/14/14           | USD 6,200                   | \$(380)         |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Call         | 3.25%            | Pay                          | 3-month LIBOR          | 11/14/14           | USD 6,200                   | \$(380)         |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 2.85%            | Pay                          | 3-month LIBOR          | 11/17/14           | USD 7,500                   | \$(210)         |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 2.80%            | Pay                          | 3-month LIBOR          | 2/10/15            | USD 2,700                   | \$(670)         |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Call         | 2.50%            | Pay                          | 3-month LIBOR          | 5/22/15            | USD 12,000                  | \$(1,500)       |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.10%            | Pay                          | 3-month LIBOR          | 2/26/16            | USD 6,000                   | \$(240)         |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.15%            | Pay                          | 3-month LIBOR          | 3/17/16            | USD 6,000                   | \$(250)         |
| Interest Rate Swap | Credit Suisse International | Put          | 3.10%            | Receive                      | 3-month LIBOR          | 9/02/14            | USD 11,200                  | 1,200           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 2.80%            | Receive                      | 3-month LIBOR          | 9/15/14            | USD 3,700                   | 410             |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.26%            | Receive                      | 3-month LIBOR          | 11/14/14           | USD 6,200                   | 1,900           |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 3.25%            | Receive                      | 3-month LIBOR          | 11/14/14           | USD 6,200                   | 2,000           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.70%            | Receive                      | 3-month LIBOR          | 11/17/14           | USD 7,500                   | 2,500           |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.15%            | Receive                      | 3-month LIBOR          | 11/24/14           | USD 5,000                   | 4,100           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.80%            | Receive                      | 3-month LIBOR          | 2/10/15            | USD 2,700                   | 1,400           |
| Interest Rate Swap | Bank of America N.A.        | Put          | 3.70%            | Receive                      | 3-month LIBOR          | 2/25/15            | USD 1,500                   | 1,400           |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 1,100                   | 2,500           |
| Interest Rate Swap | Citibank N.A.               | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 1,000                   | 2,200           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 900                     | 2,000           |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 3.50%            | Receive                      | 3-month LIBOR          | 5/22/15            | USD 12,000                  | 5,600           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.15%            | Receive                      | 3-month LIBOR          | 2/26/16            | USD 6,000                   | 4,400           |
| Interest Rate Swap | Citibank N.A.               | Put          | 4.15%            | Receive                      | 3-month LIBOR          | 2/29/16            | USD 6,000                   | 4,400           |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,700                   | 1,700           |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,600                   | 1,600           |
| Interest Rate Swap | Goldman Sachs Bank USA      | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,700                   | 1,700           |

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|                    |                          |     |       |         |               |         |            |     |
|--------------------|--------------------------|-----|-------|---------|---------------|---------|------------|-----|
| Interest Rate Swap | BNP Paribas S.A.         | Put | 4.10% | Receive | 3-month LIBOR | 4/25/16 | USD 3,600  | (35 |
| Interest Rate Swap | Citibank N.A.            | Put | 4.05% | Receive | 3-month LIBOR | 4/25/16 | USD 5,000  | (52 |
| Interest Rate Swap | Barclays Bank PLC        | Put | 4.05% | Receive | 3-month LIBOR | 4/25/17 | USD 8,500  | (19 |
| Interest Rate Swap | JPMorgan Chase Bank N.A. | Put | 4.10% | Receive | 3-month LIBOR | 4/28/17 | USD 8,500  | (18 |
| Interest Rate Swap | Deutsche Bank AG         | Put | 6.00% | Receive | 3-month LIBOR | 5/22/18 | USD 12,000 | (95 |

Centrally cleared interest rate swaps outstanding as of August 31, 2014 were as follows:

| Fixed Rate         | Floating Rate | Clearinghouse      | Effective Date        | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|--------------------|-----------------------|-----------------|-----------------------|--|
| 0.56% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 11/30/18        | USD 20,900            | \$ (45,712 )                           |
| 1.69% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 10/03/14 <sup>2</sup> | 11/30/18        | USD 10,200            | (35,979 )                              |
| 3.97% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 4/25/19 <sup>2</sup>  | 4/25/24         | USD 4,900             | (144,799 )                             |
| 2.77% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 4/29/24         | USD 400               | (10,851 )                              |
| 2.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 6/30/24         | USD 4,800             | 72,263                                 |
| 2.62% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/01/24         | USD 500               | 6,132                                  |
| 2.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/18/24         | USD 2,600             | (38,543 )                              |
| 2.59% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/22/24         | USD 2,300             | 21,390                                 |
| 2.62% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/24/24         | USD 3,100             | 36,045                                 |
| 2.63% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/07/24         | USD 1,000             | 12,859                                 |
| 2.59% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/08/24         | USD 1,000             | 9,133                                  |
| 2.59% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/08/24         | USD 1,000             | 8,815                                  |
| 2.58% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/11/24         | USD 500               | 4,151                                  |

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

## Schedule of Investments (continued)

Centrally cleared interest rate swaps outstanding as of August 31, 2014 were as follows (concluded):

| Fixed Rate         | Floating Rate | Clearinghouse      | Effective Date       | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|--------------------|----------------------|-----------------|-----------------------|--|
| 2.58% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | \$ 3,993                               |
| 2.57% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | 3,335                                  |
| 2.57% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | 3,403                                  |
| 2.55% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/12/24         | USD 500               | 2,506                                  |
| 2.55% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/12/24         | USD 500               | 2,596                                  |
| 2.56% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/22/24         | USD 4,200             | 26,140                                 |
| 2.55% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/27/24         | USD 4,800             | 22,372                                 |
| 2.49% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 9/02/24         | USD 500               | (2,635 )                               |
| 3.19% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 4/22/15 <sup>2</sup> | 4/22/25         | USD 2,400             | 102,245                                |
| 2.97% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 6/03/15 <sup>2</sup> | 6/03/25         | USD 1,100             | 21,179                                 |
| 3.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 2/27/44         | USD 2,500             | (299,000 )                             |
| 3.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 4/22/15 <sup>2</sup> | 4/22/45         | USD 1,100             | (110,336 )                             |
| 3.47% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 6/03/15 <sup>2</sup> | 6/03/45         | USD 500               | (29,810 )                              |
| <b>Total</b>       |               |                    |                      |                 |                       | \$ (359,108 )                          |

<sup>1</sup> Trust pays the fixed rate and receives the floating rate.<sup>2</sup> Forward swap.

OTC credit default swaps buy protection outstanding as of August 31, 2014 were as follows:

|  | Pay Fixed Rate | Counterparty      | Expiration Date | Notional Amount (000) | Market Value | Premiums Paid | Unrealized Depreciation |
|--|----------------|-------------------|-----------------|-----------------------|--------------|---------------|-------------------------|
| Group, Inc.                            | 5.00%          | Citibank N.A.     | 6/20/15         | USD 1,400             | \$(49,097)   | \$13,035      | \$(62,132)              |
| New York Times Co.                     | 1.00%          | Barclays Bank PLC | 12/20/16        | USD 1,800             | (19,418)     | 57,942        | (77,360)                |
| Bank of New Zealand Banking Group Ltd. | 1.00%          | Deutsche Bank AG  | 9/20/17         | USD 1                 | (12)         | 9             | (21)                    |
| Bank of America Corp.                  | 1.00%          | Deutsche Bank AG  | 9/20/17         | USD 1                 | (12)         | 10            | (22)                    |
|  |                |                   |                 |                       | \$(68,539)   | \$ 70,996     | \$(13,543)              |

OTC credit default swaps sold protection outstanding as of August 31, 2014 were as follows:

| Issuer        | Receive Fixed Rate | Counterparty                        | Expiration Date | Credit Rating <sup>3</sup> | Notional Amount (000) <sup>4</sup> | Market Value | Premiums Received | Unrealized Appreciation |
|---------------|--------------------|-------------------------------------|-----------------|----------------------------|------------------------------------|--------------|-------------------|-------------------------|
| MetLife, Inc. | 1.00%              | Morgan Stanley Capital Services LLC | 9/20/16         | A-                         | USD 900                            | \$14,483     | \$(30,429 )       | \$44,912                |
| MetLife, Inc. | 1.00%              | Deutsche Bank AG                    | 9/20/16         | A-                         | USD 730                            | 11,745       | (25,168 )         | 36,913                  |
| MetLife, Inc. | 1.00%              | Morgan Stanley Capital Services LLC | 9/20/16         | A-                         | USD 275                            | 4,425        | (8,292 )          | 12,717                  |
| MetLife, Inc. | 1.00%              | Goldman Sachs Bank USA              | 9/20/16         | A-                         | USD 500                            | 8,044        | (16,778 )         | 24,822                  |
| MetLife, Inc. | 1.00%              | Credit Suisse International         | 9/20/16         | A-                         | USD 535                            | 8,607        | (20,171 )         | 28,778                  |
| MetLife, Inc. | 1.00%              | Citibank N.A.                       | 12/20/16        | A-                         | USD 298                            | 5,130        | (9,981 )          | 15,111                  |
| MetLife, Inc. | 1.00%              | Citibank N.A.                       | 12/20/16        | A-                         | USD 285                            | 4,895        | (10,366 )         | 15,261                  |

**Total**

\$ 57,329 \$(121,185) \$ 178,514

<sup>3</sup>Using S&P's rating of the issuer.

<sup>4</sup>The maximum potential amount the Trust may pay should a negative credit event take place as defined under the terms of the agreement.

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

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

## Schedule of Investments (continued)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                            | Level 1             | Level 2               | Level 3              | Total                 |
|----------------------------|---------------------|-----------------------|----------------------|-----------------------|
| <b>Assets:</b>             |                     |                       |                      |                       |
| Investments:               |                     |                       |                      |                       |
| Long-Term Investments:     |                     |                       |                      |                       |
| Asset-Backed Securities    |                     | \$ 20,001,624         | \$ 6,755,839         | \$ 26,757,463         |
| Corporate Bonds            |                     | 320,243,902           | 8,777,320            | 329,021,222           |
| Foreign Agency Obligations |                     | 7,432,700             |                      | 7,432,700             |
| Municipal Bonds            |                     | 12,743,807            |                      | 12,743,807            |
| Non-Agency                 |                     |                       |                      |                       |
| Mortgage-Backed Securities |                     | 60,190,544            |                      | 60,190,544            |
| Preferred Securities       | \$ 6,948,540        | 42,783,037            |                      | 49,731,577            |
| U.S. Government Sponsored  |                     |                       |                      |                       |
| Agency Securities          |                     | 51,047,306            |                      | 51,047,306            |
| U.S. Treasury Obligations  |                     | 58,568,934            |                      | 58,568,934            |
| Short-Term Securities      | 742,474             |                       |                      | 742,474               |
| Options Purchased:         |                     |                       |                      |                       |
| Interest Rate Contracts    |                     | 954,199               |                      | 954,199               |
| <b>Total</b>               | <b>\$ 7,691,014</b> | <b>\$ 573,966,053</b> | <b>\$ 15,533,159</b> | <b>\$ 597,190,226</b> |

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

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1   | Level 2 | Level 3 | Total     |
|--|-----------|---------|---------|-----------|
| <b>Assets:</b>                                 |           |         |         |           |
| Cash   | \$ 38,897 |         |         | \$ 38,897 |
| Cash pledged for centrally cleared swaps       | 516,000   |         |         | 516,000   |
| Cash pledged as collateral for OTC derivatives | 1,200,000 |         |         | 1,200,000 |
| Cash pledged for financial futures contracts   | 122,000   |         |         | 122,000   |
| Foreign currency at value                      | 15,884    |         |         | 15,884    |
| <b>Liabilities:</b>                            |           |         |         |           |

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|  |                |                 |
|--|----------------|-----------------|
| Cash received as collateral for<br>reverse repurchase agreements | \$ (2,378,000) | (2,378,000)     |
| Reverse repurchase agreements                                    | (168,300,777)  | (168,300,777)   |
| <b>Total</b>   | \$ 1,892,781   | \$(168,785,996) |

There were no transfers between Level 1 and Level 2 during the year ended August 31, 2014.

See Notes to Financial Statements.

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## BlackRock Core Bond Trust (BHK)

## Schedule of Investments (concluded)

A reconciliation of Level 3 investments is presented when the Trust had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets.

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

|  | Common<br>Stocks | Asset-Backed<br>Securities | Corporate<br>Bonds | Total        |
|--|------------------|----------------------------|--------------------|--------------|
| <b>Assets:</b>   |                  |                            |                    |              |
| Opening Balance, as of August 31, 2013   | \$ 137,600       | \$10,951,144               | \$6,284,125        | \$17,372,869 |
| Transfers into Level 3   |                  |                            |                    |              |
| Transfers out of Level 3 <sup>1</sup>  |                  | (5,953,535)                |                    | (5,953,535)  |
| Accrued discounts/premiums   |                  | (314,613)                  |                    | (314,613)    |
| Net realized gain  |                  | 46,225                     |                    | 46,225       |
| Net change in unrealized appreciation/depreciation <sup>2,3</sup>  | (137,600)        | 254,774                    | 228,086            | 345,260      |
| Purchases  |                  | 6,242,847                  | 2,265,109          | 8,507,956    |
| Sales  |                  | (4,471,003)                |                    | (4,471,003)  |
| <b>Closing Balance, as of August 31, 2014</b>  |                  | \$ 6,755,839               | \$8,777,320        | \$15,533,159 |
| Net change in unrealized appreciation/depreciation on investments still held at August 31, 2014 <sup>3</sup> |                  | \$ 254,380                 | \$ 228,086         | \$ 482,466   |

As of August 31, 2013, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2014, the Trust used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$5,953,535 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>2</sup>Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations.

Any difference between Net change in unrealized appreciation/depreciation and Net change in unrealized

<sup>3</sup>appreciation/depreciation on investments held as of August 31, 2014 is generally due to investments no longer held or categorized as Level 3 at period end.

The Trust's investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information could result in a significantly lower or higher value of such Level 3 instruments.

See Notes to Financial Statements.

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

Consolidated Schedule of Investments August 31, 2014

**Common Stocks**

**Shares Value**

**Auto Components 1.2%**

The Goodyear Tire & Rubber Co.

792,356 \$ 20,577,485

Lear Corp.

1,032 104,366

20,681,851

**Banks 0.5%**

Citigroup, Inc.

161,430 8,337,859

**Capital Markets 2.1%**

American Capital Ltd. (a)

1,875,455 29,050,798

E\*Trade Financial Corp. (a)

246,100 5,478,186

Uranium Participation Corp. (a)

176,860 852,337

35,381,321

**Chemicals 0.8%**

Advanced Emissions Solutions, Inc. (a)

168,580 3,673,358

Huntsman Corp.



373,192 10,035,133  
LyondellBasell Industries NV, Class A

38 4,345

13,712,836  
**Communications Equipment 0.4%**

Nokia OYJ ADR

877,870 7,347,772  
**Containers & Packaging 0.0%**

Smurfit Kappa Group PLC

12,980 293,722  
**Diversified Consumer Services 0.4%**

Cengage Thomson Learning (a)

211,142 6,686,234  
**Diversified Financial Services 2.4%**

Ally Financial, Inc.

1,101,275 27,091,365  
Ally Financial, Inc. (a)

142,289 3,500,309  
Kcad Holdings I Ltd. (a)

1,563,279,160 10,677,197

41,268,871  
**Diversified Telecommunication Services 0.3%**  
Broadview Networks Holdings, Inc. (a)

192,400 394,419

Level 3 Communications, Inc. (a)

115,920 5,211,763

5,606,182

**Electrical Equipment 0.0%**

Medis Technologies Ltd. (a)

365,353 4

**Energy Equipment & Services 0.7%**

Laricina Energy Ltd. (a)(b)

211,764 6,787,433

Osum Oil Sands Corp. (a)(b)

400,000 4,863,423

11,650,856

**Health Care Providers & Services 0.0%**

HealthSouth Corp.

1,468 57,825

**Insurance 1.1%**

American International Group, Inc.

316,865 17,763,452

**Media 0.0%**

Clear Channel Outdoor Holdings, Inc., Class A

47,653 330,712

**Metals & Mining 0.1%**

African Minerals Ltd. (a)

225,302 115,218

Peninsula Energy Ltd. (a)

39,828,291 892,743

1,007,961

**Oil, Gas & Consumable Fuels 1.2%**

African Petroleum Corp. Ltd. (a)

331,833 52,686

General Maritime Corp.

953,381 17,637,548

Seven Generations Energy Ltd. (a)(b)

108,000 2,483,215

20,173,449

**Paper & Forest Products 0.5%**

Ainsworth Lumber Co. Ltd. (a)

2,147,503 5,354,383

Ainsworth Lumber Co. Ltd. (a)(c)

614,940 1,532,684

Western Forest Products, Inc.

621,145 1,392,959

8,280,026

**Semiconductors & Semiconductor Equipment 0.0%**

SunPower Corp. (a)

1,025 39,176

**Software 0.7%**

Amaya Gaming Group, Inc.

312,745 8,273,088  
HMH Holdings/EduMedia (a)

206,188 3,958,809

12,231,897

**Common Stocks**

**Shares Value**

**Trading Companies & Distributors 0.2%**

HD Supply Holdings, Inc. (a)

115,400 \$ 3,204,658

**Total Common Stocks 12.6%**

214,056,664

---

**Asset-Backed Securities**

**Par  
(000)**

Adams Mill CLO Ltd., Series 2014-1A, Class D1, 3.70%, 7/15/26 (c)(d)

USD

500 475,900

ALM Loan Funding, Series 2013-7RA (c)(d):

Class C, 3.68%, 4/24/24

2,840 2,714,705

Class D, 5.23%, 4/24/24

2,360 2,192,785

ALM XIV Ltd., Series 2014-14A (c)(d):

Class B, 3.18%, 7/28/26

1,069 1,052,914

Class C, 3.68%, 7/28/26

750 711,900

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ALM XIV, Ltd., Series 2014-14A, Class D, 5.08%, 7/28/26 (c)(d)

250 226,850

Apidos CLO XVIII, Series 2014-18A, Class C, 3.88%, 7/22/26 (c)(d)

550 534,160

Atlas Senior Loan Fund V, Ltd., Series 2014-1A (c)(d):

Class C, 3.26%, 7/16/26

250 246,281

Atlas Senior Loan Fund V, Ltd., Series 2014-1A (c)(d):

Class D, 3.71%, 7/16/26

250 232,497

Avalon IV Capital, Ltd., Series 2012-1AR, Class CR, 3.08%, 4/17/23 (c)(d)

850 850,425

Benefit Street Partners CLO, Ltd., Series 2014-IVA, Class C, 3.68%, 7/20/26 (c)(d)

500 467,857

Carlyle Global Market Strategies CLO 2012-2, Ltd., Series 2012-2AR, Class ER, 6.33%, 7/20/23 (c)(d)

580 575,531

Cedar Funding, Ltd., Series 2014-3A (c)(d):

Class C, 3.03%, 5/20/26

800 784,000

Class D, 3.78%, 5/20/26

535 511,246

CIFC Funding 2014-II, Ltd., Series 2014-2A, Class A3L, 3.10%, 5/24/26 (c)(d)

500 487,923

CIFC Funding Ltd., Series 2014-3A (c)(d):

Class C1, 2.95%, 7/22/26

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500 484,898  
Class D, 3.55%, 7/22/26

250 233,817  
Galaxy CLO Ltd., Series 2014-18A, Class C1, 3.23%, 10/15/26 (c)(d)

500 490,000  
Gramercy Park CLO, Ltd., Series 2012-1AR, Class DR, 5.73%, 7/17/23 (c)(d)

500 494,776  
Jamestown CLO IV Ltd., Series 2014-4A, Class C, 3.73%, 7/15/26 (c)(d)

250 235,334  
LCM X LP, Series 10AR, Class ER, 5.73%, 4/15/22 (c)(d)

1,000 981,918  
Madison Park Funding, Ltd. (c)(d):  
3.83%, 7/20/26

500 476,927  
Series 2012-8AR, Class CR, 3.03%, 4/22/22

500 500,000  
Series 2012-8AR, Class DR, 4.08%, 4/22/22

250 250,000  
Neuberger Berman CLO XVII, Ltd., Series 2014-17A, Class D, 3.78%, 8/04/25 (c)(d)

500 473,850  
Octagon Investment Partners XII, Ltd., Series 2012-1AR, Class ER, 5.74%, 5/05/23 (c)(d)

1,200 1,191,359  
Octagon Investment Partners XX, Ltd., Series 2014-1A (c)(d):  
Class D, 3.89%, 8/12/26

250 239,975  
Class E, 5.49%, 8/12/26

250 233,150  
Palmer Square CLO, Ltd., Series 2014-1A (c)(d):

Class B, 2.82%, 10/17/22

1,100 1,074,330  
Class C, 4.12%, 10/17/22

845 832,468  
Class D, 6.02%, 10/17/22

590 584,247  
Steele Creek CLO 2014-1, Ltd., Series 2014-1A, Class B, 2.48%, 8/21/26 (c)(d)

500 493,600  
TICP CLO II, Ltd., Series 2014-2A, Class A1A, 1.68%, 7/20/26 (c)(d)

1,000 994,777

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Asset-Backed Securities Par**  
**(000) Value**

Venture CDO, Ltd., Series 2014-17A, Class C, 3.13%, 7/15/26 (c)(d)

USD

500 \$ 486,603

Venture XIII CLO, Ltd., Series 2013-13A, Class D, 3.78%, 6/10/25 (c)(d)

1,000 945,555

Washington Mill CLO, Ltd., Series 2014-1A (c)(d):

Class C, 3.23%, 4/20/26

515 510,475

Class D, 3.68%, 4/20/26

660 618,817

WhiteHorse IX, Ltd., Series 2014-9A, Class C, 2.92%, 7/17/26 (c)(d)

250 239,291

WhiteHorse, Ltd., Series 2014-1A, Class C, 2.99%, 5/01/26 (c)(d)

680 654,221

**Total Asset-Backed Securities 1.5%**

25,785,362

**Corporate Bonds**

**Aerospace & Defense 1.4%**

B/E Aerospace, Inc., 5.25%, 4/01/22

410 443,825

CTP Transportation Products LLC/CTP Finance, Inc., 8.25%, 12/15/19 (c)

1,095 1,179,863

Huntington Ingalls Industries, Inc.:



6.88%, 3/15/18

1,015 1,072,094  
7.13%, 3/15/21

1,405 1,527,937  
Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (c)

1,140 1,242,600  
TransDigm, Inc.:

5.50%, 10/15/20

2,490 2,490,000  
6.00%, 7/15/22 (c)

9,680 9,849,400  
6.50%, 7/15/24 (c)

6,048 6,199,200

24,004,919  
**Air Freight & Logistics 0.3%**

CEVA Group PLC, 9.00%, 9/01/21 (c)

844 852,440  
National Air Cargo Group, Inc.:

12.38%, 8/16/15

1,174 1,174,016  
12.38%, 9/02/15

1,155 1,155,408  
XPO Logistics, Inc., 7.88%, 9/01/19 (c)

1,400 1,456,000

4,637,864

**Airlines 2.8%**

American Airlines Pass-Through Trust, Series 2013-2, Class C, 6.00%, 1/15/17 (c)

6,420 6,644,700

Continental Airlines Pass-Through Trust:

Series 1997-4, Class B, 6.90%, 7/28/18

333 351,015

Series 2012-3, Class C, 6.13%, 4/29/18

5,145 5,453,700

Delta Air Lines Pass-Through Trust, Class B:

Series 2009-1, 9.75%, 6/07/18

864 977,172

Series 2010-1, 6.38%, 7/02/17 (c)

2,647 2,805,820

US Airways Pass-Through Trust:

Series 2011-1, Class C, 10.88%, 10/22/14

1,449 1,470,877

Series 2012-1, Class C, 9.13%, 10/01/15

1,634 1,723,353

Series 2012-2, Class C, 5.45%, 6/03/18

5,720 5,820,100

Series 2013-1, Class B, 5.38%, 11/15/21

5,255 5,425,788

Virgin Australia Trust, Series 2013-1 (c):

Class C, 7.13%, 10/23/18

8,395 8,772,804  
Class D, 8.50%, 10/23/16

8,036 8,376,502

47,821,831  
**Auto Components 2.5%**

Affinia Group, Inc., 7.75%, 5/01/21

3,109 3,202,270  
Autodis SA, 6.50%, 2/01/19

EUR  
265 364,096  
Brighthouse Group PLC, 7.88%, 5/15/18

GBP  
400 698,923  
CNH Industrial Finance Europe SA, 2.75%, 3/18/19

EUR  
1,527 2,028,251  
Dana Holding Corp., 6.75%, 2/15/21

USD  
200 213,500  
Delphi Corp., 6.13%, 5/15/21

420 464,100  
Icahn Enterprises LP/Icahn Enterprises Finance Corp.:  
3.50%, 3/15/17

352 354,200  
4.88%, 3/15/19

8,850 9,093,375  
6.00%, 8/01/20

2,973 3,173,678  
5.88%, 2/01/22

2,797 2,915,873

**Corporate Bonds Par  
(000) Value**

**Auto Components (concluded)**

IDQ Holdings, Inc., 11.50%, 4/01/17 (c)

USD

2,155 \$ 2,348,950

Rhino Bondco SpA, 7.25%, 11/15/20

EUR

490 684,397

Schaeffler Holding Finance BV:

2.75%, 5/15/19

2,035 2,680,979

(6.88% Cash or 7.63% PIK), 6.88%,  
8/15/18 (c)(e)

USD

2,400 2,529,000

(6.88% Cash), 6.88%, 8/15/18 (e)

EUR

1,660 2,298,939

Servus Luxembourg Holding SCA, 7.75%, 6/15/18

706 989,775

Titan International, Inc., 6.88%, 10/01/20

USD

2,505 2,517,525

UCI International, Inc., 8.63%, 2/15/19

7,080 6,761,400

43,319,231

**Automobiles 1.2%**

Chrysler Group LLC/CG Co-Issuer, Inc., Term Loan, 8.25%, 6/15/21

2,920 3,263,100  
Ford Motor Co., 4.25%, 11/15/16 (f)

160 323,800  
General Motors Co.:

4.88%, 10/02/23

940 1,005,800  
6.25%, 10/02/43

7,410 8,688,225  
Jaguar Land Rover Automotive PLC:

8.25%, 3/15/20

GBP  
2,269 4,181,238  
5.00%, 2/15/22

1,555 2,600,896

20,063,059  
**Banks 1.2%**

Banco Bilbao Vizcaya Argentaria SA, 7.00% (d)(g)

EUR  
1,000 1,379,647  
Banco Espirito Santo SA:

4.75%, 1/15/18

1,900 2,504,978  
4.00%, 1/21/19

100 129,255  
CIT Group, Inc.:

5.25%, 3/15/18

USD  
4,320 4,611,600

6.63%, 4/01/18 (c)

1,400 1,561,000  
5.50%, 2/15/19 (c)

6,919 7,463,871  
6.00%, 4/01/36

2,800 2,814,000  
HSH Nordbank AG, 1.00%, 2/14/17 (d)

EUR  
608 651,105

21,115,456  
**Beverages 0.1%**

Hydra Dutch Holdings 2BV, 5.70%, 4/15/19 (d)

1,355 1,753,696  
**Biotechnology 0.2%**

Laba Royalty Sub LLC, 9.00%, 5/15/29 (c)

USD  
2,630 2,656,300  
**Building Products 1.5%**

American Builders & Contractors Supply Co., Inc., 5.63%, 4/15/21 (c)

1,715 1,745,013  
BMBG Bond Finance SCA, 5.20%, 10/15/20 (d)

EUR  
1,020 1,358,456  
Builders FirstSource, Inc., 7.63%, 6/01/21 (c)

USD  
2,058 2,150,610  
Building Materials Corp. of America, 6.75%, 5/01/21 (c)

2,490 2,670,525  
Cemex Finance LLC, 6.00%, 4/01/24 (c)

3,295 3,426,800  
Cemex SAB de CV, 5.88%, 3/25/19 (c)

1,335 1,398,413  
CPG Merger Sub LLC, 8.00%, 10/01/21 (c)

3,590 3,769,500  
Momentive Performance Materials, Inc., 8.88%, 10/15/20 (a)(h)

1,068 1,001,250  
Ply Gem Industries, Inc., 6.50%, 2/01/22 (c)

3,550 3,514,500  
USG Corp., 9.75%, 1/15/18

3,935 4,633,462

25,668,529  
**Capital Markets 1.4%**

American Capital Ltd., 6.50%, 9/15/18 (c)

3,840 4,032,000  
Blackstone CQP Holdco LP, 9.30%, 3/18/19

16,121 16,443,093  
E\*Trade Financial Corp. (f)(i):

0.00%, 8/31/19 (c)

1,206 2,604,206  
Series A, 0.00%, 8/31/19

373 805,447

23,884,746

**Chemicals 1.4%**

Axalta Coating Systems US Holdings, Inc./Axalta Coating Systems Dutch Holding BV:

5.75%, 2/01/21

EUR

500 696,393

7.38%, 5/01/21 (c)

USD

1,760 1,918,400

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**  
**Chemicals (concluded)**

Axiall Corp., 4.88%, 5/15/23

USD

629 \$ 629,786

Basell Finance Co. BV, 8.10%, 3/15/27 (c)

2,115 2,876,174

Celanese US Holdings LLC:

5.88%, 6/15/21

1,848 2,028,180

4.63%, 11/15/22

1,565 1,592,387

Huntsman International LLC:

8.63%, 3/15/21

945 1,037,138

5.13%, 4/15/21

EUR

1,779 2,453,224

INEOS Finance PLC, 8.38%, 2/15/19 (c)

USD

100 108,500

INEOS Group Holdings SA:

6.13%, 8/15/18 (c)

2,125 2,194,062

6.50%, 8/15/18

EUR

378 517,265

5.75%, 2/15/19

506 684,804  
LSB Industries, Inc., 7.75%, 8/01/19

USD  
1,313 1,434,453  
Montichem Holdco SA, 5.25%, 6/15/21

EUR  
311 414,053  
Nexeo Solutions LLC/Nexeo Solutions Finance Corp., 8.38%, 3/01/18

USD  
510 512,550  
PetroLogistics LP/PetroLogistics Finance Corp., 6.25%, 4/01/20

811 894,128  
PolyOne Corp.:  
7.38%, 9/15/20

1,205 1,298,388  
5.25%, 3/15/23

1,506 1,554,945  
Rockwood Specialties Group, Inc., 4.63%, 10/15/20

1,596 1,659,840

24,504,670  
**Commercial Services & Supplies 3.0%**  
AA Bond Co., Ltd., 9.50%, 7/31/19

GBP  
996 1,834,983  
ADS Waste Holdings, Inc., 8.25%, 10/01/20

USD  
1,546 1,646,490  
ARAMARK Corp., 5.75%, 3/15/20

3,608 3,779,380  
Aviation Capital Group Corp., 6.75%, 4/06/21 (c)

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3,002 3,391,597  
AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (c)

649 664,815  
Bilbao Luxembourg SA, (10.5% Cash or 11.25% PIK), 10.50%, 12/01/18 (e)

EUR  
400 568,809  
Brand Energy & Infrastructure Services, Inc., 8.50%, 12/01/21 (c)

USD  
3,057 3,179,280  
Covanta Holding Corp.:

6.38%, 10/01/22

2,970 3,185,325  
5.88%, 3/01/24

1,180 1,221,300  
Jurassic Holdings III, Inc., 6.88%, 2/15/21 (c)

2,738 2,799,605  
Mobile Mini, Inc., 7.88%, 12/01/20

2,040 2,203,200  
Mustang Merger Corp., 8.50%, 8/15/21 (c)

2,688 2,829,120  
United Rentals North America, Inc.:

7.38%, 5/15/20

1,890 2,060,100  
8.25%, 2/01/21

2,168 2,384,800  
7.63%, 4/15/22

9,095 10,209,137  
6.13%, 6/15/23

1,055 1,126,212  
5.75%, 11/15/24

5,256 5,505,660  
Verisure Holding AB:

8.75%, 9/01/18

EUR  
790 1,105,533  
8.75%, 12/01/18

673 943,536

50,638,882  
**Communications Equipment 2.1%**  
Alcatel-Lucent USA, Inc.:

4.63%, 7/01/17 (c)

USD  
1,735 1,761,025  
6.75%, 11/15/20 (c)

3,755 3,970,912  
6.45%, 3/15/29

4,078 3,986,245  
Avaya, Inc. (c):

7.00%, 4/01/19

1,505 1,497,475  
10.50%, 3/01/21

1,355 1,243,213  
CommScope, Inc. (c):

5.00%, 6/15/21

1,475 1,497,125  
5.50%, 6/15/24

1,413 1,437,727  
Nokia OYJ, 5.00%, 10/26/17 (f)

EUR  
800 2,798,398  
Zayo Group LLC/Zayo Capital, Inc.:

8.13%, 1/01/20

USD  
5,725 6,175,844  
10.13%, 7/01/20

9,470 10,772,125

35,140,089

**Corporate Bonds Par  
(000) Value**

**Construction & Engineering 0.8%**  
Aldesa Financial Services SA, 7.25%, 4/01/21

EUR  
960 \$ 1,290,051  
Astaldi SpA, 7.13%, 12/01/20

2,654 3,752,322  
BlueLine Rental Finance Corp., 7.00%, 2/01/19 (c)

USD  
1,032 1,091,340  
H&E Equipment Services, Inc., 7.00%, 9/01/22

2,462 2,689,735  
Novafives SAS:

4.21%, 6/30/20 (d)

EUR  
455 600,537  
4.50%, 6/30/21

320 426,561  
Safway Group Holding LLC/Safway Finance Corp., 7.00%, 5/15/18 (c)

USD  
2,852 3,001,730  
Weekley Homes LLC/Weekley Finance Corp., 6.00%, 2/01/23

862 853,380

13,705,656  
**Construction Materials 2.4%**

HD Supply, Inc.:

8.13%, 4/15/19

13,109 14,288,810  
11.00%, 4/15/20

9,123 10,559,872  
7.50%, 7/15/20

12,975 13,948,125  
Kerneos Tech Group SAS:

4.92%, 3/01/21 (d)

EUR  
194 257,989  
5.75%, 3/01/21

262 358,025  
Officine MaccaFerri SpA, 5.75%, 6/01/21

780 1,040,767

40,453,588  
**Consumer Finance 0.3%**

Ford Motor Credit Co. LLC:

12.00%, 5/15/15

USD

1,120 1,207,972

6.63%, 8/15/17

361 412,299

8.13%, 1/15/20

500 634,775

IVS F. SpA, 7.13%, 4/01/20

EUR

1,260 1,771,600

Springleaf Finance Corp.:

6.90%, 12/15/17

USD

315 344,137

7.75%, 10/01/21

297 337,095

8.25%, 10/01/23

539 623,892

5,331,770

**Containers & Packaging 1.5%**

Ardagh Packaging Finance PLC/Ardagh Holdings USA, Inc.:

6.25%, 1/31/19 (c)

1,504 1,519,040

6.00%, 6/30/21 (c)

1,825 1,806,750

4.25%, 1/15/22

EUR

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1,855 2,406,910  
Ball Corp., 4.00%, 11/15/23

USD

1,129 1,081,017  
Beverage Packaging Holdings Luxembourg II SA (c):

5.63%, 12/15/16

2,113 2,149,977  
6.00%, 6/15/17

2,137 2,169,055  
Crown Americas LLC/Crown Americas Capital Corp. III, 6.25%, 2/01/21

93 99,278  
Crown European Holdings SA, 4.00%, 7/15/22

EUR

1,325 1,802,789  
Graphic Packaging International, Inc., 7.88%, 10/01/18

USD

2,080 2,168,400  
Metsa Board OYJ, 4.00%, 3/13/19

EUR

550 750,669  
OI European Group BV, 4.88%, 3/31/21

1,057 1,496,356  
Pactiv LLC:

7.95%, 12/15/25

USD

4,267 4,597,692  
8.38%, 4/15/27

553 595,858  
SGD Group SAS, 5.63%, 5/15/19

EUR

405 540,206  
Tekni-Plex, Inc., 9.75%, 6/01/19 (c)



USD

1,907 2,092,932

25,276,929

**Distributors 0.4%**

VWR Funding, Inc., 7.25%, 9/15/17

6,554 6,914,470

**Diversified Consumer Services 0.5%**

APX Group, Inc.:

6.38%, 12/01/19

580 588,700

8.75%, 12/01/20

599 596,005

Garda World Security Corp., 7.25%, 11/15/21 (c)

702 718,673

Laureate Education, Inc., 9.25%, 9/01/19 (c)

5,935 6,083,375

7,986,753

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par  
(000) Value**

**Diversified Financial Services 4.7%**

Aircastle Ltd., 6.25%, 12/01/19

USD

1,795 \$ 1,943,088

Ally Financial, Inc.:

7.50%, 9/15/20

1,141 1,364,921

8.00%, 11/01/31

20,980 27,136,117

CE Energy AS, 7.00%, 2/01/21

EUR

745 1,016,825

Co-Operative Group Holdings, 6.88%, 7/08/20 (j)

GBP

730 1,293,714

DFC Finance Corp., 10.50%, 6/15/20 (c)

USD

2,745 2,782,744

Ford Motor Credit Co. LLC, 5.88%, 8/02/21

200 235,032

Gala Group Finance PLC, 8.88%, 9/01/18

GBP

2,417 4,254,283

Jarden Corp., 1.88%, 9/15/18 (f)

USD

100 137,875

Jefferies Finance LLC/JFIN Co-Issuer Corp. (c):

7.38%, 4/01/20

3,410 3,563,450

6.88%, 4/15/22

2,987 2,994,467  
JPMorgan Chase & Co., 6.75% (d)(g)

5,674 6,092,457  
Lehman Brother Holding Escrow, 1.00%, 9/22/18

430 86,000  
Lehman Brothers Holdings, Inc.:

5.38%, 10/17/14

EUR  
350 94,276  
4.75%, 1/16/15

1,890 509,090  
1.00%, 2/05/15

3,950 1,012,070  
1.00%, 12/31/49

USD  
1,535 307,000  
Leucadia National Corp., 8.13%, 9/15/15

4,503 4,801,324  
Reynolds Group Issuer, Inc.:

7.13%, 4/15/19

2,140 2,222,925  
9.00%, 4/15/19

3,405 3,575,250  
7.88%, 8/15/19

728 788,060  
9.88%, 8/15/19

3,015 3,342,881

5.75%, 10/15/20

9,982 10,431,190  
8.25%, 2/15/21

631 688,579

80,673,618  
**Diversified Telecommunication Services 3.7%**  
CenturyLink, Inc.:

6.45%, 6/15/21

1,125 1,231,875  
Series V, 5.63%, 4/01/20

5,420 5,731,650  
Cequel Communications Holdings I LLC/Cequel Capital Corp., 5.13%, 12/15/21 (c)

2,350 2,329,437  
Consolidated Communications Finance Co., 10.88%, 6/01/20

1,915 2,211,825  
Frontier Communications Corp., 8.50%, 4/15/20

2,900 3,371,250  
Level 3 Communications, Inc., 8.88%, 6/01/19

1,780 1,922,400  
Level 3 Financing, Inc.:

8.13%, 7/01/19

7,665 8,297,362  
7.00%, 6/01/20

2,395 2,580,612  
8.63%, 7/15/20

8,235 9,120,262  
Telecom Italia SpA:

6.13%, 11/15/16 (f)

EUR  
1,600 2,500,710  
6.38%, 6/24/19

GBP  
900 1,623,047  
4.88%, 9/25/20

EUR  
870 1,254,350  
4.50%, 1/25/21

1,350 1,911,606  
5.88%, 5/19/23

GBP  
1,900 3,317,855  
Telefonica SA, Series TIT, 6.00%, 7/24/17 (f)

EUR  
900 1,208,926  
Telenet Finance V Luxembourg SCA:

6.25%, 8/15/22

1,362 1,941,716  
6.75%, 8/15/24

1,982 2,912,826  
tw telecom holdings, Inc., 5.38%, 10/01/22

USD  
4,630 5,035,125  
Windstream Corp.:

7.75%, 10/15/20

1,648 1,775,720  
7.75%, 10/01/21

1,720 1,874,800  
6.38%, 8/01/23

315 315,788

62,469,142  
**Electric Utilities 0.4%**

Homer City Generation LP (e):

8.14%, 10/01/19

850 909,500  
8.73%, 10/01/26

2,165 2,294,900  
Miran Mid-Atlantic Pass Through Trust:

Series B, 9.13%, 6/30/17

989 1,065,641  
Series C, 10.06%, 12/30/28

2,237 2,513,806

6,783,847

**Corporate Bonds Par**  
**(000) Value**  
**Electrical Equipment 0.3%**

Belden, Inc., 5.50%, 4/15/23

EUR

600 \$ 821,876  
International Wire Group Holdings, Inc., 8.50%, 10/15/17 (c)

USD

1,421 1,531,127  
Rexel SA, 5.25%, 6/15/20 (c)

205 209,100  
Techem Energy Metering Service GmbH & Co., 7.88%, 10/01/20

EUR  
210 306,282  
Trionista Holdco GmbH, 5.00%, 4/30/20

EUR  
1,511 2,058,885  
Trionista TopCo GmbH, 6.88%, 4/30/21

418 587,677

5,514,947  
**Electronic Equipment, Instruments & Components 0.1%**  
CDW LLC/CDW Finance Corp., 8.50%, 4/01/19

USD  
102 109,650  
Jabil Circuit, Inc., 8.25%, 3/15/18

1,310 1,542,525

1,652,175  
**Energy Equipment & Services 1.8%**  
Atwood Oceanics, Inc., 6.50%, 2/01/20

780 826,800  
Calfrac Holdings LP, 7.50%, 12/01/20 (c)

3,146 3,342,625  
CGG SA, 7.75%, 5/15/17

499 505,238  
Gates Global LLC / Gates Global Co., 5.75%, 7/15/22

EUR  
110 140,227  
Genesis Energy LP/Genesis Energy Finance Corp., 5.75%, 2/15/21

USD

283 292,198  
MEG Energy Corp. (c):

6.50%, 3/15/21

3,601 3,799,055  
7.00%, 3/31/24

6,056 6,585,900  
Peabody Energy Corp.:

6.00%, 11/15/18

3,526 3,631,780  
6.25%, 11/15/21

2,174 2,165,847  
7.88%, 11/01/26

2,795 2,878,850  
Pioneer Energy Services Corp., 6.13%, 3/15/22 (c)

528 537,240  
Precision Drilling Corp.:

6.63%, 11/15/20

425 450,500  
5.25%, 11/15/24 (c)

4,147 4,147,000  
Rain CII Carbon LLC/CII Carbon Corp., 8.25%, 1/15/21 (c)

1,361 1,429,050

30,732,310  
**Food & Staples Retailing 0.8%**

Bakkavor Finance 2 PLC:



8.25%, 2/15/18

GBP

1,427 2,511,177  
8.75%, 6/15/20

795 1,432,004  
Brakes Capital, 7.13%, 12/15/18

830 1,395,287  
Labeyrie Fine Foods SAS, 5.63%, 3/15/21

EUR

250 341,627  
Premier Foods Finance PLC, 6.50%, 3/15/21

GBP

159 258,685  
R&R Ice Cream PLC:

4.75%, 5/15/20

EUR

745 978,893  
5.50%, 5/15/20

GBP

200 327,069  
9.25%, 5/15/18 (e)

EUR

823 1,103,959  
Rite Aid Corp.:

9.25%, 3/15/20

USD

2,080 2,329,600  
6.75%, 6/15/21

2,283 2,422,834

13,101,135

**Food Products 0.7%**

Boparan Finance PLC:

5.25%, 7/15/19

GBP

405 643,913

4.38%, 7/15/21

EUR

440 555,047

5.50%, 7/15/21

GBP

625 984,523

Findus Bondco SA:

9.13%, 7/01/18

EUR

830 1,183,278

9.50%, 7/01/18

GBP

465 833,728

JBS Investments GmbH, 7.75%, 10/28/20 (c)

USD

2,638 2,849,040

Smithfield Foods, Inc.:

5.88%, 8/01/21 (c)

891 953,370

6.63%, 8/15/22

2,626 2,888,600

Univeg Holding BV, 7.88%, 11/15/20

EUR

595 773,982

11,665,481

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**

**Health Care Equipment & Supplies 0.7%**

3AB Optique Developpement SAS, 5.63%, 4/15/19

EUR

900 \$ 1,141,166

Biomet, Inc., 6.50%, 10/01/20

USD

2,801 2,986,566

DJO Finance LLC/DJO Finance Corp., 8.75%, 3/15/18

2,106 2,237,625

Fresenius Medical Care US Finance, Inc., 5.75%, 2/15/21 (c)

1,580 1,714,300

IDH Finance PLC:

6.00%, 12/01/18

GBP

614 1,060,106

6.00%, 12/01/18 (c)

200 345,311

Teleflex, Inc., 6.88%, 6/01/19

USD

1,635 1,729,012

11,214,086

**Health Care Providers & Services 5.8%**

Acadia Healthcare Co., Inc., 5.13%, 7/01/22 (c)

1,145 1,156,450

Alere, Inc.:

7.25%, 7/01/18

802 846,110

8.63%, 10/01/18

2,834 2,975,700  
Amsurg Corp., 5.63%, 7/15/22 (c)

4,868 4,977,530  
Care UK Health & Social Care PLC, 5.56%, 7/15/19

GBP  
1,253 2,028,164  
CHS/Community Health Systems, Inc.:

5.13%, 8/15/18

USD  
4,465 4,643,600  
6.88%, 2/01/22 (c)

4,448 4,726,000  
ConvaTec Healthcare E SA, 7.38%, 12/15/17 (c)

EUR  
1,907 2,632,451  
Crown Newco 3 PLC, 7.00%, 2/15/18

GBP  
294 508,584  
DaVita HealthCare Partners, Inc., 5.13%, 7/15/24

USD  
5,166 5,240,261  
HCA Holdings, Inc., 7.75%, 5/15/21

2,666 2,905,940  
HCA, Inc.:

3.75%, 3/15/19

2,911 2,932,833  
6.50%, 2/15/20

9,730 10,885,437  
5.88%, 3/15/22

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3,565 3,876,937  
4.75%, 5/01/23

1,487 1,500,011  
5.88%, 5/01/23

4,096 4,362,240  
5.00%, 3/15/24

1,250 1,273,438  
Hologic, Inc., 6.25%, 8/01/20

6,719 7,088,545  
Kindred Healthcare, Inc., 6.38%, 4/15/22 (c)

931 940,310  
MPH Acquisition Holdings LLC, 6.63%, 4/01/22 (c)

1,280 1,339,200  
Omnicare, Inc., 3.75%, 4/01/42 (f)

1,722 2,750,895  
Priory Group No. 3 PLC, 7.00%, 2/15/18 (c)

GBP  
2,017 3,489,162  
Symbion, Inc., 8.00%, 6/15/16

USD  
1,915 1,993,994  
Tenet Healthcare Corp.:

6.25%, 11/01/18

1,308 1,425,720  
5.00%, 3/01/19 (c)

4,753 4,812,412  
4.75%, 6/01/20

2,575 2,620,063

6.00%, 10/01/20

3,835 4,160,975  
4.50%, 4/01/21

74 74,185  
4.38%, 10/01/21

4,005 3,974,962  
8.13%, 4/01/22

4,192 4,826,040  
Voyage Care Bondco PLC, 6.50%, 8/01/18

GBP  
786 1,344,025

98,312,174  
**Health Care Technology 0.0%**

IMS Health, Inc., 6.00%, 11/01/20 (c)

USD  
795 835,744  
**Hotels, Restaurants & Leisure 4.2%**  
Caesars Entertainment Operating Co., Inc., 9.00%, 2/15/20

27,170 21,754,656  
Carlson Travel Holdings, Inc., (7.50% Cash or 8.25% PIK), 7.50%, 8/15/19 (c)(e)

654 671,985  
CDW LLC/CDW Finance Corp., 6.00%, 8/15/22

1,325 1,396,219  
Cedar Funding Ltd., 5.38%, 6/01/24 (c)

1,070 1,075,350  
Cirsa Funding Luxembourg SA, 8.75%, 5/15/18

EUR  
3,382 4,599,311

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Enterprise Funding Ltd., Series ETI, 3.50%, 9/10/20 (f)

GBP

400 675,681

Enterprise Inns PLC, 6.50%, 12/06/18

1,598 2,833,054

Gamenet SpA, 7.25%, 8/01/18

EUR

1,255 1,698,642

Gategroup Finance Luxembourg SA, 6.75%, 3/01/19

2,164 3,002,902

**Corporate Bonds Par  
(000) Value**

**Hotels, Restaurants & Leisure (concluded)**

GLP Capital LP/GLP Financing II, Inc., 4.38%, 11/01/18

USD

894 \$ 927,525

Greektown Holdings LLC/Greektown Mothership Corp., 8.88%, 3/15/19 (c)

1,220 1,250,500

Intralot Capital Luxembourg SA, 6.00%, 5/15/21

EUR

713 939,188

Intralot Finance Luxembourg SA, 9.75%, 8/15/18

2,140 3,184,423

MCE Finance Ltd., 5.00%, 2/15/21 (c)

USD

3,339 3,322,305

Regal Entertainment Group, 5.75%, 2/01/25

489 490,223

Six Flags Entertainment Corp., 5.25%, 1/15/21 (c)

3,247 3,287,587

Snai SpA, 7.63%, 6/15/18



EUR

1,025 1,451,176  
Station Casinos LLC, 7.50%, 3/01/21

USD

5,095 5,502,600  
Travelport LLC/Travelport Holdings, Inc. (c):

6.36%, 3/01/16 (d)

473 473,108  
11.88%, 9/01/16

188 188,122  
(11.38% Cash or 2.50% PIK), 13.88%, 3/01/16 (e)

5,152 5,178,074  
Tropicana Entertainment LLC/Tropicana Finance Corp., 9.63%, 12/15/14 (a)(h)

1,850  
The Unique Pub Finance Co. PLC, Series A3, 6.54%, 3/30/21

GBP

2,208 3,858,057  
Vougeot Bidco PLC, 7.88%, 7/15/20

920 1,596,130  
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 5.38%, 3/15/22

USD

689 723,450  
Wynn Macau Ltd., 5.25%, 10/15/21 (c)

2,425 2,467,438

72,547,706

**Household Durables 2.7%**

Ashton Woods USA LLC/Ashton Woods Finance Co., 6.88%, 2/15/21 (c)

1,262 1,246,225  
Beazer Homes USA, Inc.:

6.63%, 4/15/18

215 227,362  
5.75%, 6/15/19

3,638 3,610,715  
7.50%, 9/15/21

2,710 2,845,500  
Brookfield Residential Properties, Inc., 6.50%, 12/15/20 (c)

2,275 2,414,344  
Brookfield Residential Properties, Inc./Brookfield Residential US Corp., 6.13%, 7/01/22 (c)

1,604 1,662,145  
K. Hovnanian Enterprises, Inc., 7.25%, 10/15/20 (c)

4,360 4,687,000  
PulteGroup, Inc., 6.38%, 5/15/33

1,050 1,050,000  
The Ryland Group, Inc., 6.63%, 5/01/20

1,900 2,033,000  
Spie BondCo 3 SCA, 11.00%, 8/15/19

EUR  
878 1,286,387  
Standard Pacific Corp.:

10.75%, 9/15/16

USD  
6,920 8,061,800  
8.38%, 1/15/21

4,270 5,017,250  
Taylor Morrison Communities, Inc./Monarch Communities, Inc. (c):

7.75%, 4/15/20

1,650 1,786,125  
5.25%, 4/15/21

1,484 1,498,840  
Weyerhaeuser Real Estate Co. (c):

4.38%, 6/15/19

2,270 2,270,000  
5.88%, 6/15/24

1,540 1,570,800  
William Lyon Homes, Inc., 8.50%, 11/15/20

4,579 5,059,795

46,327,288  
**Household Products 0.4%**

Ontex IV SA, 9.00%, 4/15/19

EUR  
1,163 1,640,028  
Spectrum Brands, Inc.:

6.75%, 3/15/20

USD  
535 569,775  
6.38%, 11/15/20

2,125 2,284,375  
6.63%, 11/15/22

1,385 1,499,263

5,993,441  
**Independent Power and Renewable Electricity Producers 1.8%**  
Baytex Energy Corp. (c):

5.13%, 6/01/21

944 945,180  
5.63%, 6/01/24

335 335,000

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**

**Independent Power and Renewable Electricity Producers (concluded)**

Calpine Corp.:

6.00%, 1/15/22 (c)

USD

676 \$ 728,390

5.38%, 1/15/23

5,099 5,149,990

5.88%, 1/15/24 (c)

1,999 2,138,930

5.75%, 1/15/25

5,394 5,447,940

NRG Energy, Inc.:

7.63%, 1/15/18

7,493 8,437,118

6.25%, 5/01/24 (c)

3,606 3,723,195

NRG REMA LLC:

Series B, 9.24%, 7/02/17

117 125,097

Series C, 9.68%, 7/02/26

1,400 1,526,000

QEP Resources, Inc., 5.38%, 10/01/22

1,843 1,886,771

30,443,611

**Insurance 1.2%**

A-S Co-Issuer Subsidiary, Inc./A-S Merger Sub LLC, 7.88%, 12/15/20 (c)

6,232 6,637,080

CNO Financial Group, Inc., 6.38%, 10/01/20 (c)

1,244 1,331,080

Galaxy Bidco Ltd., 6.38%, 11/15/20

GBP

600 994,845

Hockey Merger Sub 2, Inc., 7.88%, 10/01/21 (c)

USD

3,920 4,125,800

MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (c)

3,650 3,896,375

Pension Insurance Corp. PLC, 6.50%, 7/03/24

GBP

775 1,325,833

TMF Group Holding BV, 9.88%, 12/01/19

EUR

1,140 1,621,780

19,932,793

**Internet Software & Services 0.4%**

Bankrate, Inc., 6.13%, 8/15/18 (c)

USD

1,128 1,161,840

Cerved Group SpA:

6.38%, 1/15/20

EUR

601 842,988

8.00%, 1/15/21

400 581,291

Interactive Data Corp., 5.88%, 4/15/19 (c)

USD

4,101 4,085,621

6,671,740

**IT Services 4.7%**

Ceridian Corp., 8.88%, 7/15/19 (c)

10,750 12,040,000

Ceridian HCM Holding, Inc., 11.00%, 3/15/21 (c)

13,854 15,828,195

Ceridian LLC/Comdata, Inc., 8.13%, 11/15/17 (c)

6,190 6,273,565

Epicor Software Corp., 8.63%, 5/01/19

3,077 3,300,083

First Data Corp.:

7.38%, 6/15/19 (c)

8,670 9,255,225

8.88%, 8/15/20 (c)

2,745 2,992,050

6.75%, 11/01/20 (c)

4,293 4,647,172

8.25%, 1/15/21 (c)

1,394 1,519,460

10.63%, 6/15/21

2,111 2,448,760

11.75%, 8/15/21

5,966 7,054,795

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(8.75% Cash or 10.00% PIK), 8.75%, 1/15/22 (c)(e)

365 399,675  
SunGard Data Systems, Inc.:

7.38%, 11/15/18

3,100 3,239,500  
6.63%, 11/01/19

7,950 8,327,625  
WEX, Inc., 4.75%, 2/01/23 (c)

2,728 2,618,880

79,944,985  
**Machinery 0.2%**

Galapagos Holding SA, 7.00%, 6/15/22

EUR  
475 610,502  
Galapagos SA, 5.38%, 6/15/21

325 431,304  
Selecta Group BV, 6.50%, 6/15/20

1,060 1,442,105  
SPX Corp., 6.88%, 9/01/17

USD  
980 1,080,450

3,564,361  
**Media 10.4%**

Adria Bidco BV, 7.88%, 11/15/20

EUR  
600 842,965  
Altice Financing SA, 6.50%, 1/15/22 (c)



USD

2,410 2,536,525

Altice SA:

7.25%, 5/15/22

EUR

2,010 2,800,373

7.75%, 5/15/22 (c)

USD

2,645 2,810,312

AMC Networks, Inc.:

7.75%, 7/15/21

1,250 1,379,688

4.75%, 12/15/22

1,613 1,633,163

Cablevision Systems Corp., 5.88%, 9/15/22

3,070 3,116,050

**Corporate Bonds Par**

**(000) Value**

**Media (continued)**

CBS Outdoor Americas Capital LLC/CBS Outdoor Americas Capital Corp. (c):

5.25%, 2/15/22

USD

650 \$ 664,625

5.63%, 2/15/24

983 1,012,490

CCO Holdings LLC/CCO Holdings Capital Corp.:

5.25%, 9/30/22

3,986 4,045,790

5.13%, 2/15/23

4,230 4,208,850  
Cengage Learning Acquisitions, Inc., 11.50%, 4/15/20 (a)(c)(h)

3,439  
Clear Channel Communications, Inc.:

9.00%, 12/15/19

3,789 3,921,615  
9.00%, 3/01/21

1,407 1,459,763  
Clear Channel Worldwide Holdings, Inc.:

7.63%, 3/15/20

4,069 4,353,830  
6.50%, 11/15/22

11,724 12,530,445  
Clearwire Communications LLC/Clearwire Finance, Inc., 8.25%, 12/01/40 (c)(f)

4,706 5,341,310  
Columbus International, Inc., 7.38%, 3/30/21 (c)

3,455 3,761,631  
DISH DBS Corp.:

4.25%, 4/01/18

3,209 3,285,214  
5.13%, 5/01/20

4,652 4,768,300  
DreamWorks Animation SKG, Inc., 6.88%, 8/15/20 (c)

901 955,060  
Gannett Co., Inc.:

5.13%, 10/15/19 (c)

857 878,425  
5.13%, 7/15/20

506 517,385  
6.38%, 10/15/23 (c)

1,314 1,396,125  
Gray Television, Inc., 7.50%, 10/01/20

1,743 1,838,865  
Harron Communications LP/Harron Finance Corp., 9.13%, 4/01/20 (c)

4,510 5,062,475  
Inmarsat Finance PLC, 4.88%, 5/15/22 (c)

2,805 2,812,012  
Intelsat Jackson Holdings SA:  
6.63%, 12/15/22

1,040 1,086,800  
5.50%, 8/01/23

5,015 4,996,194  
Intelsat Luxembourg SA, 6.75%, 6/01/18

5,500 5,761,250  
Level 3 Escrow II, Inc., 5.38%, 8/15/22 (c)

4,875 4,899,375  
Live Nation Entertainment, Inc., 7.00%, 9/01/20 (c)

987 1,063,493  
The McClatchy Co., 9.00%, 12/15/22

1,934 2,175,750  
Midcontinent Communications & Midcontinent Finance Corp., 6.25%, 8/01/21 (c)

3,901 4,027,782  
NAI Entertainment Holdings/NAI Entertainment Holdings Finance Corp., 5.00%, 8/01/18 (c)

2,039 2,095,072  
NBCUniversal Enterprise, Inc., 5.25% (c)(g)

400 417,000  
Nexstar Broadcasting, Inc., 6.88%, 11/15/20

1,023 1,084,380  
Nielsen Finance LLC/Nielsen Finance Co., 5.00%, 4/15/22 (c)

1,545 1,560,450  
Numericable Group SA:  
5.38%, 5/15/22

EUR  
890 1,239,463  
6.00%, 5/15/22 (c)

USD  
7,205 7,421,150  
5.63%, 5/15/24

EUR  
1,785 2,483,240  
6.25%, 5/15/24 (c)

USD  
1,285 1,325,156  
Play Finance 2 SA, 5.25%, 2/01/19

EUR  
1,070 1,465,678  
ProQuest LLC/ProQuest Notes Co., 9.00%, 10/15/18 (c)

USD  
1,009 1,049,360  
Radio One, Inc., 9.25%, 2/15/20 (c)

2,686 2,793,440  
RCN Telecom Services LLC/RCN Capital Corp., 8.50%, 8/15/20 (c)

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1,450 1,547,875  
Sinclair Television Group, Inc., 5.63%, 8/01/24 (c)

1,789 1,784,528  
Sirius XM Holdings, Inc. (c):

4.25%, 5/15/20

2,309 2,262,820  
5.75%, 8/01/21

1,811 1,883,440  
Sterling Entertainment Corp., 10.00%, 12/15/19

4,810 4,906,200  
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH:

7.50%, 3/15/19

EUR  
4,494 6,276,309  
5.50%, 1/15/23 (c)

USD  
2,550 2,607,375  
5.63%, 4/15/23

EUR  
208 295,911

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**  
**Media (concluded)**

Unitymedia KabelBW GmbH:

9.63%, 12/01/19

EUR

100 \$ 139,794

9.50%, 3/15/21

2,061 3,053,327

Univision Communications, Inc. (c):

8.50%, 5/15/21

USD

1,597 1,748,715

5.13%, 5/15/23

3,720 3,896,700

UPCB Finance II Ltd., 6.38%, 7/01/20 (c)

EUR

4,437 6,171,167

Virgin Media Secured Finance PLC, 6.00%, 4/15/21

GBP

5,502 9,556,603

VTR Finance BV, 6.88%, 1/15/24 (c)

USD

1,727 1,852,208

Wave Holdco LLC/Wave Holdco Corp., 8.25%, 7/15/19 (c)(f)

2,710 2,784,525

WaveDivision Escrow LLC/WaveDivision Escrow Corp., 8.13%, 9/01/20 (c)

2,248 2,450,320

178,096,136

**Metals & Mining 3.5%**

Arch Coal, Inc.:

7.00%, 6/15/19

1,614 1,149,975

7.25%, 10/01/20

678 471,210

7.25%, 6/15/21

500 331,250

Constellium NV:

4.63%, 5/15/21

EUR

1,270 1,735,465

5.75%, 5/15/24 (c)

USD

3,385 3,520,400

Eco-Bat Finance PLC, 7.75%, 2/15/17

EUR

2,090 2,814,809

First Quantum Minerals Ltd. (c):

6.75%, 2/15/20

USD

1,954 2,027,275

7.25%, 5/15/22

583 615,065

Global Brass & Copper, Inc., 9.50%, 6/01/19

4,660 5,236,675

Imperial Metals Corp., 7.00%, 3/15/19 (c)

230 216,775

Kaiser Aluminum Corp., 8.25%, 6/01/20

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1,240 1,384,150  
New Gold, Inc., 6.25%, 11/15/22 (c)

112 117,600  
Novelis, Inc., 8.75%, 12/15/20

12,130 13,418,813  
Ovako AB, 6.50%, 6/01/19

EUR  
935 1,240,829  
Peabody Energy Corp., 6.50%, 9/15/20

USD  
1,505 1,514,406  
Peninsula Energy Ltd., 11.00%, 12/14/14

2,800 2,800,000  
Perstorp Holding AB, 8.75%, 5/15/17 (c)

990 1,056,825  
Ryerson, Inc./Joseph T Ryerson & Son, Inc., 9.00%, 10/15/17

1,740 1,853,100  
Steel Dynamics, Inc.:  
6.38%, 8/15/22

1,345 1,439,150  
5.25%, 4/15/23

1,168 1,185,520  
ThyssenKrupp AG, 3.13%, 10/25/19

EUR  
2,040 2,803,732  
Vedanta Resources PLC, 8.25%, 6/07/21 (c)

USD  
1,565 1,760,625  
Wise Metals Group LLC/Wise Alloys Finance Corp., 8.75%, 12/15/18 (c)

10,804 11,668,320



60,361,969

**Multiline Retail 1.1%**

CST Brands, Inc., 5.00%, 5/01/23

2,083 2,083,000

Debenhams PLC, 5.25%, 7/15/21

GBP

1,155 1,898,299

Dufry Finance SCA:

5.50%, 10/15/20 (c)

USD

1,927 2,004,176

4.50%, 7/15/22

EUR

670 918,580

Hema Bondco I BV, 6.25%, 6/15/19

2,105 2,791,820

The Neiman Marcus Group Ltd., 8.00%, 10/15/21 (c)

USD

7,817 8,432,589

18,128,464

**Oil, Gas & Consumable Fuels 13.4%**

Access Midstream Partners LP/ACMP Finance Corp.:

5.88%, 4/15/21

1,325 1,407,812

6.13%, 7/15/22

1,520 1,653,000

4.88%, 5/15/23

3,612 3,801,630

4.88%, 3/15/24

1,861 1,956,841  
American Energy-Permian Basin LLC/AEPB Finance Corp. (c):

7.13%, 11/01/20

1,700 1,649,000  
7.38%, 11/01/21

1,455 1,418,625

**Corporate Bonds Par  
(000) Value**

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

Antero Resources Finance Corp., 5.38%, 11/01/21

USD

1,942 \$ 2,000,260  
Athlon Holdings LP/Athlon Finance Corp.:

7.38%, 4/15/21

1,053 1,142,505  
6.00%, 5/01/22 (c)

2,032 2,092,960  
Berry Petroleum Co., 6.38%, 9/15/22

1,755 1,829,587  
Bonanza Creek Energy, Inc.:

6.75%, 4/15/21

637 668,850  
5.75%, 2/01/23

3,616 3,652,160  
BreitBurn Energy Partners LP/BreitBurn Finance Corp., 7.88%, 4/15/22

1,420 1,505,200

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Carrizo Oil & Gas, Inc., 7.50%, 9/15/20

1,321 1,413,470  
Chaparral Energy, Inc., 7.63%, 11/15/22

1,220 1,309,975  
Chesapeake Energy Corp.:  
6.63%, 8/15/20

1,632 1,880,880  
6.88%, 11/15/20

1,641 1,903,560  
6.13%, 2/15/21

524 593,430  
5.75%, 3/15/23

1,863 2,079,574  
Cimarex Energy Co., 4.38%, 6/01/24

1,349 1,404,646  
Concho Resources, Inc.:  
7.00%, 1/15/21

465 505,688  
5.50%, 10/01/22

2,016 2,157,120  
5.50%, 4/01/23

2,253 2,405,077  
CONSOL Energy, Inc., 5.88%, 4/15/22 (c)

11,028 11,524,260  
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., 6.13%, 3/01/22

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1,207 1,249,245  
CrownRock LP/CrownRock Finance, Inc., 7.13%, 4/15/21 (c)

3,710 3,830,575  
Denbury Resources, Inc.:

5.50%, 5/01/22

1,481 1,518,025  
4.63%, 7/15/23

1,745 1,683,925  
Diamondback Energy, Inc., 7.63%, 10/01/21 (c)

2,449 2,681,655  
El Paso LLC:

7.80%, 8/01/31

2,547 3,158,280  
7.75%, 1/15/32

5,669 7,100,422  
Energy Transfer Equity LP, 5.88%, 1/15/24

7,967 8,415,144  
Energy XXI Gulf Coast, Inc.:

9.25%, 12/15/17

2,600 2,756,000  
7.75%, 6/15/19

2,025 2,116,125  
6.88%, 3/15/24 (c)

1,141 1,160,968  
EnQuest PLC, 7.00%, 4/15/22 (c)

1,206 1,212,030

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EP Energy LLC/Everest Acquisition Finance, Inc., 6.88%, 5/01/19

518 546,490

EV Energy Partners LP/EV Energy Finance Corp., 8.00%, 4/15/19

820 848,700

EXCO Resources, Inc., 7.50%, 9/15/18

1,290 1,277,100

Gulfport Energy Corp., 7.75%, 11/01/20 (c)

1,041 1,119,075

Halcon Resources Corp.:

9.75%, 7/15/20

2,146 2,312,315

8.88%, 5/15/21

4,236 4,458,390

9.25%, 2/15/22

1,257 1,349,704

Hilcorp Energy I LP/Hilcorp Finance Co. (c):

7.63%, 4/15/21

1,472 1,586,080

5.00%, 12/01/24

2,448 2,441,880

Ithaca Energy, Inc., 8.13%, 7/01/19 (c)

1,660 1,678,675

Jones Energy Holdings LLC/Jones Energy Finance Corp., 6.75%, 4/01/22 (c)

1,400 1,477,000

Kinder Morgan, Inc. (c):

5.00%, 2/15/21

1,130 1,209,100  
5.63%, 11/15/23

1,146 1,263,465  
Kodiak Oil & Gas Corp., 5.50%, 2/01/22

892 941,060  
Laredo Petroleum, Inc., 7.38%, 5/01/22

3,065 3,356,175  
Legacy Reserves LP/Legacy Reserves Finance Corp.:  
6.63%, 12/01/21

843 853,538  
6.63%, 12/01/21 (c)

1,390 1,407,375  
Lightstream Resources Ltd., 8.63%, 2/01/20 (c)

1,441 1,491,435

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**

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

Linn Energy LLC/Linn Energy Finance Corp.:

6.50%, 5/15/19

USD

243 \$ 250,138

6.25%, 11/01/19

1,904 1,965,880

8.63%, 4/15/20

4,564 4,872,070

7.75%, 2/01/21

365 388,725

MarkWest Energy Partners LP/MarkWest Energy Finance Corp.:

6.25%, 6/15/22

674 724,550

4.50%, 7/15/23

1,720 1,747,950

Memorial Production Partners LP/Memorial Production Finance Corp., 7.63%, 5/01/21

1,091 1,131,913

Memorial Resource Development Corp., 5.88%, 7/01/22 (c)

3,644 3,698,660

Newfield Exploration Co., 6.88%, 2/01/20

4,325 4,541,250

NGPL PipeCo LLC (c):

7.12%, 12/15/17

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3,130 3,239,550  
9.63%, 6/01/19

891 973,418  
Northern Oil and Gas, Inc., 8.00%, 6/01/20

835 876,750  
Oasis Petroleum, Inc., 6.50%, 11/01/21

1,625 1,734,687  
Offshore Group Investment Ltd., 7.50%, 11/01/19

2,521 2,577,722  
Pacific Drilling SA, 5.38%, 6/01/20 (c)

2,069 2,017,275  
Parsley Energy LLC/Parsley Finance Corp., 7.50%, 2/15/22 (c)

4,536 4,808,160  
PDC Energy, Inc., 7.75%, 10/15/22

995 1,089,525  
Penn Virginia Corp., 8.50%, 5/01/20

2,035 2,238,500  
Petrobras Global Finance BV, 3.00%, 1/15/19

1,927 1,898,808  
Petroleum Geo-Services ASA, 7.38%, 12/15/18 (c)

3,816 4,025,880  
QEP Resources, Inc., 5.25%, 5/01/23

800 810,000  
Range Resources Corp.:  
6.75%, 8/01/20

658 704,060



5.75%, 6/01/21

568 606,340  
5.00%, 8/15/22

530 563,788  
5.00%, 3/15/23

1,193 1,267,562  
Regency Energy Partners LP/Regency Energy Finance Corp.:

5.75%, 9/01/20

628 675,100  
4.50%, 11/01/23

2,835 2,856,262  
RKI Exploration & Production LLC/RKI Finance Corp., 8.50%, 8/01/21 (c)

460 494,500  
Rockies Express Pipeline LLC, 6.00%, 1/15/19 (c)

2,524 2,681,750  
Rose Rock Midstream LP/Rose Rock Finance Corp., 5.63%, 7/15/22 (c)

1,747 1,781,940  
Rosetta Resources, Inc.:

5.63%, 5/01/21

256 262,080  
5.88%, 6/01/24

1,007 1,024,623  
Sabine Pass Liquefaction LLC:

5.63%, 4/15/23

1,908 1,984,320  
5.63%, 4/15/23 (c)

3,087 3,210,480  
5.75%, 5/15/24 (c)

3,005 3,125,200  
Sabine Pass LNG LP, 7.50%, 11/30/16

8,155 8,858,369  
Sanchez Energy Corp., 6.13%, 1/15/23 (c)

2,942 3,044,970  
SandRidge Energy, Inc.:  
8.75%, 1/15/20

141 148,050  
7.50%, 3/15/21

350 367,500  
7.50%, 2/15/23

1,378 1,433,120  
Seven Generations Energy Ltd., 8.25%, 5/15/20 (c)

5,098 5,607,800  
Seventy Seven Energy, Inc., 6.50%, 7/15/22 (c)

1,133 1,166,990  
Seventy Seven Operating LLC, 6.63%, 11/15/19

2,269 2,427,830  
SM Energy Co.:  
6.63%, 2/15/19

1,174 1,226,830  
6.50%, 1/01/23

951 1,031,835

Summit Midstream Holdings LLC/Summit Midstream Finance Corp.:

7.50%, 7/01/21

1,566 1,722,600

5.50%, 8/15/22

1,711 1,745,220

**Corporate Bonds Par  
(000) Value**

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

Targa Resources Partners LP/Targa Resources Partners Finance Corp., 6.38%, 8/01/22

USD

3,852 \$ 4,179,420

Tesoro Logistics LP/Tesoro Logistics Finance Corp., 5.88%, 10/01/20

673 704,968

Triangle USA Petroleum Corp., 6.75%, 7/15/22 (c)

1,057 1,080,783

Ultra Petroleum Corp., 5.75%, 12/15/18 (c)

2,596 2,680,370

Vanguard Natural Resources LLC/VNR Finance Corp., 7.88%, 4/01/20

1,500 1,593,750

Whiting Petroleum Corp.:

5.00%, 3/15/19

1,770 1,867,350

5.75%, 3/15/21

1,837 2,016,107

The Williams Cos., Inc., 4.55%, 6/24/24

940 946,616

229,155,955

**Paper & Forest Products 0.2%**

Clearwater Paper Corp., 4.50%, 2/01/23

245 237,650

Mercer International, Inc., 9.50%, 12/01/17

1,175 1,246,969

NewPage Corp., 11.38%, 12/31/14 (a)(h)

10,925 1

Pfleiderer GmbH, 7.88%, 8/01/19

EUR

530 691,170

Unifrax I LLC/Unifrax Holding Co., 7.50%, 2/15/19 (c)

USD

1,335 1,375,050

3,550,840

**Pharmaceuticals 2.1%**

Endo Finance LLC/Endo Finco, Inc. (c):

7.25%, 1/15/22

696 754,290

5.38%, 1/15/23

1,070 1,067,325

Grifols Worldwide Operations Ltd., 5.25%, 4/01/22 (c)

4,047 4,158,292

Jaguar Holding Co. I, (9.38% Cash or 10.13% PIK), 9.38%, 10/15/17 (c)(e)

1,320 1,357,950

Jaguar Holding Co. II/Jaguar Merger Sub, Inc., 9.50%, 12/01/19 (c)

3,596 3,910,650

Mallinckrodt International Finance SA, 5.75%, 8/01/22 (c)

4,760 4,861,150  
Pinnacle Merger Sub, Inc., 9.50%, 10/01/23 (c)

755 828,613  
Salix Pharmaceuticals Ltd., 6.00%, 1/15/21 (c)

1,162 1,260,770  
Valeant Pharmaceuticals International, Inc. (c):

6.75%, 8/15/18

9,461 10,123,270  
6.38%, 10/15/20

2,970 3,107,363  
7.50%, 7/15/21

1,375 1,498,750  
6.75%, 8/15/21

2,241 2,355,851

35,284,274  
**Professional Services 0.2%**

Truven Health Analytics, Inc., 10.63%, 6/01/20

2,840 3,053,000  
**Real Estate Investment Trusts (REITs) 0.6%**  
Felcor Lodging LP:

6.75%, 6/01/19

5,386 5,682,230  
5.63%, 3/01/23

1,422 1,439,775  
Host Hotels & Resorts LP, 2.50%, 10/15/29 (c)(e)

815 1,425,741  
iStar Financial, Inc.:

4.00%, 11/01/17

685 681,575  
5.00%, 7/01/19

480 480,000  
Rayonier AM Products, Inc., 5.50%, 6/01/24 (c)

414 405,720

10,115,041

**Real Estate Management & Development 1.5%**

Crescent Resources LLC/Crescent Ventures, Inc., 10.25%, 8/15/17 (c)

4,515 4,966,500  
The Howard Hughes Corp., 6.88%, 10/01/21 (c)

1,369 1,449,429  
Realogy Corp. (c):

7.63%, 1/15/20

842 917,780  
9.00%, 1/15/20

1,269 1,418,108  
Realogy Group LLC/Realogy Co-Issuer Corp., 4.50%, 4/15/19 (c)

5,542 5,542,000  
Rialto Holdings LLC/Rialto Corp., 7.00%, 12/01/18 (c)

1,065 1,107,600  
RPG Byty Sro, 6.75%, 5/01/20

EUR  
1,146 1,550,960

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**

**Real Estate Management & Development (concluded)**

Shea Homes LP/Shea Homes Funding Corp., 8.63%, 5/15/19

USD

6,320 \$ 6,825,600

Woodside Homes Co. LLC/Woodside Homes Finance, Inc., 6.75%, 12/15/21 (c)

2,305 2,322,287

26,100,264

**Road & Rail 1.0%**

EC Finance PLC, 5.13%, 7/15/21

EUR

675 902,109

Florida East Coast Holdings Corp. (c):

6.75%, 5/01/19

USD

3,372 3,557,460

9.75%, 5/01/20

1,520 1,607,400

The Hertz Corp.:

7.50%, 10/15/18

3,220 3,360,875

6.75%, 4/15/19

1,615 1,693,731

5.88%, 10/15/20

370 380,638

7.38%, 1/15/21



2,360 2,525,200  
6.25%, 10/15/22

1,475 1,537,687  
Watco Cos. LLC/Watco Finance Corp., 6.38%, 4/01/23 (c)

1,093 1,117,593

16,682,693  
**Semiconductors & Semiconductor Equipment 0.5%**  
Micron Technology, Inc., 5.50%, 2/01/25 (c)

4,645 4,703,063  
NXP BV/NXP Funding LLC (c):

3.75%, 6/01/18

2,235 2,246,175  
5.75%, 2/15/21

2,065 2,168,250

9,117,488  
**Software 1.7%**

Audatex North America, Inc., 6.13%, 11/01/23 (c)

1,350 1,431,000  
BMC Software Finance, Inc., 8.13%, 7/15/21 (c)

2,672 2,698,720  
Igloo Holdings Corp., (8.25% Cash or 9.00% PIK), 8.25%, 12/15/17 (c)(e)

1,636 1,676,900  
Infor Software Parent LLC/Infor Software Parent, Inc., (7.13% Cash or 7.88% PIK), 7.13%, 5/01/21 (c)(e)

4,891 4,976,592  
Infor US, Inc., 9.38%, 4/01/19

9,815 10,796,500  
Nuance Communications, Inc., 5.38%, 8/15/20 (c)

5,035 5,060,175  
Sophia LP/Sophia Finance, Inc., 9.75%, 1/15/19 (c)  
2,437 2,650,238

29,290,125  
**Specialty Retail 1.9%**

Asbury Automotive Group, Inc., 8.38%, 11/15/20

2,030 2,222,850  
DriveTime Automotive Group, Inc./DT Acceptance Corp., 8.00%, 6/01/21 (c)

2,028 2,043,210  
The Hillman Group, Inc., 6.38%, 7/15/22 (c)

1,438 1,434,405  
House of Fraser Funding PLC, 8.88%, 8/15/18 (c)

GBP  
1,532 2,709,279  
L Brands, Inc., 8.50%, 6/15/19

USD  
3,925 4,729,625  
Magnolia BC SA, 9.00%, 8/01/20

EUR  
1,077 1,425,822  
New Look Bondco I PLC, 8.75%, 5/14/18

GBP  
438 770,775  
Party City Holdings, Inc., 8.88%, 8/01/20

USD  
3,489 3,846,622  
PC Nextco Holdings LLC/PC Nextco Finance, Inc., (8.75% Cash or 9.50% PIK), 8.75%, 8/15/19 (c)(e)

1,575 1,618,313  
Penske Automotive Group, Inc., 5.75%, 10/01/22

1,775 1,837,125  
QVC, Inc. (c):

7.50%, 10/01/19

3,180 3,319,475  
7.38%, 10/15/20

1,640 1,753,012  
Sally Holdings LLC/Sally Capital, Inc., 5.75%, 6/01/22

2,359 2,488,745  
THOM Europe SAS, 7.38%, 7/15/19

EUR  
1,190 1,528,419  
Twin Set-Simona Barbieri SpA, 6.08%, 7/15/19 (d)

649 820,861

32,548,538  
**Textiles, Apparel & Luxury Goods 0.5%**  
Levi Strauss & Co., 6.88%, 5/01/22

USD  
2,430 2,642,625  
Polymer Group, Inc., 6.88%, 6/01/19 (c)

900 910,125  
PVH Corp., 4.50%, 12/15/22

1,401 1,390,492  
Springs Industries, Inc., 6.25%, 6/01/21

2,777 2,790,885  
The William Carter Co., 5.25%, 8/15/21

1,398 1,460,910

9,195,037

**Corporate Bonds Par**

**(000) Value**

**Thriffs & Mortgage Finance 0.1%**

Radian Group, Inc.:

3.00%, 11/15/17 (f)

USD

330 \$ 466,125

2.25%, 3/01/19 (f)

712 1,042,190

5.50%, 6/01/19

926 944,520

2,452,835

**Trading Companies & Distributors 0.3%**

Ashtead Capital, Inc., 6.50%, 7/15/22 (c)

4,976 5,411,400

**Transportation Infrastructure 0.4%**

Aguila 3 SA:

7.88%, 1/31/18 (c)

3,894 4,049,760

7.88%, 1/31/18

150 156,000

JCH Parent, Inc., (10.50% Cash or 11.25% PIK), 10.50%, 3/15/19 (c)(e)

2,553 2,540,235

6,745,995

**Wireless Telecommunication Services 5.5%**

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Crown Castle International Corp., 5.25%, 1/15/23

4,871 5,030,818  
Digicel Group Ltd., (c):

8.25%, 9/30/20

3,495 3,774,600  
7.13%, 4/01/22

6,215 6,448,062  
Digicel Ltd., 6.00%, 4/15/21 (c)

7,619 7,847,570  
The Geo Group, Inc., 5.88%, 1/15/22

2,220 2,269,950  
Phones4u Finance PLC:

9.50%, 4/01/18

GBP  
1,694 2,875,572  
9.50%, 4/01/18 (c)

2,015 3,420,470  
SBA Communications Corp., 4.88%, 7/15/22 (c)

USD  
3,280 3,230,800  
Sprint Capital Corp., 8.75%, 3/15/32

1,330 1,482,950  
Sprint Communications, Inc. (c):

9.00%, 11/15/18

13,529 16,082,599  
7.00%, 3/01/20

6,812 7,595,380  
Sprint Corp. (c):

7.88%, 9/15/23

4,899 5,254,178  
7.13%, 6/15/24

4,577 4,668,540  
T-Mobile USA, Inc.:

6.63%, 4/28/21

5,880 6,188,700  
6.13%, 1/15/22

367 380,304  
6.73%, 4/28/22

6,145 6,482,975  
6.50%, 1/15/24

2,638 2,743,520  
Wind Acquisition Finance SA:

4.00%, 7/15/20

EUR  
4,549 6,007,044  
4.20%, 7/15/20 (d)

2,115 2,789,425

94,573,457  
**Total Corporate Bonds 104.5%**  
1,783,122,533

---

**Floating Rate Loan Interests (d)**

**Air Freight & Logistics 0.2%**

CEVA Group PLC, Synthetic Line of Credit, 6.50%, 3/19/21

USD

1,149 1,108,486  
CEVA Intercompany BV, Dutch Term Loan, 6.50%, 3/19/21

1,208 1,179,874  
CEVA Logistics Canada ULC, Canadian Term Loan, 6.50%, 3/19/21

208 203,427  
CEVA Logistics U.S. Holdings, Inc., Term Loan, 6.50%, 3/19/21

1,667 1,627,412

4,119,199  
**Airlines 0.9%**

Delta Air Lines, Inc., 2018 Term Loan B1, 3.25%, 10/18/18

2,355 2,332,041  
Northwest Airlines, Inc.:  
2.18%, 3/10/17

5,315 5,169,162  
1.56%, 9/10/18

7,307 6,965,484

14,466,687  
**Auto Components 0.6%**

Gates Global, Inc., Term Loan B, 4.25%, 7/05/21

11,030 10,943,304

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Floating Rate Loan Interests (d) Par**  
**(000) Value**

**Building Products 0.1%**

Wilsonart LLC, Term Loan B, 4.00%, 10/31/19

USD

2,315 \$ 2,283,896

**Capital Markets 0.3%**

Affinion Group, Inc.:

2nd Lien Term Loan, 8.50%, 10/12/18

2,300 2,279,300

Term Loan B, 6.75%, 4/30/18

200 197,505

American Capital Holdings, Inc., 2017 Term Loan, 3.50%, 8/22/17

2,983 2,968,448

5,445,253

**Chemicals 0.1%**

Axalta Coating Systems US Holdings, Inc., Term Loan, 3.75%, 2/01/20

297 295,043

OXEA Finance LLC, 2nd Lien Term Loan, 8.25%, 7/15/20

1,615 1,617,697

1,912,740

**Commercial Services & Supplies 0.3%**

Brand Energy & Infrastructure Services, Inc., Term Loan B, 4.75%, 11/26/20

1,446 1,444,230

Catalent Pharma Solutions, Inc., Term Loan, 6.50%, 12/29/17



838 841,706  
Spin Holdco, Inc., Term Loan B, 4.25%, 11/14/19

2,633 2,610,823

4,896,759  
**Communications Equipment 1.0%**  
Amaya Holdings BV:

1st Lien Term Loan, 5.00%, 8/01/21

2,465 2,440,966  
2nd Lien Term Loan, 8.00%, 8/01/22

6,800 6,880,784  
Zayo Group LLC/Zayo Capital, Inc., Term Loan B, 4.00%, 7/02/19

6,981 6,950,643

16,272,393  
**Construction Materials 0.3%**

HD Supply, Inc., Term Loan B, 4.00%, 6/28/18

4,827 4,800,237  
**Containers & Packaging 0.0%**

Tekni-Plex, Inc., Term Loan B, 4.75%, 8/25/19

383 381,157  
**Diversified Telecommunication Services 0.3%**  
Hawaiian Telcom Communications, Inc., Term  
Loan B, 5.00%, 6/06/19

2,962 2,974,665  
Level 3 Financing, Inc., 2019 Term Loan, 4.00%, 8/01/19

1,785 1,776,450

4,751,115

**Electric Utilities 0.5%**

American Energy Marcellus LLC, 1st Lien Term Loan, 5.25%, 8/04/20

1,919 1,920,425

American Energy Utica LLC, 2nd Lien Term Loan, 5.50%, 9/30/18

5,775 6,178,983

Sandy Creek Energy Associates LP, Term Loan B, 5.00%, 11/06/20

1,168 1,173,389

9,272,797

**Electrical Equipment 0.3%**

Texas Competitive Electric Holdings Co. LLC, DIP Term Loan, 3.75%, 5/05/16

5,613 5,645,863

**Energy Equipment & Services 0.1%**

Dynege Holdings, Inc., Term Loan B2, 4.00%, 4/23/20

995 993,090

**Food & Staples Retailing 0.0%**

Rite Aid Corp., 2nd Lien Term Loan, 5.75%, 8/21/20

600 606,498

**Health Care Providers & Services 0.3%**

CHS/Community Health Systems, Inc., Term Loan D, 4.25%, 1/27/21

3,616 3,623,315

Genesis HealthCare Corp., Term Loan B, 10.00%, 9/25/17

1,235 1,253,846

Surgery Center Holdings, Inc., 1st Lien Term Loan, 5.25%, 7/09/20 (k)

966 964,926

5,842,087

**Floating Rate Loan Interests (d) Par  
(000) Value**

**Hotels, Restaurants & Leisure 4.0%**

Bally Technologies, Inc., Term Loan B, 4.25%, 11/25/20

USD

1,903 \$ 1,899,242

Boyd Gaming Corp., Term Loan B, 4.00%, 8/14/20

2,336 2,318,452

Bronco Midstream Funding LLC, Term Loan B, 5.00%, 8/17/20

6,186 6,193,972

Caesars Entertainment Operating Co., Inc.:

Extended Term Loan B6, 6.95%, 3/01/17

6,749 6,323,721

Term Loan B7, 9.75%, 3/01/17

6,803 6,570,644

Caesars Entertainment Resort Properties LLC, Term Loan B, 7.00%, 10/12/20

8,397 8,240,913

Diamond Resorts Corporation, Term Loan, 5.50%, 5/09/21

2,875 2,889,375

ESH Hospitality, Inc., Term Loan, 5.00%, 6/24/19

1,410 1,422,337

Hilton Worldwide Finance LLC, Term Loan B2, 3.50%, 10/26/20

3,241 3,219,659

La Quinta Intermediate Holdings LLC, Term Loan B, 4.00%, 4/14/21

5,545 5,536,120  
MGM Resorts International, Term Loan B, 3.50%, 12/20/19

1,774 1,761,914  
Pinnacle Entertainment, Inc., Term Loan B2, 3.75%, 8/13/20

2,438 2,425,399  
Playa Resorts Holding BV, Term Loan B, 4.00%, 8/06/19

3,578 3,560,073  
Station Casinos LLC, Term Loan B, 4.25%, 3/02/20

4,920 4,900,277  
Travelport Finance (Luxembourg) Sarl, 2014 Term Loan B, 6.00%, 9/02/21 (k)

6,980 7,009,107  
Travelport LLC/Travelport Holdings, Inc.:  
2nd Lien PIK Term Loan 2, 4.00%, 12/01/16

2,558 2,557,551  
2nd Lien Term Loan 1, 9.50%, 1/29/16

547 557,224  
Refinancing Term Loan, 6.25%, 6/26/19

1,267 1,285,702

68,671,682  
**Independent Power and Renewable Electricity Producers 0.2%**  
Energy Future Intermediate Holding Co LLC, DIP Term Loan, 4.25%, 6/19/16

2,730 2,732,730  
**Industrial Conglomerates 0.4%**

Sequa Corp., Term Loan B, 5.25%, 6/19/17

6,384 6,244,162

**Insurance 0.1%**

Alliant Holdings I, Inc., Term Loan B, 4.25%, 12/20/19

1,654 1,643,914

**Internet Software & Services 0.2%**

Interactive Data Corp., 2014 Term Loan, 4.75%, 5/02/21

3,650 3,659,125

**IT Services 1.0%**

Ceridian LLC:

Term Loan B1, 4.16%, 5/09/17

806 804,636

Term Loan B2, 4.50%, 9/14/20

841 839,662

First Data Corp.:

2018 Extended Term Loan, 3.66%, 3/23/18

15,480 15,305,850

2018 Term Loan, 3.66%, 9/24/18

200 198,188

17,148,336

**Machinery 1.3%**

Gardner Denver, Inc.:

4.25%, 7/30/20

7,253 7,240,169

4.75%, 7/30/20

EUR

7,421 9,779,347

Hillman Group Inc. (The), Term Loan B, 4.50%, 6/30/21

USD

425 424,821

Rexnord LLC, 1st Lien Term Loan B, 4.00%, 8/21/20

2,894 2,873,694

Silver II US Holdings LLC, Term Loan, 4.00%, 12/13/19

1,139 1,133,442

21,451,473

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Floating Rate Loan Interests (d) Par**  
**(000) Value**

**Media 1.0%**

Cengage Learning Acquisitions, Inc.:

0.00%, 7/03/15 (a)(h)

USD

10,469 \$ 1

7.00%, 3/31/20

5,120 5,150,711

Charter Communications Operating LLC, Term Loan G, 4.25%, 7/24/21 (k)

4,030 4,052,689

Clear Channel Communications, Inc.:

Term Loan B, 3.81%, 1/29/16

747 741,681

Term Loan D, 6.91%, 1/30/19

4,098 4,035,163

Getty Images, Inc., Term Loan B, 4.75%, 10/18/19

75 70,926

Media General, Inc., Delayed Draw Term Loan B, 4.25%, 7/31/20

3,488 3,496,811

Tribune Co., 2013 Term Loan, 4.00%, 12/27/20

225 224,935

17,772,917

**Metals & Mining 0.3%**

FMG Resources (August 2006) Property Ltd., Term Loan B, 3.75%, 6/30/19

4,520 4,500,893

**Multiline Retail 0.3%**

BJ's Wholesale Club, Inc., 2nd Lien Term Loan, 8.50%, 3/26/20

1,065 1,075,117

J.C. Penney Corporation, Inc., New Term Loan, 5.00%, 6/20/19

950 949,288

The Neiman Marcus Group, Inc., 2020 Term Loan, 4.25%, 10/25/20

2,595 2,573,956

4,598,361

**Oil, Gas & Consumable Fuels 0.2%**

Arch Coal, Inc., Term Loan B, 6.25%, 5/16/18

1,711 1,663,612

Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15

2,093 2,097,939

3,761,551

**Pharmaceuticals 0.7%**

Grifols Worldwide Operations USA, Inc., Term Loan B, 3.16%, 2/27/21

4,773 4,736,667

Mallinckrodt International Finance SA, Term Loan B, 3.50%, 3/19/21

1,815 1,806,826

Par Pharmaceutical Cos, Inc., Term Loan B2, 4.00%, 9/30/19

3,940 3,905,748

Pharmaceutical Product Development LLC, Term Loan B, 4.00%, 12/05/18

1,377 1,375,619



11,824,860

**Professional Services 0.3%**

Advantage Sales & Marketing, Inc.:

1st Lien Term Loan, 4.25%, 7/23/21

1,645 1,628,052

2nd Lien Term Loan, 7.50%, 7/25/22

2,495 2,495,524

Delayed Draw Term Loan, 0.50%, 7/23/21 (k)

55 54,268

4,177,844

**Real Estate Management & Development 0.0%**

Realogy Corp., Extended Letter of Credit, 4.40%, 10/10/16

230 228,456

**Semiconductors & Semiconductor Equipment 0.3%**

Avago Technologies Cayman Ltd., Term Loan B, 3.75%, 5/06/21

5,075 5,066,931

**Software 0.4%**

BMC Software Finance, Inc., Term Loan, 5.00%, 9/10/20

744 741,655

GCA Services Group, Inc., 2nd Lien Term Loan, 9.25%, 10/22/20

260 260,434

Infor US, Inc., Term Loan B5, 3.75%, 6/03/20

2,720 2,696,423

Kronos, Inc., 2nd Lien Term Loan, 9.75%, 4/30/20

3,445 3,530,750

7,229,262

**Textiles, Apparel & Luxury Goods 0.4%**

Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18

6,134 6,041,805

**Total Floating Rate Loan Interests 16.4%**

279,387,377

**Non-Agency Mortgage-Backed Securities Par**

**(000) Value**

**Collateralized Mortgage Obligations 0.2%**

Hilton USA Trust, Series 2013-HLT, Class EFX, 5.61%, 11/05/30 (c)(d)

USD

3,829 \$ 3,917,484

**Other Interests (1)**

**Beneficial  
Interest  
(000)**

**Auto Components 0.0%**

Lear Corp. Escrow

1,250 10,938

**Media 0.0%**

Adelphia Escrow (a)

4,000 40

Adelphia Recovery Trust (a)

5,017 2,508

2,548

**Total Other Interests 0.0%**

13,486

---

**Preferred Securities**

**Par  
(000)**

**Capital Markets 0.4%**

The Goldman Sachs Group, Inc., Series L, 5.70% (d)(g)

5,978 6,171,305

**Diversified Financial Services 1.4%**

Bank of America Corp. (d)(g):

Series U, 5.20%

1,165 1,122,769

Series V, 5.13%

5,620 5,562,002

Barclays PLC, 8.00% (d)(g)

985 1,397,927

Citigroup, Inc., Series D, 5.35% (d)(g)

1,055 1,007,387

JPMorgan Chase & Co. (d)(g):

Series Q, 5.15%

850 827,688

Series U, 6.13%

4,228 4,323,130

Series V, 5.00%

5,615 5,568,148  
Morgan Stanley, Series H, 5.45% (d)(g)

4,815 4,899,262

24,708,313  
**Total Capital Trusts 1.8%**

30,879,618

---

### Preferred Stocks

**Shares**  
**Capital Markets 0.4%**

RBS Capital Funding Trust, Series F, 6.25%

93,975 2,277,954  
RBS Capital Funding Trust VII, 6.08%

152,071 3,656,159  
State Street Corp., Series D, 5.90% (d)

20,889 545,203

6,479,316  
**Diversified Finance Services 0.1%**  
Ally Financial, Inc., Series A, 8.50% (d)(g)

41,694 1,136,995  
**Media 0.0%**

Emmis Communications Corp., Series A, 6.25%

10,300 151,925  
**Oil, Gas & Consumable Fuels 0.4%**  
Chesapeake Energy Corp.:

5.75% (e)(g)

4,151 5,358,733  
5.75% (c)

1,182 1,431,698

6,790,431  
**Real Estate Management & Development 0.1%**  
Concrete Investments II, 0.00%

4,997 1,011,134  
**Software 1.3%**

Amaya Gaming Group, Inc., 0.00%

19,851 22,866,140  
**Total Preferred Stocks 2.3%**

38,435,941

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

**Trust Preferred Par**  
**(000) Value**

**Diversified Financial Services 0.5%**  
 GMAC Capital Trust I, Series 2, 8.13% (d)

301,466 \$ 8,074,489

**Total Preferred Securities 4.6%**

77,390,048

**Warrants (m)**

**Shares**

**Media 0.0%**

New Vision Holdings LLC (Expires 9/30/14)

89,790 4,857

**Metals & Mining 0.0%**

Peninsula Energy Ltd. (Expires 12/31/15)

31,614,557 275,843

**Software 0.0%**

HMH Holdings/EduMedia (Issued/exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27)

6,494 30,206

**Total Warrants 0.0%**

310,906

**Total Long-Term Investments**  
**(Cost \$2,319,988,972) 139.8%**

2,383,983,860

**Short-Term Securities Par**  
**(000) Value**

BlackRock Liquidity Funds, TempFund, Institutional Class, 0.03% (n)(o)

3,602,081 \$3,602,081

**Total Short-Term Securities****(Cost \$3,602,081) 0.2%**

3,602,081

**Options Purchased****(Cost \$38,133) 0.0%****Total Investments****(Cost \$2,323,629,186) 140.0%**

2,387,585,941

**Liabilities in Excess of Other Assets (40.0)%**

(682,163,841)

**Net Assets 100.0%**

\$1,705,422,100

**Notes to Schedule of Investments**

- (a) Non-income producing security.
- (b) Security is held by a wholly owned subsidiary.
- (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (d) Variable rate security. Rate shown is as of report date.
- (e) Convertible security.
- (f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares and/or in cash. Rates shown are the current rate and possible payment rates.
- (g) Security is perpetual in nature and has no stated maturity date.
- (h) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (i) Zero-coupon bond.
- (j) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (k) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>            | <b>Value</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|--------------------------------|--------------|---|
| Deutsche Bank Securities, Inc. | \$7,009,107  | \$116,357   |
| Goldman Sachs & Co.            | \$4,052,689  | \$ 42,839   |

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|   |            |          |
|---|------------|----------|
| Jefferies Co.                               | \$ 964,926 | \$ 3,623 |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | \$ 54,268  | \$ (433) |

- (l) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.
- (m) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (n) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate  | Shares Held at August 31, 2013   | Net Activity | Shares Held at August 31, 2014 | Income |
|--|--|--------------|--------------------------------|--------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 1,737,587  | 1,864,494    | 3,602,081                      | \$987  |
| (o)  | Represents the current yield as of report date.                                |              |                                |        |
|  | Financial futures contracts outstanding as of August 31, 2014 were as follows: |              |                                |        |

| Contracts Sold | Issue                | Exchange           | Expiration     | Notional Value | Unrealized Depreciation |
|----------------|----------------------|--------------------|----------------|----------------|-------------------------|
| (662)          | S&P 500 E-Mini Index | Chicago Mercantile | September 2014 | USD 66,246,340 | \$(886,781)             |

See Notes to Financial Statements.

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

Consolidated Schedule of Investments (continued)

Forward foreign currency exchange contracts outstanding as of August 31, 2014 were as follows:

| Currency Purchased | Currency Sold   | Counterparty                    | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|-----------------|---------------------------------|-----------------|--|
| EUR 229,000        | USD 304,213     | Citibank N.A.                   | 10/21/14        | \$ (3,230 )                            |
| EUR 600,000        | USD 802,889     | Goldman Sachs Bank USA          | 10/21/14        | (14,286 )                              |
| EUR 1,050,000      | USD 1,399,262   | Goldman Sachs Bank USA          | 10/21/14        | (19,206 )                              |
| EUR 90,000         | USD 120,103     | State Street Bank and Trust Co. | 10/21/14        | (1,812 )                               |
| EUR 1,981,000      | USD 2,652,398   | State Street Bank and Trust Co. | 10/21/14        | (48,694 )                              |
| EUR 800,000        | USD 1,068,796   | Toronto Dominion Bank           | 10/21/14        | (17,325 )                              |
| EUR 900,000        | USD 1,205,825   | UBS AG                          | 10/21/14        | (22,921 )                              |
| GBP 310,000        | USD 516,918     | Citibank N.A.                   | 10/21/14        | (2,471 )                               |
| GBP 830,000        | USD 1,397,556   | JPMorgan Chase Bank N.A.        | 10/21/14        | (20,167 )                              |
| GBP 70,000         | USD 117,893     | Royal Bank of Scotland PLC      | 10/21/14        | (1,728 )                               |
| GBP 260,000        | USD 432,450     | State Street Bank and Trust Co. | 10/21/14        | (979 )                                 |
| GBP 300,000        | USD 505,665     | The Bank of New York Mellon     | 10/21/14        | (7,813 )                               |
| USD 726,096        | AUD 781,000     | Deutsche Bank AG                | 10/21/14        | (857 )                                 |
| USD 2,378,698      | CAD 2,610,000   | Goldman Sachs Bank USA          | 10/21/14        | (19,029 )                              |
| USD 24,413,429     | CAD 26,710,000  | Toronto Dominion Bank           | 10/21/14        | (124,229 )                             |
| USD 23,007,275     | CAD 24,783,000  | UBS AG                          | 10/21/14        | 239,893                                |
| USD 1,053,819      | EUR 779,000     | Bank of America N.A.            | 10/21/14        | 29,949                                 |
| USD 138,701        | EUR 103,000     | Bank of America N.A.            | 10/21/14        | 3,324                                  |
| USD 169,836,971    | EUR 125,529,000 | Citibank N.A.                   | 10/21/14        | 4,849,397                              |
| USD 18,888         | EUR 14,000      | Citibank N.A.                   | 10/21/14        | 487                                    |
| USD 73,806,865     | GBP 43,195,000  | Bank of America N.A.            | 10/21/14        | 2,124,543                              |
| <b>Total</b>       |                 |                                 |                 | <b>\$ 6,942,846</b>                    |

OTC options purchased as of August 31, 2014 were as follows:

| Description                    | Counterparty        | Put/ Call | Strike Price | Expiration Date | Market Contracts | Market Value |
|--------------------------------|---------------------|-----------|--------------|-----------------|------------------|--------------|
| Marsico Parent Superholdco LLC | Goldman Sachs & Co. | Call      | USD 942.86   | 12/14/19        | 39               |              |

OTC credit default swaps sold protection outstanding as of August 31, 2014 were as follows:

| Issuer           | Receive Fixed Rate | Counterparty     | Expiration Date | Credit Rating <sup>1</sup> | Notional Amount (000) <sup>2</sup> | Market Value | Premiums Paid (Received) | Unrealized Appreciation |
|------------------|--------------------|------------------|-----------------|----------------------------|------------------------------------|--------------|--------------------------|-------------------------|
| CCO Holdings LLC | 8.00%              | Deutsche Bank AG | 9/20/17         | B                          | USD 8,180                          | \$ 1,627,373 |                          | \$ 1,627,373            |
| Trionista Holdco | 5.00%              | Citibank N.A.    | 3/20/19         | B+                         | EUR 340                            | 48,723       | \$ 33,417                | 15,306                  |

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|                              |       |                             |         |    |          |             |             |             |  |
|------------------------------|-------|-----------------------------|---------|----|----------|-------------|-------------|-------------|--|
| GmbH                         |       |                             |         |    |          |             |             |             |  |
| Trionista Holdco GmbH        | 5.00% | Citibank N.A.               | 3/20/19 | B+ | EUR363   | 52,056      | 36,233      | 15,823      |  |
| Trionista Holdco GmbH        | 5.00% | Citibank N.A.               | 3/20/19 | B+ | EUR363   | 52,056      | 43,155      | 8,901       |  |
| Trionista Holdco GmbH        | 5.00% | Citibank N.A.               | 3/20/19 | B+ | EUR363   | 52,056      | 43,819      | 8,237       |  |
| Level 3 Communications, Inc. | 5.00% | Goldman Sachs International | 6/20/19 | B+ | USD5,000 | 613,269     | (368,840)   | 982,109     |  |
| <b>Total</b>                 |       |                             |         |    |          | \$2,445,533 | \$(212,216) | \$2,657,749 |  |

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

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

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

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

See Notes to Financial Statements.

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

## Consolidated Schedule of Investments (continued)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                       | Level 1              | Level 2                | Level 3              | Total                  |
|---------------------------------------|----------------------|------------------------|----------------------|------------------------|
| <b>Assets:</b>                        |                      |                        |                      |                        |
| Investments:                          |                      |                        |                      |                        |
| Long-Term Investments:                |                      |                        |                      |                        |
| Common Stocks                         | \$127,562,847        | \$ 29,597,540          | \$ 56,896,277        | \$ 214,056,664         |
| Asset-Backed Securities               |                      | 19,010,306             | 6,775,056            | 25,785,362             |
| Corporate Bonds                       |                      | 1,753,987,515          | 29,135,018           | 1,783,122,533          |
| Floating Rate Loan Interests          |                      | 241,158,034            | 38,229,343           | 279,387,377            |
| Non-Agency Mortgage-Backed Securities |                      | 3,917,484              |                      | 3,917,484              |
| Other Interests                       |                      | 2,508                  | 10,978               | 13,486                 |
| Preferred Securities                  | 21,201,458           | 55,177,456             | 1,011,134            | 77,390,048             |
| Warrants                              | 187,367              | 118,682                | 4,857                | 310,906                |
| Short-Term Securities                 | 3,602,081            |                        |                      | 3,602,081              |
| <b>Total</b>                          | <b>\$152,553,753</b> | <b>\$2,102,969,525</b> | <b>\$132,062,663</b> | <b>\$2,387,585,941</b> |

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

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|   | Level 1             | Level 2                 | Level 3 | Total                   |
|---|---------------------|-------------------------|---------|-------------------------|
| <b>Assets:</b>                                  |                     |                         |         |                         |
| Cash pledged as collateral for OTC derivatives  | \$ 1,970,000        |                         |         | \$ 1,970,000            |
| Cash pledged for financial futures contracts    | 3,198,000           |                         |         | 3,198,000               |
| Foreign currency at value                       | 529,079             |                         |         | 529,079                 |
| <b>Liabilities:</b>                             |                     |                         |         |                         |
| Bank borrowings payable                         |                     | \$ (723,000,000)        |         | (723,000,000)           |
| Bank overdraft                                  |                     | (224,629)               |         | (224,629)               |
| Cash received as collateral for OTC derivatives |                     | (2,700,000)             |         | (2,700,000)             |
| <b>Total</b>                                    | <b>\$ 5,697,079</b> | <b>\$ (725,924,629)</b> |         | <b>\$ (720,227,550)</b> |

See Notes to Financial Statements.

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

## Consolidated Schedule of Investments (continued)

A reconciliation of Level 3 investments and derivative financial instruments is presented when the Trust had a significant amount of Level 3 investments and derivative financial instruments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|  | Common<br>Stocks     | Asset-Backed<br>Securities | Corporate<br>Bonds   | Floating<br>Rate Loan<br>Interests | Other<br>Interests | Preferred<br>Securities | Warrants        | Total                 |
|--|----------------------|----------------------------|----------------------|------------------------------------|--------------------|-------------------------|-----------------|-----------------------|
| Beginning Balance, as of<br>August 31, 2013  | \$ 7,608,130         | \$ 2,824,497               | \$ 3,673,915         | \$ 13,072,578                      | \$ 71              |                         | \$ 66,028       | \$ 27,244,219         |
| Transfers into Level 3 <sup>1</sup>  |                      |                            |                      | 1,453,195                          |                    |                         |                 | 1,453,195             |
| Transfers out of Level 3 <sup>2</sup>  | (343,980)            | (2,251,497)                |                      | (2,939,292)                        |                    |                         | (24,750)        | (5,569,529)           |
| Dividends and<br>interests/premiums  |                      | 4,947                      | 4,941                | 309,165                            |                    |                         |                 | 324,153               |
| Realized gain (loss)   | 101,809              | 56,314                     | 247,876              | 267,182                            | 805                |                         |                 | 674,086               |
| Change in unrealized<br>appreciation/<br>depreciation <sup>3,4</sup>   | (16,292,941)         | 1,838                      | (8,532,758)          | 994,223                            | 10,637             | \$ (4,271)              | (59,239)        | (23,886,541)          |
| Reorganization <sup>5</sup>  | 79,917,869           | 8,047,835                  | 36,555,676           | 39,840,744                         | 270                | 1,015,405               | 22,818          | 165,403,787           |
|  | (14,094,610)         | (1,908,878)                | (2,814,632)          | (14,768,452)                       | (805)              |                         |                 | (33,595,377)          |
| <b>Ending Balance, as of<br/>August 31, 2014</b>   | <b>\$ 56,896,277</b> | <b>\$ 6,775,056</b>        | <b>\$ 29,135,018</b> | <b>\$ 38,229,343</b>               | <b>\$ 10,978</b>   | <b>\$ 1,011,134</b>     | <b>\$ 4,857</b> | <b>\$ 132,062,563</b> |
| Change in unrealized<br>appreciation/depreciation<br>on investments still held<br>as of August 31, 2014 <sup>4</sup> | \$ (15,220,940)      | \$ 1,838                   | \$ (8,438,141)       | \$ 1,071,903                       | \$ 10,695          | \$ (4,271)              | \$ (59,239)     | \$ (22,638,155)       |

As of August 31, 2013, the Trust used significant observable inputs in determining the value of certain investments.

<sup>1</sup> As of August 31, 2014, the Trust used unobservable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$1,453,195, transferred from Level 2 to Level 3 in the disclosure hierarchy.

<sup>2</sup> As of August 31, 2013, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2014, the Trust used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$5,215,538 transferred from Level 3 to Level 2 and \$343,980 transferred from Level 3 to Level 1 in the disclosure hierarchy.

<sup>3</sup> Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statement of Operations.

<sup>4</sup> Any difference between Net change in unrealized appreciation/depreciation and Net change in unrealized appreciation/depreciation on investments held as of August 31, 2014 is generally due to investments no longer held or categorized as Level 3 at period end.

<sup>5</sup> Includes investments acquired in the reorganization.

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

| Assets: | Credit<br>Contracts |
|---------|---------------------|
|         |                     |

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|  |            |
|--|------------|
| Opening Balance, as of August 31, 2013   | \$ 607,499 |
| Transfers into Level 3   |            |
| Transfers out of Level 3 <sup>6</sup>  | (490,360)  |
| Accrued discounts/premiums   |            |
| Net realized gain (loss)   |            |
| Net change in unrealized appreciation/depreciation <sup>7</sup>  | (117,139)  |
| Purchases  |            |
| Issues   |            |
| Sales  |            |
| Settlements  |            |
| <b>Closing Balance, as of August 31, 2014</b>  | <b>\$</b>  |
| Net change in unrealized appreciation/depreciation on investments still held at August 31, 2014 <sup>4</sup> | <b>\$</b>  |

As of August 31, 2013, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2014, the Trust used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$490,360 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup>Included in the related net change in unrealized appreciation/depreciation in the Consolidated Statement of Operations.

See Notes to Financial Statements.

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

## Schedule of Investments (concluded)

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the value of certain of the Trust's Level 3 investments and derivative financial instruments as of August 31, 2014. The table does not include Level 3 investments and derivative financial instruments with values derived based upon unadjusted third party pricing information. A significant change in third party pricing information could result in a significantly lower or higher value of such Level 3 investments and derivative financial instruments. The value of Level 3 investments and derivative financial instruments derived using third party pricing information is \$78,597,812.

|  | Value               | Valuation Techniques                          | Unobservable Inputs                                       | Range of Unobservable Inputs Utilized |
|--|---------------------|---|---|---------------------------------------|
| <b>Assets:</b>   |                     |   |   |                                       |
| Common Stocks  | \$12,626,410        | Market Comparable Companies                   | 2P (Proved and Probable) Reserves                         |                                       |
|  |                     |   | +2C (Contingent) Resources Multiple <sup>3,4</sup>        | CAD <sup>6</sup><br>0.38x-0.60x       |
|  |                     |   | PV-10 Multiple <sup>3</sup>                               | 0.16x-0.28x                           |
|  | 17,637,548          | Market Comparable Companies                   | Fleet Value Multiple                                      | 1.10x                                 |
|  | 10,677,197          | Market Comparable Companies                   | Offshore Last 12 Months EBITDA Multiple <sup>3</sup>      | 6.19x                                 |
|  |                     |   | Offshore Current Fiscal Year EBITDA Multiple <sup>3</sup> | 7.25x                                 |
|  |                     |   | Onshore Last 12 Months EBITDA Multiple <sup>3</sup>       | 5.18x                                 |
| Onshore Current Fiscal Year EBITDA Multiple <sup>3</sup> |                     |   | 4.75x   |                                       |
|  |                     | Discounted Operations Expected Sales Proceeds | \$150 <sup>7</sup>  |                                       |
| Corporate Bonds <sup>1</sup>                             | 2,483,215           | Cost <sup>2</sup>                             | N/A   |                                       |
|  | 2,800,000           | Cost <sup>2</sup>                             | N/A   |                                       |
|  | 4,906,200           | Discounted Cash Flow                          | Internal Rate of Return <sup>5</sup>                      | 10.00%                                |
|  | 2,329,424           | Par   | Call Price <sup>3</sup>                                   |                                       |
| Warrant  | 4,857               | Estimated Recovery Value                      | Distribution Rate <sup>5</sup>                            | \$0.0541                              |
| <b>Total</b>   | <b>\$53,464,581</b> |   |   |                                       |

For the year ended August 31, 2014, the valuation technique for certain investments classified as corporate bonds changed to utilizing par value or an income approach. Market information previously utilized to determine fair value under the market approach no longer applied to these investments; therefore, the par value or income approach is considered to be a more relevant measure of fair value for these investments.

<sup>2</sup>The Trust fair values certain of its Level 3 investments using acquisition cost, although the transaction may not have occurred during the current reporting period. These investments are generally privately held investments. There may not be a secondary market, and/or there are a limited number of investors. The determination to fair value such investments at cost is based upon factors consistent with the principles of fair value measurement that are reasonably available to the Global Valuation Committee, or its delegate. Valuations are reviewed utilizing available market information to determine if the carrying value should be adjusted. Such market data may include, but is not limited

to, observations of the trading multiples of public companies considered comparable to the private companies being valued, financial or operational information released by the company, and/or news or corporate events that affect the investment. Valuations may be adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment and the fact that comparable public companies are not identical to the investments being fair valued by the Trust.

<sup>3</sup> Increase in unobservable input may result in a significant increase to value, while a decrease in the unobservable input may result in a significant decrease to value.

<sup>4</sup> Present value of estimated future oil and gas revenues, net of estimated direct expenses discounted at an annual discount of 10%.

<sup>5</sup> Decrease in unobservable input may result in a significant increase to value, while an increase in the unobservable input may result in a significant decrease to value.

<sup>6</sup> Canadian Dollar.

<sup>7</sup> Amount is stated in millions.

See Notes to Financial Statements.

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

Schedule of Investments August 31, 2014

**Asset-Backed Securities Par**  
**(000) Value**

**Asset-Backed Securities 6.3%**

AmeriCredit Automobile Receivables Trust, Series 2011-5, Class C, 3.44%, 10/08/17

USD

400 \$ 409,335

Apidos CDO XI, Series 2012-11A, Class D, 4.48%, 1/17/23 (a)(b)

600 599,980

Atrium CDO Corp., Series 9A, Class D, 3.74%, 2/28/24 (a)(b)

750 716,947

Babson CLO Ltd., Series 2012-1X, Class B, 2.73%, 4/15/22 (b)

500 490,101

Brookside Mill CLO, Ltd., Series 2013-1A, Class C1, 2.93%, 4/17/25 (a)(b)

500 487,352

CarMax Auto Owner Trust, Series 2012-1:

Class B, 1.76%, 8/15/17

210 213,025

Class C, 2.20%, 10/16/17

125 127,555

Class D, 3.09%, 8/15/18

160 163,180

CenterPoint Energy Transition Bond Co. LLC, Series 2012-1, Class A3, 3.03%, 10/15/25

1,105 1,119,618

CIFC Funding Ltd. (a)(b):

Series 2012-1AR, Class B1R, 4.39%, 8/14/24

750 743,850

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Series 2013-IA, Class B, 3.04%, 4/16/25

500 489,155

Series 2013-IA, Class C, 3.83%, 4/16/25

500 477,036

Ford Credit Floorplan Master Owner Trust, Series 2012-2:

Class B, 2.32%, 1/15/19

245 249,967

Class C, 2.86%, 1/15/19

105 108,453

Class D, 3.50%, 1/15/19

200 209,071

Galaxy XV CLO Ltd., Series 2013-15A, Class C, 2.83%, 4/15/25 (a)(b)

500 485,323

ING IM CLO Ltd., Series 2012-2A, Class C, 3.68%, 10/15/22 (a)(b)

750 750,197

Nelnet Student Loan Trust (b):

Series 2006-1, Class A5, 0.34%, 8/23/27

525 517,032

Series 2008-3, Class A4, 1.88%, 11/25/24

620 650,402

OZLM Funding III, Ltd., Series 2013-3A (a)(b):

Class B, 3.33%, 1/22/25

750 745,725

Class C, 4.13%, 1/22/25

500 482,096

OZLM VIII, Ltd., Series 2014-8A, Class C, 3.78%, 10/17/26 (a)(b)(c)

2,000 1,869,000

Santander Drive Auto Receivables Trust:

Series 2010-2, Class C, 3.89%, 7/17/17

608 610,418

Series 2010-B, Class C, 3.02%, 10/17/16 (a)

40 39,610

Series 2011-1, Class D, 4.01%, 2/15/17

940 964,887

Series 2012-1, Class B, 2.72%, 5/16/16

96 95,898

Series 2012-1, Class C, 3.78%, 11/15/17

325 332,363

Silver Spring CLO, Ltd., Series 2014-1A, Class D, 3.72%, 10/15/26 (a)(b)(c)

2,250 2,119,050

SLM Private Credit Student Loan Trust, Series 2004-B, Class A2, 0.43%, 6/15/21 (b)

111 110,270

SLM Private Education Loan Trust, Series 2012-A, Class A1, 1.56%, 8/15/25 (a)(b)

190 192,298

SLM Student Loan Trust:

Series 2008-5, Class A3, 1.53%, 1/25/18 (b)

424 427,088

Series 2008-5, Class A4, 1.93%, 7/25/23 (b)

630 657,795

Series 2012-A, Class A2, 3.83%, 1/17/45 (a)

345 361,818

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Series 2014-A, Class B, 3.50%, 11/15/44 (a)

250 244,638

Small Business Administration Participation Certificates, Series 1996-20K, Class 1, 6.95%, 11/01/16

71 73,665

Steele Creek CLO 2014-1, Ltd., Series 2014-1A, Class C, 3.43%, 8/21/26 (a)(b)

2,500 2,459,250

Symphony CLO VII, Ltd., Series 2011-7A, Class E, 3.84%, 7/28/21 (a)(b)

750 723,920

Venture CDO Ltd., 3.39%, 10/15/26 (a)(b)

1,550 1,525,029

Voya CLO Ltd., Series 2014-3A, Class C, 3.83%, 7/25/26 (a)(b)

1,750 1,663,200

World Financial Network Credit Card Master Trust, Series 2012-C, Class C, 4.55%, 8/15/22

1,180 1,231,459

25,937,056

**Asset-Backed Securities Par  
(000) Value**

**Interest Only Asset-Backed Securities 0.2%**

Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (a)

USD

2,643 \$ 191,596

Sterling Coofs Trust, Series 2004-1, Class A, 2.36%, 4/15/29 (a)

4,974 341,985

533,581

**Total Asset-Backed Securities 6.5%**

26,470,637

---

**Corporate Bonds**

**Aerospace & Defense 0.6%**

Huntington Ingalls Industries, Inc., 7.13%, 3/15/21

230 250,125  
United Technologies Corp. (d):

4.88%, 5/01/15

1,250 1,287,564  
6.13%, 7/15/38

750 976,843

2,514,532  
**Airlines 2.1%**

American Airlines Pass-Through Trust, Series 2013-2:

Class A, 4.95%, 1/15/23

2,224 2,396,348  
Class B, 5.60%, 7/15/20

488 506,206  
Continental Airlines Pass-Through Trust:

Series 2010-1, Class B, 6.00%, 1/12/19

421 448,376  
Series 2012-3, Class C, 6.13%, 4/29/18

500 530,000  
United Airlines Pass-Through Trust:

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Series 2013-1, Class A, 4.30%, 8/15/25

2,000 2,050,000

Series 2014-2, Class B, 4.63%, 9/03/22

1,375 1,375,000

US Airways Pass-Through Trust, Series 2012-1, Class C, 9.13%, 10/01/15

1,084 1,143,747

8,449,677

**Auto Components 0.8%**

Icahn Enterprises LP/Icahn Enterprises Finance Corp.:

3.50%, 3/15/17

91 91,569

4.88%, 3/15/19

1,330 1,366,575

6.00%, 8/01/20

953 1,017,327

5.88%, 2/01/22

667 695,348

3,170,819

**Automobiles 1.0%**

Ford Motor Co., 4.75%, 1/15/43

2,005 2,098,599

General Motors Co., 6.25%, 10/02/43

1,253 1,469,143

Jaguar Land Rover Automotive PLC, 4.13%, 12/15/18 (a)

750 761,250

4,328,992

**Banks 4.2%**

Barclays Bank PLC, 7.63%, 11/21/22

1,750 1,965,469

CIT Group, Inc.:

5.50%, 2/15/19 (a)

398 429,343

5.38%, 5/15/20

1,650 1,786,125

Depfa ACS Bank, 5.13%, 3/16/37 (a)

4,150 4,964,354

HSBC Bank Brasil SA Banco Multiplo, 4.00%, 5/11/16 (a)(d)

1,400 1,442,000

HSBC Bank PLC, 3.10%, 5/24/16 (a)(d)

695 723,608

HSBC Holdings PLC:

4.25%, 3/14/24

1,010 1,048,506

6.10%, 1/14/42 (d)

305 396,442

Rabobank Nederland (d):

3.88%, 2/08/22

1,390 1,487,167

3.95%, 11/09/22

1,500 1,542,769  
Wells Fargo & Co., 3.50%, 3/08/22 (d)

1,390 1,447,846

17,233,629  
**Building Products 0.1%**

Cemex SAB de CV, 5.88%, 3/25/19 (a)

200 209,500

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

**Capital Markets 3.7%**

CDP Financial, Inc., 5.60%, 11/25/39 (a)(d)

USD

2,955 \$ 3,808,389

The Goldman Sachs Group, Inc. (d):

5.38%, 3/15/20

1,215 1,372,713  
 5.25%, 7/27/21

3,175 3,578,047  
 5.75%, 1/24/22

1,815 2,106,353  
 Lehman Brothers Holdings Inc., 6.50%, 7/19/17 (e)(f)

225  
 Morgan Stanley:

4.20%, 11/20/14 (d)

680 685,487  
 4.00%, 7/24/15

400 412,468  
 6.25%, 8/28/17 (d)

1,925 2,179,256  
 Murray Street Investment Trust I, 4.65%, 3/09/17 (d)(g)  
 820 882,082

15,024,795  
**Chemicals 1.3%**

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Axalta Coating Systems US Holdings, Inc./Axalta Coating Systems Dutch Holding BV, 7.38%, 5/01/21 (a)  
151 164,590  
Axiall Corp., 4.88%, 5/15/23

152 152,190  
The Dow Chemical Co., 4.13%, 11/15/21

350 374,869  
Huntsman International LLC, 4.88%, 11/15/20

297 302,940  
Methanex Corp., 3.25%, 12/15/19

2,074 2,127,341  
PetroLogistics LP/PetroLogistics Finance Corp., 6.25%, 4/01/20

161 177,503  
Rockwood Specialties Group, Inc., 4.63%, 10/15/20

1,800 1,872,000

5,171,433  
**Commercial Services & Supplies 1.3%**

ADS Waste Holdings, Inc., 8.25%, 10/01/20

245 260,925  
The ADT Corp., 4.88%, 7/15/42

539 458,150  
Aviation Capital Group Corp. (a):  
4.63%, 1/31/18

650 680,991  
7.13%, 10/15/20

900 1,027,408  
Brand Energy & Infrastructure Services, Inc., 8.50%, 12/01/21 (a)

214 222,560  
Mobile Mini, Inc., 7.88%, 12/01/20

1,320 1,425,600  
United Rentals North America, Inc.:

5.75%, 7/15/18

194 204,185  
7.38%, 5/15/20

385 419,650  
7.63%, 4/15/22

455 510,737

5,210,206  
**Communications Equipment 1.2%**

ADC Telecommunications, Inc., 3.50%, 7/15/15 (h)  
4,340 4,383,400  
Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20

530 571,737

4,955,137  
**Construction & Engineering 0.1%**

ABB Finance USA, Inc., 4.38%, 5/08/42

194 204,073  
BlueLine Rental Finance Corp., 7.00%, 2/01/19 (a)

96 101,520  
Safway Group Holding LLC/Safway Finance Corp., 7.00%, 5/15/18 (a)

200 210,500

516,093

**Construction Materials 1.1%**

Allegion US Holding Co., Inc., 5.75%, 10/01/21

448 469,280

HD Supply, Inc.:

8.13%, 4/15/19

1,954 2,129,860

7.50%, 7/15/20

1,544 1,659,800

Lafarge SA, 7.13%, 7/15/36

135 154,575

4,413,515

**Consumer Finance 0.9%**

Discover Financial Services, 3.85%, 11/21/22

250 256,017

Ford Motor Credit Co. LLC:

6.63%, 8/15/17

280 319,789

8.13%, 1/15/20

1,265 1,605,981

4.25%, 9/20/22

800 854,769

SLM Corp., 6.25%, 1/25/16

651 690,060

3,726,616

**Corporate Bonds Par**

**(000) Value**

**Containers & Packaging 0.3%**

Crown Americas LLC/Crown Americas Capital Corp. III, 6.25%, 2/01/21

USD

91 \$ 97,142

Sealed Air Corp. (a):

6.50%, 12/01/20

550 605,000

8.38%, 9/15/21

225 253,125

Smurfit Kappa Acquisitions, 4.88%, 9/15/18 (a)

410 425,375

1,380,642

**Diversified Consumer Services 0.4%**

APX Group, Inc., 6.38%, 12/01/19

269 273,035

Service Corp. International, 4.50%, 11/15/20

1,240 1,235,350

1,508,385

**Diversified Financial Services 7.5%**

Aircastle Ltd., 6.25%, 12/01/19

705 763,162

Ally Financial, Inc.:

5.50%, 2/15/17

1,500 1,601,250

6.25%, 12/01/17

160 176,200

8.00%, 3/15/20

560 680,400

8.00%, 11/01/31

300 388,125

Bank of America Corp. (d):

5.63%, 7/01/20

1,100 1,260,607

3.30%, 1/11/23

5,010 4,968,347

Capital One Financial Corp., 4.75%, 7/15/21

975 1,082,347

FMR LLC, 4.95%, 2/01/33 (a)(d)

1,150 1,278,895

General Electric Capital Corp., 6.75%, 3/15/32 (d)

2,500 3,364,865

General Motors Financial Co., Inc., 4.25%, 5/15/23

406 414,627

IntercontinentalExchange Group, Inc., 4.00%, 10/15/23

235 250,047

Intesa Sanpaolo SpA, 5.02%, 6/26/24 (a)

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1,145 1,155,713  
Jefferies Finance LLC/JFIN Co-Issuer Corp., 7.38%, 4/01/20 (a)

1,250 1,306,250  
JPMorgan Chase & Co., 6.30%, 4/23/19 (d)

1,375 1,613,968  
JPMorgan Chase Bank NA, 6.00%, 10/01/17 (d)

800 904,972  
Macquarie Bank Ltd., 10.25%, 6/20/57 (b)

900 1,026,000  
Moody's Corp., 4.50%, 9/01/22

900 958,425  
Northern Trust Corp., 3.95%, 10/30/25 (d)

4,000 4,185,768  
Reynolds Group Issuer, Inc.:

7.13%, 4/15/19

200 207,750  
7.88%, 8/15/19

560 606,200  
5.75%, 10/15/20

1,000 1,045,000  
6.88%, 2/15/21

1,255 1,344,419

30,583,337  
**Diversified Telecommunication Services 2.7%**

CenturyLink, Inc., Series V, 5.63%, 4/01/20

400 423,000  
Level 3 Financing, Inc.:

8.13%, 7/01/19

671 726,357  
8.63%, 7/15/20

580 642,350  
Verizon Communications, Inc. (d):

3.50%, 11/01/21

500 518,931  
6.40%, 2/15/38

3,396 4,245,706  
6.55%, 9/15/43

3,375 4,346,935  
Windstream Corp., 7.88%, 11/01/17

200 227,500

11,130,779  
**Electric Utilities 4.9%**

The Cleveland Electric Illuminating Co.:

8.88%, 11/15/18

121 152,411  
5.95%, 12/15/36

217 256,681  
CMS Energy Corp., 5.05%, 3/15/22

917 1,040,558  
ComEd Financing III, 6.35%, 3/15/33



150 153,375  
Duke Energy Carolinas LLC:

6.10%, 6/01/37

325 412,188  
6.00%, 1/15/38 (d)

850 1,102,175  
4.25%, 12/15/41 (d)

375 388,681  
Duke Energy Florida, Inc., 6.40%, 6/15/38

340 464,025  
E.ON International Finance BV, 6.65%, 4/30/38 (a)(d)  
1,575 2,043,370  
Electricite de France SA, 5.60%, 1/27/40 (a)(d)

1,400 1,644,663

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
(000) Value**

**Electric Utilities (concluded)**

Florida Power Corp., 6.35%, 9/15/37 (d)

USD

1,450 \$ 1,970,923

Georgia Power Co., 3.00%, 4/15/16 (d)

800 829,505

Jersey Central Power & Light Co., 7.35%, 2/01/19

245 294,263

Ohio Power Co., Series D, 6.60%, 3/01/33

1,500 1,975,527

PacifiCorp, 6.25%, 10/15/37 (d)

650 865,495

Public Service Co. of Colorado, Series 17, 6.25%, 9/01/37 (d)

1,350 1,820,475

Southern California Edison Co. (d):

5.63%, 2/01/36

675 842,789

Series A, 5.95%, 2/01/38

1,100 1,414,509

Virginia Electric and Power Co., Series A, 6.00%, 5/15/37 (d)

1,920 2,472,868

20,144,481

**Energy Equipment & Services 2.6%**

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Calfrac Holdings LP, 7.50%, 12/01/20 (a)

470 499,375  
Enesco PLC:

3.25%, 3/15/16

160 165,675  
4.70%, 3/15/21 (d)

1,745 1,899,766  
EOG Resources, Inc., 2.63%, 3/15/23 (d)

1,898 1,846,887  
Genesis Energy LP/Genesis Energy Finance Corp., 5.75%, 2/15/21

71 73,307  
GrafTech International Ltd., 6.38%, 11/15/20

580 600,300  
MEG Energy Corp., 6.50%, 3/15/21 (a)

560 590,800  
Noble Holding International Ltd., 5.25%, 3/15/42

350 369,052  
Peabody Energy Corp.:

6.00%, 11/15/18

1,256 1,293,680  
6.25%, 11/15/21 (d)

1,244 1,239,335  
Seadrill Ltd., 6.13%, 9/15/17 (a)

1,590 1,641,675  
Transocean, Inc., 6.50%, 11/15/20

350 395,876

10,615,728

**Food & Staples Retailing 0.1%**

Rite Aid Corp., 6.75%, 6/15/21

279 296,089

**Food Products 0.5%**

Barry Callebaut Services NV, 5.50%, 6/15/23 (a)

700 738,955

Kraft Foods Group, Inc., 5.00%, 6/04/42

997 1,084,150

Smithfield Foods, Inc., 5.88%, 8/01/21 (a)

169 180,830

2,003,935

**Health Care Equipment & Supplies 0.4%**

Boston Scientific Corp., 6.25%, 11/15/15

1,260 1,339,739

Teleflex, Inc., 6.88%, 6/01/19

385 407,138

1,746,877

**Health Care Providers & Services 4.1%**

Aviv Healthcare Properties LP/Aviv Healthcare Capital Corp., 7.75%, 2/15/19

535 565,762

CHS/Community Health Systems, Inc., 5.13%, 8/15/18

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400 416,000  
ConvaTec Healthcare E SA, 7.38%, 12/15/17 (a)

EUR  
494 681,925  
HCA Holdings, Inc., 7.75%, 5/15/21

USD  
143 155,870  
HCA, Inc.:  
3.75%, 3/15/19

134 135,005  
6.50%, 2/15/20

2,124 2,376,225  
4.75%, 5/01/23

1,161 1,171,159  
Symbion, Inc., 8.00%, 6/15/16

455 473,769  
Tenet Healthcare Corp.:  
6.25%, 11/01/18

750 817,500  
6.00%, 10/01/20

622 674,870  
4.50%, 4/01/21

383 383,958  
4.38%, 10/01/21

1,765 1,751,762  
8.13%, 4/01/22

1,160 1,335,450  
UnitedHealth Group, Inc., 2.88%, 3/15/22 (d)

2,000 2,007,922  
WellPoint, Inc., 4.65%, 1/15/43 (d)

3,995 4,117,547

17,064,724

**Corporate Bonds Par  
(000) Value  
Hotels, Restaurants & Leisure 3.1%**

Caesars Entertainment Resort Properties LLC/Caesars Entertainment Resort Property, 8.00%, 10/01/20 (a)

USD  
2,120 \$ 2,104,100  
MCE Finance Ltd., 5.00%, 2/15/21 (a)

941 936,295  
Six Flags Entertainment Corp., 5.25%, 1/15/21 (a)

859 869,737  
The Unique Pub Finance Co. PLC:

Series A3, 6.54%, 3/30/21

GBP  
1,748 3,054,295  
Series A4, 5.66%, 6/30/27

623 1,041,957  
Series M, 7.40%, 3/28/24

1,500 2,543,706  
Series N, 6.46%, 3/30/32

1,195 1,867,672  
Wynn Macau Ltd., 5.25%, 10/15/21 (a)

USD  
416 423,280

12,841,042

**Household Durables 0.2%**

Taylor Morrison Communities, Inc./Monarch Communities, Inc., 5.25%, 4/15/21 (a)

374 377,740

Weyerhaeuser Real Estate Co. (a):

4.38%, 6/15/19

215 215,000

5.88%, 6/15/24

145 147,900

740,640

**Household Products 0.1%**

Spectrum Brands, Inc.:

6.38%, 11/15/20

200 215,000

6.63%, 11/15/22

275 297,687

512,687

**Independent Power and Renewable Electricity Producers 0.2%**

Calpine Corp., 6.00%, 1/15/22 (a)

137 147,617

NRG REMA LLC, Series C, 9.68%, 7/02/26

500 545,000

692,617

**Industrial Conglomerates 0.0%**

Smiths Group PLC, 3.63%, 10/12/22 (a)

180 179,997

**Insurance 3.1%**

A-S Co-Issuer Subsidiary, Inc./A-S Merger Sub LLC, 7.88%, 12/15/20 (a)

608 647,520

American International Group, Inc., 5.45%, 5/18/17 (d)

800 886,638

AXA SA, 5.25%, 4/16/40 (b)

EUR

250 371,716

Five Corners Funding Trust, 4.42%, 11/15/23 (a)

USD

1,025 1,093,923

Hartford Financial Services Group, Inc.:

6.00%, 1/15/19

345 396,877

5.13%, 4/15/22

930 1,062,591

Liberty Mutual Group, Inc., 6.50%, 5/01/42 (a)

1,000 1,241,191

Lincoln National Corp., 6.25%, 2/15/20

630 742,463

Manulife Financial Corp., 3.40%, 9/17/15 (d)

1,625 1,672,713

Montpelier Re Holdings Ltd., 4.70%, 10/15/22



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450 471,476  
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)

340 362,950  
Muenchener Rueckversicherungs AG, 6.00%, 5/26/41 (b)

EUR  
200 318,679  
Prudential Financial, Inc. (d):  
4.75%, 9/17/15

USD  
1,220 1,271,029  
7.38%, 6/15/19

300 368,947  
5.38%, 6/21/20

250 286,330  
4.50%, 11/15/20

400 439,066  
5.70%, 12/14/36

950 1,135,871

12,769,980  
**Internet Software & Services 0.1%**

Equinix, Inc., 4.88%, 4/01/20

87 88,740  
VeriSign, Inc., 4.63%, 5/01/23

345 338,962

427,702  
**IT Services 0.6%**

First Data Corp. (a):

7.38%, 6/15/19

205 218,837  
8.88%, 8/15/20

1,000 1,090,000  
6.75%, 11/01/20

1,192 1,290,340

2,599,177

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par  
 (000) Value**

**Life Sciences Tools & Services 0.1%**

Agilent Technologies, Inc., 3.20%, 10/01/22

USD

250 \$ 245,713

**Marine 0.3%**

Nakilat, Inc., Series A, 6.07%, 12/31/33 (a)(d)

1,100 1,237,500

**Media 5.7%**

AMC Networks, Inc.:

7.75%, 7/15/21

320 353,200

4.75%, 12/15/22

343 347,287

Cinemark USA, Inc., 5.13%, 12/15/22

175 177,844

Clear Channel Communications, Inc., 9.00%, 12/15/19

306 316,710

Clear Channel Worldwide Holdings, Inc., Series B, 6.50%, 11/15/22

2,485 2,655,595

Comcast Cable Communications Holdings, Inc., 9.46%, 11/15/22 (d)

2,000 2,909,144

COX Communications, Inc.,

6.95%, 6/01/38 (a)

1,000 1,256,441

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8.38%, 3/01/39 (a)

1,735 2,522,017  
DIRECTV Holdings LLC/DIRECTV Financing Co., Inc.:

6.38%, 3/01/41

260 322,932  
5.15%, 3/15/42

700 753,675  
Gray Television, Inc., 7.50%, 10/01/20

334 352,370  
Inmarsat Finance PLC, 4.88%, 5/15/22 (a)

500 501,250  
Intelsat Jackson Holdings SA, 5.50%, 8/01/23

700 697,375  
Live Nation Entertainment, Inc., 7.00%, 9/01/20 (a)

109 117,448  
NAI Entertainment Holdings/NAI Entertainment Holdings Finance Corp., 5.00%, 8/01/18 (a)

345 354,487  
NBCUniversal Media LLC (d):

5.15%, 4/30/20

1,974 2,259,624  
4.38%, 4/01/21

1,015 1,121,618  
Omnicom Group, Inc., 3.63%, 5/01/22 (d)

2,355 2,421,649  
Sirius XM Holdings, Inc., 4.25%, 5/15/20 (a)

334 327,320  
Time Warner, Inc.:

4.70%, 1/15/21

1,000 1,104,821  
6.10%, 7/15/40

615 740,123  
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, 5.50%, 1/15/23 (a)

250 255,625  
Univision Communications, Inc., 5.13%, 5/15/23 (a)

1,153 1,207,767  
Virgin Media Secured Finance PLC, 5.38%, 4/15/21 (a)

395 410,800

23,487,122  
**Metals & Mining 3.8%**

Alcoa, Inc., 5.40%, 4/15/21

1,450 1,580,965  
ArcelorMittal:

4.25%, 8/05/15

174 177,698  
6.13%, 6/01/18

386 420,257  
Commercial Metals Co., 4.88%, 5/15/23

561 549,780  
Corp. Nacional del Cobre de Chile, 3.00%, 7/17/22 (a)(d)

1,566 1,539,323

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FMG Resources August 2006 Property Ltd., 6.00%, 4/01/17 (a)

105 109,463  
Freeport-McMoRan Copper & Gold, Inc.:

3.55%, 3/01/22

540 542,938  
5.45%, 3/15/43

450 486,195  
New Gold, Inc., 6.25%, 11/15/22 (a)

435 456,750  
Newcrest Finance Property Ltd., 4.45%, 11/15/21 (a)

475 473,097  
Novelis, Inc., 8.75%, 12/15/20

4,105 4,541,156  
Teck Resources, Ltd., 5.38%, 10/01/15

2,350 2,459,867  
Wise Metals Group LLC/Wise Alloys Finance Corp., 8.75%, 12/15/18 (a)

598 645,840  
Xstrata Canada Corp., 6.20%, 6/15/35

1,550 1,739,407

15,722,736  
**Multiline Retail 0.3%**

Dufry Finance SCA, 5.50%, 10/15/20 (a)

1,260 1,310,463

**Corporate Bonds Par  
(000) Value**

**Oil, Gas & Consumable Fuels 10.3%**

Access Midstream Partners LP/ACMP Finance Corp., 6.13%, 7/15/22

USD

400 \$ 435,000

Anadarko Petroleum Corp., 5.95%, 9/15/16

1,916 2,103,666

Antero Resources Finance Corp., 5.38%, 11/01/21

153 157,590

Athlon Holdings LP/Athlon Finance Corp., 7.38%, 4/15/21

159 172,515

Bonanza Creek Energy, Inc., 6.75%, 4/15/21

99 103,950

Burlington Resources Finance Co., 7.40%, 12/01/31 (d)

950 1,376,369

Carrizo Oil & Gas, Inc., 7.50%, 9/15/20

400 428,000

Cenovus Energy, Inc., 6.75%, 11/15/39

750 996,115

Chesapeake Energy Corp., 5.75%, 3/15/23

615 686,494

ConocoPhillips Canada Funding Co., 5.95%, 10/15/36

150 191,161

Continental Resources, Inc.:

5.00%, 9/15/22 (d)

1,600 1,726,000

4.50%, 4/15/23

114 123,107  
Denbury Resources, Inc., 4.63%, 7/15/23

627 605,055  
El Paso LLC, 7.80%, 8/01/31

45 55,800  
El Paso Natural Gas Co., 8.38%, 6/15/32

275 376,336  
Energy Transfer Partners LP, 7.50%, 7/01/38

500 655,341  
Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17

455 482,300  
Enterprise Products Operating LLC, 6.13%, 10/15/39

700 872,348  
KeySpan Gas East Corp., 5.82%, 4/01/41 (a)(d)

505 643,612  
Kinder Morgan Energy Partners LP:

6.50%, 9/01/39

3,000 3,514,896  
6.55%, 9/15/40

110 129,327  
6.38%, 3/01/41

160 186,923  
Kinder Morgan, Inc., 5.63%, 11/15/23 (a)

170 187,425  
Kodiak Oil & Gas Corp., 5.50%, 2/01/22



106 111,830  
Linn Energy LLC/Linn Energy Finance Corp., 6.25%, 11/01/19

237 244,703  
Marathon Petroleum Corp., 6.50%, 3/01/41

1,052 1,323,523  
MarkWest Energy Partners LP/MarkWest Energy Finance Corp.:  
6.25%, 6/15/22

33 35,475  
4.50%, 7/15/23

10 10,163  
Memorial Production Partners LP/Memorial Production Finance Corp., 7.63%, 5/01/21

212 219,950  
MidAmerican Energy Co., 5.80%, 10/15/36 (d)

800 1,025,059  
MidAmerican Energy Holdings Co.:  
5.95%, 5/15/37

950 1,179,153  
6.50%, 9/15/37

2,115 2,790,364  
Nexen, Inc.:  
6.40%, 5/15/37

400 499,621  
7.50%, 7/30/39

670 946,360  
Pacific Drilling SA, 5.38%, 6/01/20 (a)

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370 360,750  
PBF Holding Co. LLC/PBF Finance Corp., 8.25%, 2/15/20

47 50,643  
PDC Energy, Inc., 7.75%, 10/15/22

260 284,700  
Pemex Project Funding Master Trust, 6.63%, 6/15/35

2,005 2,471,162  
Petrobras International Finance Co.:  
3.88%, 1/27/16

1,335 1,372,375  
5.75%, 1/20/20

1,760 1,897,192  
Pioneer Natural Resources Co., 3.95%, 7/15/22

350 366,893  
Premier Oil PLC, 5.00%, 6/09/18

1,900 1,995,000  
Range Resources Corp.:  
5.75%, 6/01/21

106 113,155  
5.00%, 8/15/22

27 28,721  
5.00%, 3/15/23

63 66,938  
Regency Energy Partners LP/Regency Energy Finance Corp., 4.50%, 11/01/23

249 250,867  
RKI Exploration & Production LLC/RKI Finance Corp., 8.50%, 8/01/21 (a)

118 126,850  
Rosetta Resources, Inc., 5.63%, 5/01/21

239 244,676

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Corporate Bonds Par**  
**(000) Value**  
**Oil, Gas & Consumable Fuels (concluded)**

Sabine Pass Liquefaction LLC:

5.63%, 2/01/21

USD

1,791 \$ 1,889,505

6.25%, 3/15/22 (a)

398 431,830

5.63%, 4/15/23

469 487,760

SandRidge Energy, Inc.:

8.75%, 1/15/20

18 18,900

7.50%, 2/15/23

238 247,520

Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 7.50%, 7/01/21

388 426,800

Western Gas Partners LP, 5.38%, 6/01/21

715 812,762

Whiting Petroleum Corp., 5.00%, 3/15/19

821 866,155

The Williams Cos., Inc., Series A, 7.50%, 1/15/31

2,500 2,977,077

42,383,762

**Paper & Forest Products 0.3%**

International Paper Co.:

7.50%, 8/15/21

75 95,630  
4.75%, 2/15/22

420 464,268  
6.00%, 11/15/41

435 522,873  
NewPage Corp., 11.38%, 12/31/14 (e)(f)

1,144

1,082,771

**Pharmaceuticals 0.9%**

Forest Laboratories, Inc. (a):

4.38%, 2/01/19

228 245,604  
5.00%, 12/15/21

379 417,937  
Jaguar Holding Co. II/Jaguar Merger Sub, Inc., 9.50%, 12/01/19 (a)

520 565,500  
Salix Pharmaceuticals Ltd., 6.00%, 1/15/21 (a)

162 175,770  
Valeant Pharmaceuticals International, Inc. (a):

6.75%, 8/15/18

1,322 1,414,540  
6.38%, 10/15/20

575 601,594  
5.63%, 12/01/21

378 384,142

3,805,087

**Real Estate Investment Trusts (REITs) 0.7%**

Felcor Lodging LP, 5.63%, 3/01/23

247 250,087

Simon Property Group LP, 4.75%, 3/15/42 (d)

835 915,342

Ventas Realty LP/Ventas Capital Corp., 4.75%, 6/01/21

275 303,112

Vornado Realty LP, 5.00%, 1/15/22

1,190 1,310,242

2,778,783

**Real Estate Management & Development 1.0%**

Lennar Corp., 4.75%, 11/15/22

440 433,400

Northwest Florida Timber Finance LLC, 4.75%, 3/04/29 (a)

2,300 2,409,020

Realogy Corp., 7.63%, 1/15/20 (a)(d)

997 1,086,730

3,929,150

**Road & Rail 0.9%**

Burlington Northern Santa Fe LLC, 5.75%, 5/01/40

940 1,141,674  
The Hertz Corp.:

4.25%, 4/01/18

237 238,185  
5.88%, 10/15/20

230 236,613  
7.38%, 1/15/21

1,450 1,551,500  
6.25%, 10/15/22

385 401,362

3,569,334

**Semiconductors & Semiconductor Equipment 0.1%**

NXP BV/NXP Funding LLC, 5.75%, 2/15/21 (a)

470 493,500

**Software 0.5%**

Nuance Communications, Inc., 5.38%, 8/15/20 (a)

1,085 1,090,425

Oracle Corp., 5.38%, 7/15/40 (d)

800 939,231

2,029,656

**Specialty Retail 0.6%**

The Home Depot, Inc., 5.88%, 12/16/36 (d)

830 1,052,592

QVC, Inc. (a):

7.50%, 10/01/19

395 412,325  
7.38%, 10/15/20

975 1,042,187

2,507,104

**Corporate Bonds Par  
(000) Value**

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

PVH Corp., 4.50%, 12/15/22

USD

487 \$ 483,347  
Springs Industries, Inc., 6.25%, 6/01/21

404 406,020  
The William Carter Co., 5.25%, 8/15/21

329 343,805

1,233,172  
**Tobacco 1.2%**

Altria Group, Inc.:

9.95%, 11/10/38

258 438,257  
10.20%, 2/06/39

447 773,806  
5.38%, 1/31/44 (d)

2,015 2,238,032  
Lorillard Tobacco Co., 7.00%, 8/04/41



500 631,462  
Reynolds American, Inc., 4.75%, 11/01/42

1,050 1,024,752

5,106,309  
**Wireless Telecommunication Services 2.4%**

America Movil SAB de CV, 2.38%, 9/08/16

800 819,440  
Crown Castle International Corp., 5.25%, 1/15/23

465 480,257  
Crown Castle Towers LLC, 6.11%, 1/15/20 (a)

1,595 1,865,332  
Digicel Group Ltd., 8.25%, 9/30/20 (a)

405 437,400  
Digicel Ltd., 6.00%, 4/15/21 (a)

800 824,000  
Rogers Communications, Inc., 7.50%, 8/15/38

1,175 1,617,759  
SBA Tower Trust, 5.10%, 4/15/17 (a)

360 382,507  
Softbank Corp., 4.50%, 4/15/20 (a)

550 559,625  
Sprint Capital Corp., 8.75%, 3/15/32

350 390,250  
Sprint Communications, Inc. (a):

9.00%, 11/15/18

530 630,037  
7.00%, 3/01/20

872 972,280  
Sprint Corp., 7.88%, 9/15/23 (a)

850 911,625

9,890,512

**Total Corporate Bonds 78.7%**  
322,976,437

---

#### Foreign Agency Obligations

Brazilian Government International Bond, 5.00%, 1/27/45

2,862 2,933,550  
Cyprus Government International Bond, 4.63%, 2/03/20

EUR  
605 790,965  
Iceland Government International Bond, 5.88%, 5/11/22

USD  
1,780 2,025,649  
Italian Republic, 5.38%, 6/15/33

470 571,240  
Portugal Government International Bond, 5.13%, 10/15/24 (a)

625 646,625  
Slovenia Government International Bond, 5.85%, 5/10/23 (a)

432 488,592  
**Total Foreign Agency Obligations 1.8%**  
7,456,621

---

**Municipal Bonds**

City of Detroit Michigan, GO, Taxable Capital Improvement, Limited Tax, Series A-2, 8.00%, 4/01/15 (e)(f)

1,525 427,153

City of New York New York Municipal Water Finance Authority, Refunding RB, 2nd General Resolution:

Series EE, 5.50%, 6/15/43

465 549,756

Series GG, Build America Bonds, 5.72%, 6/15/42

690 891,190

Water & Sewer System, Fiscal 2011, Series EE, 5.38%, 6/15/43

385 450,900

East Bay Municipal Utility District, RB, Build America Bonds, 5.87%, 6/01/40

950 1,225,795

Indianapolis Local Public Improvement Bond Bank, RB, Build America Bonds, 6.12%, 1/15/40

1,260 1,646,354

Metropolitan Transportation Authority, RB, Build America Bonds, Series C, 7.34%, 11/15/39

670 1,020,792

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**Municipal Bonds Par  
(000) Value**

Municipal Electric Authority of Georgia Plant Vogtle Units 3 & 4, Refunding RB, Build America Bonds, Series A,  
7.06%, 4/01/57

USD

1,000 \$ 1,156,240

New York State Dormitory Authority, RB, Build America Bonds:

5.63%, 3/15/39

550 674,960

5.60%, 3/15/40

950 1,181,971

Port Authority of New York & New Jersey, RB, Consolidated, 159th Series, 6.04%, 12/01/29

395 499,335

State of California, GO, Build America Bonds, Various Purpose:

7.55%, 4/01/39

140 211,474

7.63%, 3/01/40

860 1,299,451

State of Illinois, GO, Pension, 5.10%, 6/01/33

1,000 991,670

University of California, RB, Build America Bonds, 5.95%, 5/15/45

440 559,099

**Total Municipal Bonds 3.1%**

12,786,140

**Non-Agency Mortgage-Backed Securities**

**Collateralized Mortgage Obligations 1.4%**

Banc of America Funding Corp., Series 2007-2, Class 1A2, 6.00%, 3/25/37

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660 556,822

Collateralized Mortgage Obligation Trust, Series 40, Class R, 0.58%, 4/01/18

16 16

Countrywide Alternative Loan Trust:

Series 2005-64CB, Class 1A15, 5.50%, 12/25/35

1,102 1,043,597

Series 2006-OA21, Class A1, 0.35%, 3/20/47 (b)

727 588,819

Countrywide Home Loan Mortgage Pass-Through Trust, Series 2006-OA5, Class 2A1, 0.36%, 4/25/46 (b)

293 245,184

Credit Suisse Mortgage Capital Certificates, Series 2011-2R, Class 2A1, 2.61%, 7/27/36 (a)(b)

956 968,283

GMAC Mortgage Corp. Loan Trust, Series 2005-AR3, Class 5A1, 5.06%, 6/19/35 (b)

550 554,671

Homebanc Mortgage Trust, Series 2006-2, Class A1, 0.34%, 12/25/36 (b)

463 408,135

Merrill Lynch Mortgage Investors, Inc., Series 2006-A3, Class 3A1, 2.71%, 5/25/36 (b)

551 452,613

Residential Funding Securities LLC, Series 2003-RM2, Class AI5, 8.50%, 5/25/33

637 674,931

WaMu Mortgage Pass-Through Certificates, Series 2007-OA4, Class 1A, 0.89%, 5/25/47 (b)

307 272,371

5,765,442

**Commercial Mortgage-Backed Securities 12.9%**

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Banc of America Merrill Lynch Commercial Mortgage Trust:

Series 2006-6, Class A2, 5.31%, 10/10/45

147 147,851

Series 2007-1, Class A4, 5.45%, 1/15/49

500 536,104

Series 2007-2, Class A4, 5.78%, 4/10/49 (b)

750 818,490

Bear Stearns Commercial Mortgage Securities, Series 2005-PWR9, Class A4A, 4.87%, 9/11/42

663 681,893

Citigroup Commercial Mortgage Trust (b):

Series 2008-C7, Class A4, 6.34%, 12/10/49

1,200 1,329,745

Series 2013-GC15, Class B, 5.28%, 9/10/46

3,593 3,983,444

Series 2013-GC15, Class XA, 1.46%, 9/10/46

13,194 926,954

Citigroup/Deutsche Bank Commercial Mortgage Trust, Series 2006-CD3, Class AM, 5.65%, 10/15/48

1,100 1,189,716

Commercial Mortgage Loan Trust, Series 2008-LS1, Class A4B, 6.21%, 12/10/49 (b)

1,421 1,545,188

**Non-Agency Mortgage-Backed Securities Par  
(000) Value**

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

Commercial Mortgage Trust:

Series 2006-C7, Class AM, 5.97%, 6/10/46 (b)

USD

1,750 \$ 1,872,043

Series 2013-CR11, Class B, 5.33%, 10/10/46 (b)

3,505 3,892,166  
Series 2013-CR11, Class C, 5.34%, 10/10/46 (a)(b)

3,271 3,526,230  
Series 2013-LC6, Class B, 3.74%, 1/10/46

695 699,949  
Series 2013-LC6, Class D, 4.43%, 1/10/46 (a)(b)

835 787,811  
Credit Suisse Commercial Mortgage Trust:

Series 2006-C3, Class AM, 6.00%, 6/15/38 (b)

1,000 1,072,522  
Series 2006-C5, Class AM, 5.34%, 12/15/39

1,750 1,881,647  
Series 2010-RR2, Class 2A, 6.10%, 9/15/39 (a)(b)

774 831,994  
Credit Suisse First Boston Mortgage Securities Corp., Series 2005-C3, Class AJ, 4.77%, 7/15/37

705 718,278  
DBRR Trust, Series 2011-C32, Class A3A, 5.93%, 6/17/49 (a)(b)

365 399,017  
Greenwich Capital Commercial Funding Corp., Series 2006-GG7, Class A4, 6.01%, 7/10/38 (b)

1,132 1,205,804  
GS Mortgage Securities Corp. II, Series 2013-GC10, Class B, 3.68%, 2/10/46 (a)

1,255 1,255,236  
Hilton USA Trust, Series 2013- HLT, 4.41%, 11/05/30

2,950 3,020,517  
JPMBB Commercial Mortgage Securities Trust, Series 2013-C15, Class D, 5.25%, 11/15/45 (a)(b)

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800 794,388

JPMorgan Chase Commercial Mortgage Securities Corp., Series 2004-LN2, Class A2, 5.12%, 7/15/41

105 105,659

JPMorgan Chase Commercial Mortgage Securities Trust, Series 2006-CB14, Class AM, 5.62%, 12/12/44 (b)

330 346,995

LB-UBS Commercial Mortgage Trust (b):

Series 2004-C8, Class C, 4.93%, 12/15/39

1,385 1,391,847

Series 2007-C6, Class A4, 5.86%, 7/15/40

4,921 5,233,668

Series 2007-C7, Class A3, 5.87%, 9/15/45

1,100 1,223,175

Morgan Stanley Capital I Trust, Series 2007-HQ11, Class A4, 5.45%, 2/12/44 (b)

4,000 4,327,020

RCMC LLC, Series 2012-CRE1, Class A, 5.62%, 11/15/44 (a)

659 679,405

Titan Europe PLC, Series 2007-1X, Class A, 0.81%, 1/20/17 (b)

GBP

1,607 2,535,059

Wachovia Bank Commercial Mortgage Trust, Series 2007-C33, Class A4, 6.14%, 2/15/51 (b)

USD

2,285 2,478,192

WF-RBS Commercial Mortgage Trust, Series 2012-C8:

Class B, 4.31%, 8/15/45

700 736,370

Class C, 5.04%, 8/15/45 (b)

900 963,951



53,138,328

**Interest Only Collateralized Mortgage Obligations 0.0%**

GSMPs Mortgage Loan Trust, Series 1998-5, 0.00%, 6/19/27 (a)(b)

1,488 15

**Interest Only Commercial Mortgage-Backed Securities 0.8%**

Morgan Stanley Bank of America Merrill Lynch Trust, Series 2012-C5, Class XA, 2.02%, 8/15/45 (a)(b)

15,562 1,372,238

WF-RBS Commercial Mortgage Trust, Class XA (a)(b):

Series 2012-C8, 2.37%, 8/15/45

5,957 651,685

Series 2012-C9, 2.39%, 11/15/45

10,497 1,233,122

3,257,045

**Total Non-Agency Mortgage-Backed Securities 15.1%**

62,160,830

See Notes to Financial Statements.

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

Schedule of Investments (continued) (Percentages shown are based on Net Assets)

**Preferred Securities Par**

**(000) Value**

**Capital Trusts**

**Banks 0.7%**

BNP Paribas SA, 7.20% (a)(b)(i)

USD

1,000 \$ 1,167,500

Wachovia Capital Trust III, 5.57% (b)(i)

1,025 1,004,500

Wells Fargo & Co., Series S, 5.90% (b)(i)

795 832,763

3,004,763

**Capital Markets 1.4%**

The Bank of New York Mellon Corp., Series D, 4.50% (b)(i)

4,202 3,939,375

Credit Suisse Group AG, 7.50% (a)(b)(i)

1,500 1,627,500

State Street Capital Trust IV, 1.23%, 6/15/37 (b)

70 60,462

5,627,337

**Diversified Financial Services 4.4%**

Citigroup, Inc., Series D, 5.35% (b)(i)

1,050 1,002,612

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Citigroup, Inc., Series M, 6.30% (b)(i)

2,000 2,035,000  
Credit Agricole SA, 7.88% (a)(b)(i)

1,000 1,078,750  
General Electric Capital Corp., Series B, 6.25% (b)(i)

900 1,004,625  
JPMorgan Chase & Co.:

Series 1, 7.90% (b)(i)

3,500 3,871,875  
Series Q, 5.15% (b)(i)

1,500 1,460,625  
Series V, 5.00% (b)(i)

3,000 2,974,968  
Morgan Stanley, Series H, 5.45% (b)(i)

875 890,313  
Societe Generale SA (a)(b)(i):

6.00%

2,860 2,731,300  
7.88%

1,000 1,042,700

18,092,768  
**Electric Utilities 0.5%**

Electricite de France SA, 5.25% (a)(b)(i)

2,100 2,168,250  
**Insurance 4.3%**

The Allstate Corp.,

5.75%, 8/15/53 (b)

1,000 1,070,000  
6.50%, 5/15/57 (b)(d)

2,150 2,356,937  
American International Group, Inc., 8.18%, 5/15/58 (b)

970 1,336,175  
AXA SA, 6.46% (a)(b)(i)

1,025 1,087,781  
Genworth Holdings, Inc., 6.15%, 11/15/66 (b)

1,150 1,012,000  
Liberty Mutual Group, Inc., 7.00%, 3/07/37 (a)(b)

975 1,035,937  
Lincoln National Corp., 6.05%, 4/20/67 (b)

750 769,688  
Metlife Capital Trust IV, 7.88%, 12/15/37 (a)

645 823,988  
MetLife, Inc., 6.40%, 12/15/36

3,500 3,946,250  
Swiss Re Capital I LP, 6.85% (a)(b)(d)(i)

1,060 1,115,650  
Voya Financial, Inc., 5.65%, 5/15/53 (b)

2,250 2,289,375  
XL Group PLC, Series E, 6.50% (b)(i)

810 782,663

17,626,444  
**Total Capital Trusts 11.3%**  
 46,519,562

---

**Preferred Stocks**

**Shares**  
**Banks 1.3%**

U.S. Bancorp, 6.00% (b)

150,000 4,108,500  
 Wells Fargo & Co., 5.85% (b)

38 977,625

5,086,125  
**Capital Markets 0.4%**

The Goldman Sachs Group, Inc., Series J, 0.00% (b)

46,000 1,126,080  
 SCE Trust III, 0.00% (b)

12,657 336,423

1,462,503  
**Thriffs & Mortgage Finance 0.0%**

Fannie Mae, Series S, 8.25% (b)

10,000 110,000  
**Total Preferred Stocks 1.7%**

6,658,628  
**Trust Preferred 0.1% Par**  
**(000) Value**  
**Banks 0.1%**

Citigroup Capital XIII, 7.88% 10/30/40 (i)

USD

14,810 \$ 400,913

**Total Preferred Securities 13.1%**

53,579,103

---

**US Government Sponsored Agency Securities**

**Agency Obligations 3.3%**

Fannie Mae (d):

0.00%, 10/09/19 (j)

7,305 6,465,736  
5.63%, 7/15/37

825 1,125,863  
Federal Home Loan Bank (d):

5.25%, 12/09/22

700 843,929  
5.37%, 9/09/24

1,100 1,349,412  
Resolution Funding Corp., 0.00%, 4/15/30 (j)

6,055 3,672,660

13,457,600  
**Collateralized Mortgage Obligations 0.1%**

Fannie Mae Mortgage-Backed Securities:

Series 2005-5, Class PK, 5.00%, 12/25/34

273 289,490  
Series 1991-87, Class S, 26.27%, 8/25/21 (b)

10 14,705

Series G-49, Class S, 1,018.68%, 12/25/21 (b)

(k) 286

Series G-17, Class S, 1,064.92%, 6/25/21 (b)

49 767

Series G-33, Class PV, 1,078.42%, 10/25/21

49 488

Series G-07, Class S, 1,127.09%, 3/25/21 (b)

(k) 842

Series 1991-46, Class S, 2,483.51%, 5/25/21 (b)

26 1,559

Freddie Mac Mortgage-Backed Securities:

Series 0173, Class R, 9.00%, 11/15/21

3 3

Series 0173, Class RS, 9.50%, 1/15/21 11/15/21 (b)

(k) 4

Series 0075, Class RS, 50.25%, 1/15/21 (b)

(k) 1

Series 1057, Class J, 1,008.00%, 3/15/21

20 272

Series 0019, Class R, 16,324.45%, 3/15/20 (b)

1 208

308,625

**Commercial Mortgage-Backed Securities 0.7%**

Freddie Mac Mortgage-Backed Securities (b):

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Series 2013-K24, Class B, 3.62%, 11/25/45 (a)

1,750 1,728,745

Series K013, Class A2, 3.97%, 1/25/21

930 1,016,225

Series 2012-K706, Class C, 4.16%, 11/25/44 (a)

170 175,514

2,920,484

**Interest Only Collateralized Mortgage Obligations 1.8%**

Fannie Mae Mortgage-Backed Securities:

Series 1997-50, Class SI, 1.20%, 4/25/23 (b)

88 2,803

Series 2012-96, Class DI, 4.00%, 2/25/27

6,075 670,295

Series 2012-M9, Class X1, 4.23%, 12/25/17 (b)

12,519 1,347,498

Series 2012-47, Class NI, 4.50%, 4/25/42

4,646 772,445

Series 089, Class 2, 8.00%, 10/25/18

1 109

Series 007, Class 2, 8.50%, 4/25/17

1 77

Series G92-05, Class H, 9.00%, 1/25/22

10 960

Series 094, Class 2, 9.50%, 8/25/21



1 126

Series 1990-136, Class S, 19.92%, 11/25/20 (b)

3,187 4,471

Series 1991-139, Class PT, 648.35%, 10/25/21

55 564

Series 1991-099, Class L, 930.00%, 8/25/21

24 304

Series 1990-123, Class M, 1,009.50%, 10/25/20

5 71

Series G-10, Class S, 1,090.36%, 5/25/21 (b)

134 3,275

Series G-12, Class S, 1,157.49%, 5/25/21 (b)

96 1,898

See Notes to Financial Statements.

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

Schedule of Investments (continued) (Percentages shown are based on Net Assets)

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

**Par**

**(000) Value**

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

Freddie Mac Mortgage-Backed Securities:

Series K707, Class X1, 1.69%, 12/25/18 (b)

USD

2,482 \$ 143,836

Series K710, Class X1, 1.91%, 5/25/19 (b)

8,558 609,036

Series 2611, Class QI, 5.50%, 9/15/32

828 89,875

Series 1254, Class Z, 8.50%, 4/15/22

32 8,174

Series 1043, Class H, 44.31%, 2/15/21 (b)

2,421 4,730

Series 1054, Class I, 868.00%, 3/15/21 (b)

18 344

Series 0176, Class M, 1,010.00%, 7/15/21

8 147

Series 1056, Class KD, 1,084.50%, 3/15/21

13 211

Series 1148, Class E, 1,178.74%, 10/15/21 (b)

36 639

Series 0200, Class R, 198,052.82%, 12/15/22 (b)

(k) 317

Ginnie Mae Mortgage-Backed Securities (b):

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Series 2009-78, Class SD, 6.04%, 9/20/32

4,817 927,776

Series 2009-116, Class KS, 6.32%, 12/16/39

2,386 370,399

Series 2011-52, Class NS, 6.52%, 4/16/41

13,067 2,397,384

7,357,764

**Mortgage-Backed Securities 7.3%**

Fannie Mae Mortgage-Backed Securities:

3.00%, 9/01/44 (1)

6,800 6,770,250

4.00%, 12/01/41 9/01/44 (1)

4,940 5,240,778

4.50%, 7/01/41 9/01/44 (1)

12,018 12,988,199

5.00%, 8/01/34

2,093 2,312,704

5.50%, 7/01/16 6/01/38

1,254 1,402,461

6.00%, 3/01/16 12/01/38

1,053 1,183,731

Ginnie Mae Mortgage-Backed Securities, 8.00%, 7/15/24

(k) 303

29,898,426

**Principal Only Collateralized Mortgage Obligations 0.0%**

Fannie Mae Mortgage-Backed Securities:

Series 228, Class 1, 0.00%, 2/25/23 6/25/23

11 10,050

Series 1993-51, Class E, 0.01%, 2/25/23

16 14,900

24,950

**Total U.S. Government Sponsored Agency Securities 13.2%**

53,967,849

**U.S. Treasury Obligations**

**Par**

**(000)**

**Value**

U.S. Treasury Bonds:

6.13%, 8/15/29 (d)

USD

2,500 \$3,567,577

5.38%, 2/15/31 (d)

375 505,840

3.50%, 2/15/39 (d)

2,865 3,117,031

**U.S. Treasury Obligations Par**

**(000) Value**

U.S. Treasury Bonds (concluded):

4.38%, 5/15/40 (d)

USD

8,225 \$10,277,392

4.75%, 2/15/41 (d)

1,621 2,146,559  
4.38%, 5/15/41 (d)

805 1,009,520  
3.13%, 11/15/41 (d)

9,925 10,073,956  
3.13%, 2/15/42 (d)

2,368 2,400,560  
3.00%, 5/15/42 (d)

2,730 2,699,288  
3.13%, 2/15/43 (d)

2,344 2,365,470  
3.75%, 11/15/43

1,065 1,205,114  
3.63%, 2/15/44 (d)

5,000 5,534,375  
3.38%, 5/15/44

2,000 2,115,000  
U.S. Treasury Notes (d):

1.50%, 1/31/19

5,100 5,096,415  
1.75%, 5/15/22

152 147,867  
2.50%, 5/15/24

2,450 2,485,028  
**Total U.S. Treasury Obligations 13.3%**  
54,746,992

**Total Long-Term Investments**  
 (Cost \$557,866,610) 144.8%  
 594,144,609

---

**Short-Term Securities**

**Shares**

BlackRock Liquidity Funds, TempFund, Institutional Class, 0.03% (m)(n)

3,425,318 3,425,318

**Total Short-Term Securities**  
 (Cost \$3,425,318) 0.8%  
 3,425,318

---

**Options Purchased**

(Cost \$1,408,661) 0.2%  
 954,199

**Total Investments Before Options Written**  
 (Cost \$562,700,589) 145.8%  
 598,524,126

---

**Options Written**

(Premiums Received \$3,351,152) (0.6)%  
 (2,588,336)

**Total Investments, Net of Options Written**  
 (Cost \$559,349,437) 145.2%  
 595,935,790

**Liabilities in Excess of Other Assets** (45.2)%  
 (185,433,229)

**Net Assets** 100.0%

\$410,502,561

**Notes to Schedule of Investments**

- (a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (b) Variable rate security. Rate shown is as of report date.
- (c) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>    | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|------------------------|--------------|------------------------------------|
| Bank of America N.A.   | \$1,869,000  |                                    |
| Barclays Capital, Inc. | \$2,119,050  |                                    |

- (d) All or a portion of security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (e) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (f) Non-income producing security.
- (g) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (h) Convertible security.

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

(i) Security is perpetual in nature and has no stated maturity date.

(j) Zero-coupon bond.

(k) Amount is less than \$500.

(l) Represents or includes a TBA transaction. Unsettled TBA transactions as of August 31, 2014 were as follows:

| Counterparty                       | Value       | Unrealized<br>Appreciation<br>(Depreciation) |
|------------------------------------|-------------|--|
| Credit Suisse Securities (USA) LLC | \$6,770,250 | \$105,188                                    |
| Goldman Sachs & Co.                | \$2,124,987 | \$ 15,351                                    |
| J.P. Morgan Securities LLC         | \$9,180,000 | \$ 25,234                                    |

(m) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate   | Shares<br>Held at<br>August 31,<br>2013 | Net<br>Activity | Shares<br>Held at<br>August 31,<br>2014 | Income  |
|---|---|-----------------|---|---------|
| BlackRock Liquidity Funds,<br>TempFund, Institutional Class | 6,904,938                               | (3,479,620)     | 3,425,318                               | \$1,754 |

(n) Represents the current yield as of report date.  
Reverse repurchase agreements outstanding as of August 31, 2014 were as follows:

| Counterparty                               | Interest<br>Rate | Trade<br>Date | Maturity<br>Date <sup>1</sup> | Face Value   | Face Value<br>Including<br>Accrued<br>Interest |
|--|------------------|---------------|-------------------------------|--------------|--|
| Credit Suisse Securities (USA) LLC         | 0.35%            | 01/13         | Open                          | \$ 1,793,610 | \$ 1,803,672                                   |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 01/13         | Open                          | 1,937,250    | 1,948,117                                      |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | 0.14%            | 02/13         | Open                          | 6,446,662    | 6,455,786                                      |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | 0.14%            | 02/13         | Open                          | 908,250      | 909,535  |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,967,006    | 1,976,855                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,460,625    | 1,467,938                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,232,000    | 1,238,169                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,751,625    | 1,760,395                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 599,688      | 602,690  |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,363,838    | 1,370,666                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,505,318    | 1,512,855                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,372,250    | 1,379,121                                      |
| Credit Suisse Securities (USA) LLC         | 0.35%            | 03/13         | Open                          | 1,600,156    | 1,608,168                                      |



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|  |       |       |      |            |            |
|--|-------|-------|------|------------|------------|
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 1,317,750  | 1,324,348  |
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 262,813    | 264,128    |
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 1,359,375  | 1,366,181  |
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 1,284,050  | 1,290,479  |
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 361,875    | 363,687    |
| Credit Suisse Securities (USA) LLC         | 0.35% | 03/13 | Open | 411,500    | 413,560    |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | 0.09% | 02/13 | Open | 10,877,562 | 10,883,283 |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | 0.08% | 02/13 | Open | 3,262,519  | 3,264,991  |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | 0.07% | 02/13 | Open | 3,560,880  | 3,563,923  |
| BNP Paribas Securities Corp.               | 0.04% | 02/13 | Open | 1,045,494  | 1,045,813  |
| BNP Paribas Securities Corp.               | 0.07% | 02/13 | Open | 2,212,665  | 2,213,797  |
| Barclays Capital, Inc.                     | 0.35% | 02/13 | Open | 3,344,932  | 3,359,047  |
| BNP Paribas Securities Corp.               | 0.06% | 02/13 | Open | 493,594    | 493,806    |
| BNP Paribas Securities Corp.               | 0.13% | 02/13 | Open | 1,077,656  | 1,078,795  |
| BNP Paribas Securities Corp.               | 0.32% | 02/13 | Open | 2,886,000  | 2,897,134  |
| BNP Paribas Securities Corp.               | 0.34% | 03/13 | Open | 3,568,000  | 3,579,322  |
| BNP Paribas Securities Corp.               | 0.34% | 02/13 | Open | 1,825,000  | 1,830,395  |
| BNP Paribas Securities Corp.               | 0.35% | 02/13 | Open | 4,559,100  | 4,572,974  |
| Credit Suisse Securities (USA) LLC         | 0.35% | 02/13 | Open | 2,119,906  | 2,126,357  |
| Deutsche Bank Securities, Inc.             | 0.35% | 03/13 | Open | 3,829,000  | 3,840,354  |
| UBS Securities LLC                         | 0.28% | 01/14 | Open | 3,396,000  | 3,401,335  |
| UBS Securities LLC                         | 0.32% | 01/14 | Open | 696,000    | 697,250    |
| UBS Securities LLC                         | 0.32% | 01/14 | Open | 343,000    | 343,616    |
| UBS Securities LLC                         | 0.32% | 01/14 | Open | 1,355,000  | 1,357,433  |
| UBS Securities LLC                         | 0.32% | 01/14 | Open | 1,416,000  | 1,418,543  |
| UBS Securities LLC                         | 0.33% | 01/14 | Open | 1,349,000  | 1,351,498  |
| UBS Securities LLC                         | 0.33% | 01/14 | Open | 1,124,000  | 1,126,081  |
| UBS Securities LLC                         | 0.34% | 01/14 | Open | 779,000    | 780,486    |
| UBS Securities LLC                         | 0.34% | 01/14 | Open | 753,000    | 754,437    |
| UBS Securities LLC                         | 0.34% | 01/14 | Open | 3,716,000  | 3,723,089  |

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

Reverse repurchase agreements outstanding as of August 31, 2014 were as follows (concluded):

| Counterparty                   | Interest Rate | Start Date | Maturity Date | Face Value | Face Value | Face Value Including Accrued Interest |
|--------------------------------|---------------|------------|---------------|------------|------------|---------------------------------------|
| UBS Securities LLC             | 0.32%         | 10/14      | Open          | \$ 844,000 | \$         | 845,610                               |
| UBS Securities LLC             | 0.32%         | 10/14      | Open          | 886,000    |            | 887,690                               |
| UBS Securities LLC             | 0.32%         | 10/14      | Open          | 995,000    |            | 996,954                               |
| UBS Securities LLC             | 0.40%         | 10/14      | Open          | 496,000    |            | 497,113                               |
| RBC Capital Markets, LLC       | 0.13%         | 13/14      | Open          | 5,037,500  |            | 5,039,907                             |
| Deutsche Bank Securities, Inc. | 0.14%         | 16/14      | Open          | 1,300,000  |            | 1,300,545                             |
| Deutsche Bank Securities, Inc. | 0.34%         | 21/14      | Open          | 2,090,000  |            | 2,092,612                             |
| Deutsche Bank Securities, Inc. | 0.35%         | 13/14      | Open          | 931,000    |            | 931,967                               |
| Deutsche Bank Securities, Inc. | 0.35%         | 13/14      | Open          | 670,000    |            | 670,696                               |
| Deutsche Bank Securities, Inc. | 0.35%         | 13/14      | Open          | 873,000    |            | 873,907                               |
| UBS Securities LLC             | 0.32%         | 14/14      | Open          | 1,605,000  |            | 1,606,569                             |
| UBS Securities LLC             | 0.35%         | 14/14      | Open          | 845,000    |            | 845,878                               |
| UBS Securities LLC             | 0.35%         | 14/14      | Open          | 793,000    |            | 793,824                               |
| UBS Securities LLC             | 0.35%         | 14/14      | Open          | 1,172,000  |            | 1,173,218                             |
| UBS Securities LLC             | 0.35%         | 14/14      | Open          | 832,000    |            | 832,890                               |
| UBS Securities LLC             | 0.33%         | 14/14      | Open          | 1,109,000  |            | 1,110,254                             |
| UBS Securities LLC             | 0.46%         | 14/14      | Open          | 3,870,000  |            | 3,874,730                             |
| Barclays Capital, Inc.         | 0.35%         | 14/14      | Open          | 1,008,000  |            | 1,009,709                             |
| Barclays Capital, Inc.         | 0.35%         | 14/14      | Open          | 1,252,000  |            | 1,253,289                             |
| Barclays Capital, Inc.         | 0.35%         | 14/14      | Open          | 354,000    |            | 354,397                               |
| Barclays Capital, Inc.         | 0.35%         | 14/14      | Open          | 1,782,000  |            | 1,783,834                             |
| BNP Paribas Securities Corp.   | 0.05%         | 20/14      | Open          | 3,521,875  |            | 3,522,485                             |
| Barclays Capital, Inc.         | (1.75%)       | 25/14      | Open          | 1,107,160  |            | 1,103,500                             |
| Deutsche Bank Securities, Inc. | 0.07%         | 13/14      | Open          | 2,431,625  |            | 2,431,260                             |
| BNP Paribas Securities Corp.   | 0.08%         | 7/14       | Open          | 9,478,375  |            | 9,479,533                             |
| BNP Paribas Securities Corp.   | 0.08%         | 7/14       | Open          | 2,535,488  |            | 2,535,797                             |
| BNP Paribas Securities Corp.   | 0.10%         | 7/14       | Open          | 145,540    |            | 145,562                               |
| BNP Paribas Securities Corp.   | 0.32%         | 7/14       | Open          | 2,282,000  |            | 2,283,116                             |
| BNP Paribas Securities Corp.   | 0.32%         | 7/14       | Open          | 490,000    |            | 490,240                               |
| BNP Paribas Securities Corp.   | 0.33%         | 7/14       | Open          | 2,300,000  |            | 2,301,160                             |
| BNP Paribas Securities Corp.   | 0.33%         | 7/14       | Open          | 968,000    |            | 968,488                               |
| BNP Paribas Securities Corp.   | 0.33%         | 7/14       | Open          | 2,780,000  |            | 2,781,402                             |
| BNP Paribas Securities Corp.   | 0.34%         | 7/14       | Open          | 2,162,000  |            | 2,163,123                             |
| BNP Paribas Securities Corp.   | 0.34%         | 7/14       | Open          | 1,069,000  |            | 1,069,555                             |
| BNP Paribas Securities Corp.   | 0.34%         | 7/14       | Open          | 853,000    |            | 853,443                               |
| BNP Paribas Securities Corp.   | 0.34%         | 7/14       | Open          | 1,823,000  |            | 1,823,947                             |
| BNP Paribas Securities Corp.   | 0.09%         | 7/14       | Open          | 5,112,750  |            | 5,113,364                             |
| BNP Paribas Securities Corp.   | 0.08%         | 7/14       | Open          | 1,935,000  |            | 1,935,290                             |
| RBC Capital Markets, LLC       | 0.37%         | 17/14      | Open          | 1,656,000  |            | 1,656,719                             |

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|                                    |                              |               |               |
|------------------------------------|------------------------------|---------------|---------------|
| Credit Suisse Securities (USA) LLC | 0.18% <del>0.12%</del> 11/14 | 11,372,000    | 11,372,885    |
| <b>Total</b>                       |                              | \$171,292,262 | \$171,566,571 |

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| <b>Contracts Purchased/ (Sold)</b> | <b>Issue</b>                  | <b>Exchange</b>        | <b>Expiration</b> | <b>Notional Value</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|------------------------------------|-------------------------------|------------------------|-------------------|-----------------------|---|
| 65                                 | Long U.S. Treasury Bond       | Chicago Board of Trade | December 2014     | USD 9,106,094         | \$33,565                                      |
| 120                                | Ultra Long U.S. Treasury Bond | Chicago Board of Trade | December 2014     | USD 18,660,000        | 143,270                                       |
| 48                                 | 2-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014     | USD 10,514,250        | 4,903   |
| (186)                              | 5-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014     | USD 22,103,484        | (27,711)                                      |
| (242)                              | 10-Year U.S. Treasury Note    | Chicago Board of Trade | December 2014     | USD 30,439,063        | (88,508)                                      |
| <b>Total</b>                       |                               |                        |                   |                       | \$65,519                                      |

Forward foreign currency exchange contracts outstanding as of August 31, 2014 were as follows:

| <b>Currency Purchased</b> | <b>Currency Sold</b> | <b>Counterparty</b>      | <b>Settlement Date</b> | <b>Unrealized Appreciation</b> |
|---------------------------|----------------------|--------------------------|------------------------|--------------------------------|
| USD 2,467,443             | EUR1,824,000         | JPMorgan Chase Bank N.A. | 10/21/14               | \$ 70,090                      |
| USD 11,244,889            | GBP6,581,000         | Bank of America N.A.     | 10/21/14               | 323,686                        |
| <b>Total</b>              |                      |                          |                        | \$ 393,776                     |

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

OTC interest rate swaptions purchased as of August 31, 2014 were as follows:

| Position           | Counterparty                | Put/<br>Call | Exercise<br>Rate | Pay/Receive<br>Exercise Rate | Floating Rate<br>Index | Expiration<br>Date | Notional<br>Amount<br>(000) | Market<br>Value |
|--------------------|-----------------------------|--------------|------------------|------------------------------|------------------------|--------------------|-----------------------------|-----------------|
| Interest Rate Swap | Credit Suisse International | Call         | 2.40%            | Receive                      | 3-month LIBOR          | 9/02/14            | USD 11,200                  | \$1,000         |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.30%            | Receive                      | 3-month LIBOR          | 5/22/17            | USD 4,400                   | 37              |
| Interest Rate Swap | Credit Suisse International | Put          | 3.45%            | Pay                          | 3-month LIBOR          | 9/02/14            | USD 67,200                  |                 |
| Interest Rate Swap | Bank of America N.A.        | Put          | 0.60%            | Pay                          | 3-month LIBOR          | 10/02/14           | USD 11,950                  | 27              |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 4.55%            | Pay                          | 3-month LIBOR          | 4/25/17            | USD 10,400                  | 14              |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 4.60%            | Pay                          | 3-month LIBOR          | 4/28/17            | USD 10,400                  | 14              |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.30%            | Pay                          | 3-month LIBOR          | 5/22/17            | USD 4,400                   | 14              |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.50%            | Pay                          | 3-month LIBOR          | 5/22/18            | USD 6,000                   | 14              |

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OTC interest rate swaptions written as of August 31, 2014 were as follows:

| Position           | Counterparty                | Put/<br>Call | Exercise<br>Rate | Pay/Receive<br>Exercise Rate | Floating Rate<br>Index | Expiration<br>Date | Notional<br>Amount<br>(000) | Market<br>Value |
|--------------------|-----------------------------|--------------|------------------|------------------------------|------------------------|--------------------|-----------------------------|-----------------|
| Interest Rate Swap | Credit Suisse International | Call         | 2.60%            | Pay                          | 3-month LIBOR          | 9/02/14            | USD 11,200                  | \$(104,000)     |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Call         | 3.25%            | Pay                          | 3-month LIBOR          | 11/14/14           | USD 6,300                   | (390,000)       |
| Interest Rate Swap | Barclays Bank PLC           | Call         | 3.26%            | Pay                          | 3-month LIBOR          | 11/14/14           | USD 6,300                   | (393,000)       |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 2.85%            | Pay                          | 3-month LIBOR          | 11/17/14           | USD 7,500                   | (212,000)       |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 2.80%            | Pay                          | 3-month LIBOR          | 2/10/15            | USD 2,500                   | (62,000)        |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Call         | 2.50%            | Pay                          | 3-month LIBOR          | 5/22/15            | USD 12,000                  | (152,000)       |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.10%            | Pay                          | 3-month LIBOR          | 2/26/16            | USD 6,000                   | (241,000)       |
| Interest Rate Swap | Deutsche Bank AG            | Call         | 3.15%            | Pay                          | 3-month LIBOR          | 3/17/16            | USD 6,000                   | (256,000)       |
| Interest Rate Swap | Credit Suisse International | Put          | 3.10%            | Receive                      | 3-month LIBOR          | 9/02/14            | USD 11,200                  |                 |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 2.80%            | Receive                      | 3-month LIBOR          | 9/15/14            | USD 3,700                   | (416,000)       |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 3.25%            | Receive                      | 3-month LIBOR          | 11/14/14           | USD 6,300                   | (2,000)         |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.26%            | Receive                      | 3-month LIBOR          | 11/14/14           | USD 6,300                   | (2,000)         |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.70%            | Receive                      | 3-month LIBOR          | 11/17/14           | USD 7,500                   | (256,000)       |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.15%            | Receive                      | 3-month LIBOR          | 11/24/14           | USD 5,000                   | (4,100)         |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.80%            | Receive                      | 3-month LIBOR          | 2/10/15            | USD 2,500                   | (1,300)         |
| Interest Rate Swap | Bank of America N.A.        | Put          | 3.70%            | Receive                      | 3-month LIBOR          | 2/25/15            | USD 1,500                   | (1,400)         |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 1,100                   | (2,500)         |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 900                     | (2,000)         |
| Interest Rate Swap | Citibank N.A.               | Put          | 3.65%            | Receive                      | 3-month LIBOR          | 4/15/15            | USD 1,000                   | (2,200)         |
| Interest Rate Swap | JPMorgan Chase Bank N.A.    | Put          | 3.50%            | Receive                      | 3-month LIBOR          | 5/22/15            | USD 12,000                  | (56,000)        |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.15%            | Receive                      | 3-month LIBOR          | 2/26/16            | USD 6,000                   | (44,000)        |
| Interest Rate Swap | Citibank N.A.               | Put          | 4.15%            | Receive                      | 3-month LIBOR          | 2/29/16            | USD 6,000                   | (44,000)        |
| Interest Rate Swap | Deutsche Bank AG            | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,600                   | (16,000)        |
| Interest Rate Swap | Barclays Bank PLC           | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,700                   | (17,000)        |
| Interest Rate Swap | Goldman Sachs Bank USA      | Put          | 4.05%            | Receive                      | 3-month LIBOR          | 4/18/16            | USD 1,700                   | (17,000)        |

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|                    |                          |     |       |         |               |         |            |       |
|--------------------|--------------------------|-----|-------|---------|---------------|---------|------------|-------|
| Interest Rate Swap | Citibank N.A.            | Put | 4.05% | Receive | 3-month LIBOR | 4/25/16 | USD 5,000  | (52,  |
| Interest Rate Swap | BNP Paribas S.A.         | Put | 4.10% | Receive | 3-month LIBOR | 4/25/16 | USD 3,600  | (35,  |
| Interest Rate Swap | Barclays Bank PLC        | Put | 4.05% | Receive | 3-month LIBOR | 4/25/17 | USD 8,500  | (191, |
| Interest Rate Swap | JPMorgan Chase Bank N.A. | Put | 4.10% | Receive | 3-month LIBOR | 4/28/17 | USD 8,500  | (183, |
| Interest Rate Swap | Deutsche Bank AG         | Put | 6.00% | Receive | 3-month LIBOR | 5/22/18 | USD 12,000 | (95,  |

Centrally cleared interest rate swaps outstanding as of August 31, 2014 were as follows:

| Fixed Rate         | Floating Rate | Clearinghouse      | Effective Date        | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|--------------------|-----------------------|-----------------|-----------------------|--|
| 0.56% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 6/25/15         | USD 20,900            | \$ (45,712 )                           |
| 1.69% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 10/03/14 <sup>2</sup> | 11/30/18        | USD 10,300            | (36,331 )                              |
| 3.97% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 4/25/19 <sup>2</sup>  | 4/25/24         | USD 4,900             | (144,799 )                             |
| 2.77% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 4/29/24         | USD 400               | (10,851 )                              |
| 2.65% <sup>2</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 6/30/24         | USD 4,800             | 72,263                                 |
| 2.62% <sup>2</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/01/24         | USD 500               | 6,132                                  |
| 2.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/18/24         | USD 2,600             | (38,543 )                              |
| 2.59% <sup>2</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/22/24         | USD 2,300             | 21,390                                 |
| 2.62% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 7/24/24         | USD 3,100             | 36,045                                 |
| 2.63% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/07/24         | USD 1,000             | 12,859                                 |
| 2.59% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/08/24         | USD 1,000             | 9,132                                  |
| 2.59% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/08/24         | USD 1,000             | 8,815                                  |
| 2.58% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                   | 8/11/24         | USD 500               | 4,151                                  |

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

Centrally cleared interest rate swaps outstanding as of August 31, 2014 were as follows (concluded):

| Fixed Rate         | Floating Rate | Clearinghouse      | Effective Date       | Expiration Date | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--------------------|---------------|--------------------|----------------------|-----------------|-----------------------|--|
| 2.58% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | \$ 3,993                               |
| 2.57% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | 3,335                                  |
| 2.57% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/11/24         | USD 500               | 3,403                                  |
| 2.55% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/12/24         | USD 500               | 2,506                                  |
| 2.55% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/12/24         | USD 500               | 2,596                                  |
| 2.56% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/22/24         | USD 4,300             | 26,762                                 |
| 2.55% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 8/27/24         | USD 4,800             | 22,372                                 |
| 2.49% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 9/02/24         | USD 500               | (2,634 )                               |
| 3.19% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | 4/22/15 <sup>2</sup> | 4/22/25         | USD 2,400             | 102,245                                |
| 2.97% <sup>3</sup> | 3-month LIBOR | Chicago Mercantile | 6/03/15 <sup>2</sup> | 6/03/25         | USD 1,100             | 21,179                                 |
| 3.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | N/A                  | 2/27/44         | USD 2,500             | (299,000 )                             |
| 3.65% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 4/22/15 <sup>2</sup> | 4/22/45         | USD 1,100             | (110,336 )                             |
| 3.47% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 6/03/15 <sup>2</sup> | 6/03/45         | USD 500               | (29,810 )                              |
| <b>Total</b>       |               |                    |                      |                 |                       | <b>\$ (358,838 )</b>                   |

<sup>1</sup> Trust pays the fixed rate and receives the floating rate.

<sup>2</sup> Forward swap.

<sup>3</sup> Trust receives the fixed rate and pays the floating rate.

OTC credit default swaps buy protection outstanding as of August 31, 2014 were as follows:

| Issuer                 | Pay Fixed Rate | Counterparty        | Expiration Date | Notional Amount (000) | Market Value      | Premiums Paid    | Unrealized Depreciation |
|------------------------|----------------|---------------------|-----------------|-----------------------|-------------------|------------------|-------------------------|
| Radian Group, Inc.     | 5.00           | % Citibank N.A.     | 6/20/15         | USD 1,400             | \$(49,098)        | \$13,035         | \$(62,133 )             |
| The New York Times Co. | 1.00           | % Barclays Bank PLC | 12/20/16        | USD 1,800             | (19,416)          | 57,942           | (77,358 )               |
| <b>Total</b>           |                |                     |                 |                       | <b>\$(68,514)</b> | <b>\$ 70,977</b> | <b>\$(139,491)</b>      |

OTC credit default swaps sold protection outstanding as of August 31, 2014 were as follows:

| Issuer        | Receive Fixed Rate | Counterparty                        | Expiration Date | Credit Rating <sup>4</sup> | Notional Amount (000) <sup>5</sup> | Market Value | Premiums Received | Unrealized Appreciation |
|---------------|--------------------|-------------------------------------|-----------------|----------------------------|------------------------------------|--------------|-------------------|-------------------------|
| MetLife, Inc. | 1.00%              | Morgan Stanley Capital Services LLC | 9/20/16         | A-                         | USD910                             | \$14,641     | \$(30,767 )       | \$45,408                |
| MetLife, Inc. | 1.00%              | Deutsche Bank AG                    | 9/20/16         | A-                         | USD730                             | 11,745       | (25,168 )         | 36,913                  |
| MetLife, Inc. | 1.00%              | Morgan Stanley Capital Services LLC | 9/20/16         | A-                         | USD275                             | 4,424        | (8,293 )          | 12,717                  |
| MetLife, Inc. | 1.00%              | Goldman Sachs Bank USA              | 9/20/16         | A-                         | USD500                             | 8,044        | (16,778 )         | 24,822                  |

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|                     |                             |          |    |        |       |           |        |
|---------------------|-----------------------------|----------|----|--------|-------|-----------|--------|
| MetLife, Inc. 1.00% | Credit Suisse International | 9/20/16  | A- | USD545 | 8,768 | (20,548 ) | 29,316 |
| MetLife, Inc. 1.00% | Citibank N.A.               | 12/20/16 | A- | USD298 | 5,130 | (9,981 )  | 15,111 |
| MetLife, Inc. 1.00% | Citibank N.A.               | 12/20/16 | A- | USD290 | 4,981 | (10,642 ) | 15,623 |

**Total** \$ 57,733 \$(122,177) \$ 179,910

<sup>4</sup> Using S&P's rating of the issuer.

<sup>5</sup> The maximum potential amount the Trust may pay should a negative credit event take place as defined under terms of the agreements.

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

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

See Notes to Financial Statements.

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

## Schedule of Investments (continued)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|   | Level 1             | Level 2              | Level 3             | Total                 |
|---|---------------------|----------------------|---------------------|-----------------------|
| <b>Assets:</b>                              |                     |                      |                     |                       |
| Investments:                                |                     |                      |                     |                       |
| Long-Term Investments:                      |                     |                      |                     |                       |
| Asset-Backed Securities                     |                     | \$17,676,727         | \$8,793,910         | \$26,470,637          |
| Corporate Bonds                             |                     | 314,189,017          | 8,787,420           | 322,976,437           |
| Foreign Agency Obligations                  |                     | 7,456,621            |                     | 7,456,621             |
| Municipal Bonds                             |                     | 12,786,140           |                     | 12,786,140            |
| Non-Agency Mortgage-Backed Securities       |                     | 62,160,814           | 16                  | 62,160,830            |
| Preferred Securities                        | \$7,059,541         | 46,519,562           |                     | 53,579,103            |
| U.S. Government Sponsored Agency Securities |                     | 53,967,316           | 533                 | 53,967,849            |
| U.S. Treasury Obligations                   |                     | 54,746,992           |                     | 54,746,992            |
| Short-Term Securities                       | 3,425,318           |                      |                     | 3,425,318             |
| Options Purchased:                          |                     |                      |                     |                       |
| Interest Rate Contracts                     |                     | 954,199              |                     | 954,199               |
| <b>Total</b>                                | <b>\$10,484,859</b> | <b>\$570,457,388</b> | <b>\$17,581,879</b> | <b>\$ 598,524,126</b> |

|   | Level 1          | Level 2               | Level 3 | Total                 |
|---|------------------|-----------------------|---------|-----------------------|
| Derivative Financial Instruments <sup>1</sup> |                  |                       |         |                       |
| <b>Assets:</b>                                |                  |                       |         |                       |
| Credit contracts                              |                  | \$179,910             |         | \$179,910             |
| Foreign currency exchange contracts           |                  | 393,776               |         | 393,776               |
| Interest rate contracts                       | \$181,738        | 359,178               |         | 540,916               |
| <b>Liabilities:</b>                           |                  |                       |         |                       |
| Credit contracts                              |                  | (139,491 )            |         | (139,491 )            |
| Interest rate contracts                       | (116,219)        | (3,306,352 )          |         | (3,422,571 )          |
| <b>Total</b>                                  | <b>\$ 65,519</b> | <b>\$ (2,512,979)</b> |         | <b>\$ (2,447,460)</b> |

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

There were no transfers between Level 1 and Level 2 during the year ended August 31, 2014.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:



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|   | Level 1             | Level 2                | Level 3 | Total                  |
|---|---------------------|------------------------|---------|------------------------|
| <b>Assets:</b>  |                     |                        |         |                        |
| Cash pledged for centrally cleared swaps                      | \$515,000           |                        |         | \$515,000              |
| Cash pledged as collateral for reverse repurchase agreements  | 1,984,142           |                        |         | 1,984,142              |
| Cash pledged as collateral for OTC derivatives                | 590,000             |                        |         | 590,000                |
| Cash pledged for financial futures contracts                  | 226,000             |                        |         | 226,000                |
| Foreign currency at value                                     | 304,703             |                        |         | 304,703                |
| <b>Liabilities:</b>   |                     |                        |         |                        |
| Bank overdraft  |                     | \$(48,720)             |         | (48,720)               |
| Cash received as collateral for reverse repurchase agreements |                     | (2,162,000)            |         | (2,162,000)            |
| Reverse repurchase agreements                                 |                     | (171,566,571)          |         | (171,566,571)          |
| <b>Total</b>  | <b>\$ 3,619,845</b> | <b>\$(173,777,291)</b> |         | <b>\$(170,157,446)</b> |

See Notes to Financial Statements.

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

## Schedule of Investments (concluded)

A reconciliation of Level 3 investments is presented when the Trust had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Common<br>Stocks | Asset-Backed<br>Securities | Corporate<br>Bonds | US<br>Government<br>Non-Agency<br>Mortgage-Backed<br>Securities | Sponsored<br>Agency<br>Securities | Total         |
|---|------------------|----------------------------|--------------------|---|-----------------------------------|---------------|
| <b>Assets:</b>  |                  |                            |                    |   |                                   |               |
| Opening Balance, as of August 31, 2013  | \$ 396,800       | \$ 10,488,482              | \$ 6,294,250       | \$ 25   | \$ 717                            | \$ 17,180,274 |
| Transfers into Level 3  |                  |                            |                    |   |                                   |               |
| Transfers out of Level 3 <sup>1</sup>   |                  | (6,442,285)                |                    |   |                                   | (6,442,285)   |
| Accrued discounts/premiums  |                  | (326,626)                  |                    |   | (1)                               | (326,627)     |
| Net realized gain   | 430,152          | 37,567                     |                    |   |                                   | 467,719       |
| Net change in unrealized appreciation/depreciation <sup>2,3</sup>   | (396,800)        | 289,291                    | 228,061            | (9)   | (183)                             | 120,360       |
| Purchases   |                  | 8,243,356                  | 2,265,109          |   |                                   | 10,508,465    |
| Sales   | (430,152)        | (3,495,875)                |                    |   |                                   | (3,926,027)   |
| <b>Closing Balance, as of August 31, 2014</b>   |                  | \$ 8,793,910               | \$ 8,787,420       | \$ 16   | \$ 533                            | \$ 17,581,879 |
| Net change in unrealized appreciation/depreciation on investments held as of August 31, 2014 <sup>3</sup> |                  | \$ 284,059                 | \$ 228,061         | \$ (9)  | \$ (183)                          | \$ 511,928    |

As of August 31, 2013, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2014, the Trust used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$6,442,285 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>2</sup>Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations.

Any difference between Net change in unrealized appreciation/depreciation and Net change in unrealized

<sup>3</sup>appreciation/depreciation on investments held as of August 31, 2014 is generally due to investments no longer held or categorized as level 3 at period end.

The Trust's investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information inputs could result in a significantly lower or higher value of such Level 3 investments.

See Notes to Financial Statements.

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

Schedule of Investments August 31, 2014

**Asset-Backed Securities Par**

**(000) Value**

**Asset Backed Securities 0.8%**

First Franklin Mortgage Loan Trust, Series 2005-FF2, Class M2, 0.82%, 3/25/35 (a)

\$ 1,600 \$ 1,598,261

Securitized Asset Backed Receivables LLC Trust, Series 2005-OP2, Class M1, 0.59%, 10/25/35 (a)

1,875 1,636,687

Small Business Administration Participation Certificates, Class 1:

Series 1996-20E, 7.60%, 5/01/16

41 42,525

Series 1996-20G, 7.70%, 7/01/16

40 41,645

Series 1996-20H, 7.25%, 8/01/16

47 48,339

Series 1996-20K, 6.95%, 11/01/16

134 139,480

Series 1997-20C, 7.15%, 3/01/17

51 53,476

3,560,413

**Interest Only Asset Backed Securities 0.1%**

Small Business Administration, Series 2000-1, 1.00%, 4/01/15

603 5,275

Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (b)

2,704 196,016

Sterling Coofs Trust, Series 2004-1, Class A, 2.00%, 4/15/29 (b)

6,190 425,581

626,872

**Total Asset-Backed Securities 0.9%**

4,187,285

**Non-Agency Mortgage-Backed Securities**

**Collateralized Mortgage Obligations 1.0%**

Collateralized Mortgage Obligation Trust, Series 40, Class R, 580.48%, 4/01/18

34 35

Deutsche Securities, Inc. Mortgage Alternate Loan Trust, Series 2006-AR5, Class 22A, 5.50%, 10/25/21

433 424,399

Homebanc Mortgage Trust, Series 2005-4, Class A1, 0.43%, 10/25/35 (a)

2,367 2,125,706

Kidder Peabody Acceptance Corp., Series 1993-1, Class A6, 16.33%,  
 8/25/23 (a)

44 49,217

Residential Funding Securities LLC, Series 2003-RM2, Class AI5, 8.50%, 5/25/33

892 944,903

Structured Adjustable Rate Mortgage Loan Trust, Series 2004-11, Class A, 2.53%, 8/25/34 (a)

1,039 1,040,706

4,584,966

**Commercial Mortgage-Backed Securities 0.5%**

Credit Suisse Commercial Mortgage Trust, Series 2007-C2, Class A3, 5.54%, 1/15/49 (a)

2,420 2,626,559

**Interest Only Collateralized Mortgage Obligations 0.7%**

Bank of America Mortgage Securities, Inc., Series 2003-3, Class 1A, 0.00%, 5/25/33 (a)

25,607 240,012

CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37

643 160,321

First Boston Mortgage Securities Corp., Series C, 10.97%, 4/25/17

5 321

GSMPs Mortgage Loan Trust, Series 1998-5, 0.00%, 6/19/27 (a)(b)

2,959 30

IndyMac INDX Mortgage Loan Trust, Series 2006-AR33, Class 4AX, 0.17%, 1/25/37

66,451 172,173

MASTR Adjustable Rate Mortgages Trust, Series 2004-3, Class 3AX, 0.98%, 4/25/34 (c)

7,398 82,074

MASTR Alternative Loans Trust, Series 2003-9, Class 15X2, 6.00%, 1/25/19

228 28,695

**Non-Agency Mortgage-Backed SecuritiesPar**

**(000) Value**

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

Morgan Stanley Mortgage Loan Trust, Series 2004-3, Class 1AX, 5.00%, 5/25/19

\$ 226 \$ 15,653

Sequoia Mortgage Trust, Series 2005-2, Class XA, 0.00%, 3/20/35 (a)

34,199 550,389

Structured Adjustable Rate Mortgage Loan Trust, Series 2006-7, Class 3AS, 4.70%, 8/25/36 (a)

17,034 2,076,051

Vendee Mortgage Trust, Series 1999-2, Class 1, 0.00%, 5/15/29 (a)

37,576 38

3,325,757

**Principal Only Collateralized Mortgage Obligations 0.2%**

Countrywide Home Loan Mortgage Pass-Through Trust (d):

Series 2003-J5, 0.00%, 7/25/33

202 179,334

Series 2003-J8, 0.00%, 9/25/23

121 108,358

Drexel Burnham Lambert CMO Trust, Class 1 (d):

Series K, 0.00%, 9/23/17

3 2,661

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Series V, 0.00%, 9/01/18

3 3,018

Residential Asset Securitization Trust, Series 2005-A15, Class 1A8, 0.00%, 2/25/36 (d)

515 340,438

Structured Mortgage Asset Residential Trust, Series 1993-3C, Class CX, 0.00%, 4/25/24 (d)

6 5,291

Washington Mutual Alternative Mortgage Pass-Through Certificates, Series 2005-9, Class CP, 0.00%, 11/25/35 (d)

222 156,689

795,789

**Total Non-Agency Mortgage-Backed Securities 2.4%**

11,333,071

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

**Agency Obligations 2.5%**

Federal Housing Administration:

USGI Projects, Series 99, 7.43%, 6/01/21 10/01/23

3,590 3,491,131

Reilly Projects, Series 41, 8.28%, 3/01/20

122 120,396

Resolution Funding Corp., 0.00%, 4/15/30 (d)

13,000 7,885,150

11,496,677

**Collateralized Mortgage Obligations 63.1%**

Fannie Mae Mortgage-Backed Securities:

Series 2014-28, Class BD, 3.50%, 1/25/42 8/25/43

24,285 25,194,360

Series 2011-117, Class CP, 4.00%, 12/25/40 11/25/41

17,410 18,993,586

Series 2011-99, Class CB, 4.50%, 10/25/41

43,000 48,350,232

Series 2010-47, Class JB, 5.00%, 5/25/30

10,000 11,244,100

Series 2003-135, Class PB, 6.00%, 1/25/34

12,264 13,757,449

Series 2004-31, Class ZG, 7.50%, 5/25/34

3,969 4,610,998

Series 1993-247, Class SN, 10.00%, 12/25/23 (a)

191 234,620

Series 2005-73, Class DS, 17.15%, 8/25/35 (a)

1,419 1,772,474

Series 1991-87, Class S, 26.27%, 8/25/21 (a)

22 32,131

Series G-49, Class S, 1,018.68%, 12/25/21 (a)

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(e) 613

Series G-17, Class S, 1,064.92%, 6/25/21 (a)

105 1,647

Series G-33, Class PV, 1,078.42%, 10/25/21

106 1,048

Series G-07, Class S, 1,127.09%, 3/25/21 (a)

(e) 1,809

Series 1991-46, Class S, 2,483.51%, 5/25/21 (a)

55 3,347

See Notes to Financial Statements.

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

Schedule of Investments (continued)

**U.S. Government Sponsored Agency Securities Par  
(000) Value**

**Collateralized Mortgage Obligations (concluded)**

Freddie Mac Mortgage-Backed Securities:

Series T-11, Class A9, 2.87%, 1/25/28 (a)  
\$1,403 \$ 1,447,887

Series 4242, Class PA, 3.50%, 5/15/41  
9,109 9,540,411

Series 4016, Class BX, 4.00%, 11/15/40 9/15/41  
26,292 27,779,550

Series 4316, Class VB, 4.50%, 8/15/32 3/15/34  
20,787 23,135,875

Series 3856, Class PB, 5.00%, 5/15/41  
10,000 11,624,290

Series 2927, Class BZ, 5.50%, 5/15/23 2/15/35  
11,076 12,163,196

Series 2542, Class UC, 6.00%, 12/15/22  
3,266 3,606,946

Series 0040, Class K, 6.50%, 8/17/24  
187 210,787

Series 2218, Class Z, 8.50%, 3/15/20 3/15/30  
3,112 3,657,807

Series 0173, Class R, 9.00%, 11/15/21  
7 7

Series 0173, Class RS, 9.34%, 11/15/21 (a)  
(e) 7

Series 0075, Class R, 9.50%, 1/15/21  
(e) 1

Series 2861, Class AX, 10.57%, 9/15/34 (a)  
51 54,099

Series 1160, Class F, 39.50%, 10/15/21 (a)  
11 20,973

Series 0075, Class RS, 50.25%, 1/15/21 (a)  
(e) 1

Series 1057, Class J, 1,008.00%, 3/15/21  
43 584

Series 0192, Class U, 1,009.03%, 2/15/22 (a)  
1 23

Series 0019, Class R, 16,324.45%, 3/15/20 (a)  
3 447

Ginnie Mae Mortgage-Backed Securities:

Series 2010-099, Class JM, 3.75%, 12/20/38  
19,300 20,154,295

Series 2011-88, Class PY, 4.00%, 1/20/39 6/20/41  
51,891 54,908,163

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Series 2004-89, Class PE, 6.00%, 10/20/34  
679 716,320

Series 1996-5, Class Z, 7.00%, 5/16/26  
307 343,897

293,563,980

**Interest Only Collateralized Mortgage Obligations 4.2%**

Fannie Mae Mortgage-Backed Securities:

Series 1997-50, Class SI, 1.20%, 4/25/23 (a)  
176 5,606

Series G92-60, Class SB, 1.60%, 10/25/22 (a)  
114 3,997

Series 2013-45, Class EI, 4.00%, 2/25/27 4/25/43  
24,799 3,243,298

Series 2010-74, Class DI, 5.00%, 12/25/39  
12,454 1,137,288

Series 1997-90, Class M, 6.00%, 1/25/28  
2,554 457,468

Series 1999-W4, 6.50%, 12/25/28  
170 27,966

Series 2011-124, Class GS, 6.55%, 3/25/37 (a)  
16,672 2,334,914

Series 1993-199, Class SB, 7.22%, 10/25/23 (a)  
203 16,534

Series 089, Class 2, 8.00%, 10/25/18  
3 234

Series 007, Class 2, 8.50%, 4/25/17  
2 166

Series G92-05, Class H, 9.00%, 1/25/22  
27 2,469

Series 094, Class 2, 9.50%, 8/25/21  
1 271

Series 1990-136, Class S, 19.92%, 11/25/20 (a)  
6,843 9,599

Series 1991-139, Class PT, 648.35%, 10/25/21  
118 1,211

Series 1991-099, Class L, 930.00%, 8/25/21  
51 652

Series 1990-123, Class M, 1,009.50%, 10/25/20  
11 152

Series G92-12, Class C, 1,016.90%, 2/25/22  
101 1,030

Series G-10, Class S, 1,090.36%, 5/25/21 (a)  
288 7,031

Series G-12, Class S, 1,157.49%, 5/25/21 (a)  
205 4,074



**U.S. Government Sponsored Agency Securities Par  
(000) Value  
Interest Only Collateralized Mortgage Obligations (concluded)**

Freddie Mac Mortgage-Backed Securities:

Series 2559, 0.50%, 8/15/30 (a)  
\$79 \$968  
Series 3744, Class PI, 4.00%, 1/15/35 6/15/39  
42,473 4,722,955  
Series 4026, 4.50%, 4/15/32  
5,107 880,171  
Series 2611, Class QI, 5.50%, 9/15/32  
1,512 164,035  
Series 1043, Class H, 44.31%, 2/15/21 (a)  
5,199 10,156  
Series 1054, Class I, 868.03%, 3/15/21 (a)  
40 738  
Series 0176, Class M, 1,010.00%, 7/15/21  
17 316  
Series 1056, Class KD, 1,084.50%, 3/15/21  
28 452  
Series 1148, Class E, 1,178.74%, 10/15/21 (a)  
77 1,372  
Series 0200, Class R, 198,052.81%, 12/15/22 (a)  
1 682

Ginnie Mae Mortgage-Backed Securities (a):

Series 2009-116, Class KS, 6.32%, 12/16/39  
2,756 427,784  
Series 2011-52, Class MJ, 6.49%, 4/20/41  
15,479 3,078,266  
Series 2011-52, Class NS, 6.52%, 4/16/41  
17,234 3,161,893

19,703,748

**Mortgage-Backed Securities 86.3%**

Fannie Mae Mortgage-Backed Securities:

3.00%, 1/01/43 (f)  
28,523 28,482,853  
3.50%, 10/01/42 9/01/44 (f)(g)  
35,277 36,351,638  
4.00%, 1/01/41 9/01/42 (f)  
33,413 35,455,671  
4.50%, 8/01/25 9/01/44 (f)(g)  
98,139 106,990,282  
5.00%, 1/01/23 9/01/44 (f)(g)  
77,766 86,183,840  
5.50%, 9/01/29 10/01/39 (f)(g)

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37,743 41,578,939  
5.97%, 8/01/16  
2,931 3,155,417  
6.00%, 9/01/44 10/01/44 (g)  
43,600 49,128,343  
6.50%, 12/01/37 10/01/39 (f)  
11,303 12,788,854  
7.50%, 2/01/22  
(e) 63  
9.50%, 1/01/19 9/01/19  
2 1,873

Freddie Mac Mortgage-Backed Securities:

2.48%, 1/01/35 (a)  
184 186,558  
2.51%, 11/01/17 (a)  
8 8,368  
2.55%, 10/01/34 (a)  
200 200,289  
5.00%, 2/01/22 4/01/22  
335 363,812  
9.00%, 9/01/20  
19 20,685

Ginnie Mae Mortgage-Backed Securities:

7.50%, 8/15/21 12/15/23  
119 125,752  
8.00%, 10/15/22 8/15/27  
52 56,322  
9.00%, 4/15/20 9/15/21  
4 4,415

401,083,974

**Principal Only Collateralized Mortgage Obligations 0.3%**

Fannie Mae Mortgage-Backed Securities (d):

Series 1999-W4, 0.00%, 2/25/29  
94 86,346  
Series 2002-13, Class PR, 0.00%, 2/25/21 3/25/32  
346 326,394  
Freddie Mac Mortgage-Backed Securities, 0.00%, 11/15/22 11/15/28 (d)  
822 768,398

1,181,138

**Total U.S. Government Sponsored Agency Securities 156.4%**

727,029,517

---

**U.S. Treasury Obligations**

U.S. Treasury Notes:

|  |               |  |
|--|---------------|--|
| 1.63%, 8/31/19 (h)                     |               |  |
| 4,780                                  | 4,779,254     |  |
| 1.00%, 11/30/19 (f)                    |               |  |
| 2,965                                  | 2,858,678     |  |
| 1.63%, 11/15/22                        |               |  |
| 780                                    | 746,607       |  |
| 2.50%, 5/15/24                         |               |  |
| 1,440                                  | 1,460,588     |  |
| <b>Total U.S. Treasury Obligations</b> | <b>2.1%</b>   |  |
| 9,845,127                              |               |  |
| <b>Total Long-Term Investments</b>     |               |  |
| <b>(Cost \$747,376,081)</b>            | <b>161.8%</b> |  |
| 752,395,000                            |               |  |

See Notes to Financial Statements.

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

Schedule of Investments (continued) (Percentages shown are based on Net Assets)

**Short-Term Securities**

**Shares Value**

**Money Market Funds 1.7%**

BlackRock Liquidity Funds, TempFund, Institutional Class, 0.03% (i)(j)

8,012,499 \$8,012,499

**Par**

**(000)**

**Borrowed Bond Agreement 0.2%**

Credit Suisse Securities (USA) LLC, 0.06%, Open (Purchased on 7/23/14 to be repurchased at \$837,054, collateralized by U.S. Treasury Bonds, 2.75%, par and fair values of \$917,000 and \$859,687, respectively)

\$837 837,000

**Total Short-Term Securities**

**(Cost \$8,849,499) 1.9%**

8,849,499

**Total Investments Before Borrowed Bonds and TBA Sale Commitments**

**(Cost \$756,225,580) 163.7%**

761,244,499

**Borrowed Bonds Par**

**(000) Value**

U.S. Treasury Bonds, 2.75%, 11/15/42

\$917 \$(859,687)

**Total Borrowed Bonds**

**(Proceeds \$842,347) (0.2)%**

(859,687)

**TBA Sale Commitments (g)**

Fannie Mae Mortgage-Backed Securities:

4.50%, 9/01/29

4,700 (4,966,395)

5.00%, 9/01/29 10/01/44

26,100 (28,742,926)

6.00%, 9/01/44

21,800 (24,586,312)

**Total TBA Sale Commitments**

**(Proceeds \$58,228,891) (12.5)%**

(58,295,633)

**Total Investments, Net of Borrowed Bonds and**

**TBA Sale Commitments 151.0%**

702,089,179

**Liabilities in Excess of Other Assets (51.0)%**

(237,156,666)

**Net Assets 100.0%**

\$464,932,513

**Notes to Schedule of Investments**

- (a) Variable rate security. Rate shown is as of report date.
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (d) Zero-coupon bond.
- (e) Amount is less than \$500.
- (f) All or a portion of security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (g) Represents or includes a TBA transaction. Unsettled TBA transactions as of August 31, 2014 were as follows:

| <b>Counterparty</b>                | <b>Value</b> | <b>Unrealized<br/>Appreciation/<br/>(Depreciation)</b> |
|------------------------------------|--------------|--|
| Credit Suisse Securities (USA) LLC | \$21,789,416 | \$ 138,229   |
| Deutsche Bank Securities, Inc.     | \$7,075,105  | \$ (1,653 )  |
| Goldman Sachs & Co.                | \$1,303,031  | \$ 7,594   |
| J.P. Morgan Securities LLC         | \$1,322,203  | \$ 5,074   |

- (h) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>        | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|----------------------------|--------------|------------------------------------|
| J.P. Morgan Securities LLC | \$4,779,254  | \$ 7,097                           |

- (i) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act were as follows:

| <b>Affiliate</b>   | <b>Shares<br/>Held at<br/>August 31, 2013</b> | <b>Net<br/>Activity</b> | <b>Shares<br/>Held at<br/>August 31,<br/>2014</b> | <b>Income</b> |
|--|---|-------------------------|---|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 14,996,794                                    | (6,984,295)             | 8,012,499   | \$3,704       |

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

Reverse repurchase agreements outstanding as of August 31, 2014 were as follows:

| <b>Counterparty</b> | <b>Interest<br/>Rate</b> | <b>Trade<br/>Date</b> | <b>Maturity<br/>Date<sup>1</sup></b> | <b>Face Value</b> | <b>Face Value<br/>Including</b> |
|---------------------|--------------------------|-----------------------|--------------------------------------|-------------------|---------------------------------|
|---------------------|--------------------------|-----------------------|--------------------------------------|-------------------|---------------------------------|

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|                                    |       |          |         |                       | <b>Accrued<br/>Interest</b> |
|------------------------------------|-------|----------|---------|-----------------------|-----------------------------|
| Credit Suisse Securities (USA) LLC | 0.15% | 12/10/13 | Open    | \$ 17,914,714         | \$ 17,929,673               |
| BNP Paribas Securities Corp.       | 0.09% | 7/07/14  | Open    | 2,831,575             | 2,831,964                   |
| Credit Suisse Securities (USA) LLC | 0.14% | 8/12/14  | 9/11/14 | 153,535,000           | 153,546,942                 |
| Credit Suisse Securities (USA) LLC | 0.14% | 8/12/14  | 9/11/14 | 31,104,000            | 31,106,419                  |
| <b>Total</b>                       |       |          |         | <b>\$ 205,385,289</b> | <b>\$ 205,414,998</b>       |

<sup>1</sup> Certain agreements have no stated maturity and can be terminated by either party at any time.

See Notes to Financial Statements.

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## BlackRock Income Trust, Inc. (BKT)

## Schedule of Investments (continued)

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts Sold | Issue                         | Exchange               | Expiration     | Notional Value | Unrealized Appreciation (Depreciation) |
|----------------|-------------------------------|------------------------|----------------|----------------|--|
| (41)           | 90-Day Euro-Dollar            | Chicago Mercantile     | September 2014 | \$10,225,913   | \$(42,315)                             |
| (164)          | 2-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014  | \$35,923,688   | (20,277)                               |
| (52)           | 5-Year U.S. Treasury Note     | Chicago Board of Trade | December 2014  | \$ 6,179,469   | (7,747)                                |
| (200)          | 10-Year U.S. Treasury Note    | Chicago Board of Trade | December 2014  | \$25,156,250   | (6,433)                                |
| (641)          | Long U.S. Treasury Bond       | Chicago Board of Trade | December 2014  | \$89,800,094   | (601,120)                              |
| (85)           | Ultra Long U.S. Treasury Bond | Chicago Board of Trade | December 2014  | \$13,217,500   | (101,721)                              |
| (41)           | 90-Day Euro-Dollar            | Chicago Mercantile     | December 2014  | \$10,223,862   | (48,196)                               |
| (41)           | 90-Day Euro-Dollar            | Chicago Mercantile     | March 2015     | \$10,213,612   | (43,759)                               |
| (12)           | 90-Day Euro-Dollar            | Chicago Mercantile     | June 2015      | \$ 2,983,800   | (2,123)                                |
| (12)           | 90-Day Euro-Dollar            | Chicago Mercantile     | December 2015  | \$ 2,970,150   | 4,927                                  |
| (12)           | 90-Day Euro-Dollar            | Chicago Mercantile     | March 2016     | \$ 2,962,800   | 8,302                                  |
| <b>Total</b>   |                               |                        |                |                | <u>\$ (860,462)</u>                    |

Centrally cleared interest rate swaps outstanding as of August 31, 2014 were as follows:

| Fixed Rate         | Floating Rate | Clearinghouse      | Expiration Date | Notional Amount (000) | Unrealized Appreciation |
|--------------------|---------------|--------------------|-----------------|-----------------------|-------------------------|
| 0.46% <sup>1</sup> | 3-month LIBOR | Chicago Mercantile | 6/11/15         | \$100                 | \$141                   |

OTC interest rate swaps outstanding as of August 31, 2014 were as follows:

| Fixed Rate       | Floating Rate | Counterparty             | Expiration Date | Notional Amount (000) | Market Value | Premiums Received | Unrealized Appreciation (Depreciation) |
|------------------|---------------|--------------------------|-----------------|-----------------------|--------------|-------------------|--|
| 88% <sup>1</sup> | 3-month LIBOR | UBS AG                   | 3/21/15         | USD 25,000            | \$626,334    |                   | \$626,334                              |
| 87% <sup>1</sup> | 3-month LIBOR | Goldman Sachs Bank USA   | 1/25/16         | USD 5,500             | 335,111      |                   | 335,111                                |
| 81% <sup>1</sup> | 3-month LIBOR | Citibank N.A.            | 2/06/16         | USD 20,000            | 661,695      |                   | 661,695                                |
| 72% <sup>1</sup> | 3-month LIBOR | JPMorgan Chase Bank N.A. | 7/14/16         | USD 5,400             | 506,017      |                   | 506,017                                |
| 31% <sup>2</sup> | 3-month LIBOR | Deutsche Bank AG         | 10/01/18        | USD 60,000            | (6,648,452)  |                   | (6,648,452)                            |
| 43% <sup>1</sup> | 3-month LIBOR | JPMorgan Chase Bank N.A. | 3/28/21         | USD 6,000             | 502,799      | \$(183,998)       | 686,797                                |
| 41% <sup>1</sup> | 3-month LIBOR | JPMorgan Chase Bank N.A. | 8/15/22         | USD 9,565             | 2,216,240    |                   | 2,216,240                              |
| <b>Total</b>     |               |                          |                 |                       |              | \$(1,800,256)     | \$(1,616,258)                          |

<sup>1</sup> Trust pays the floating rate and receives the fixed rate.

<sup>2</sup> Trust pays the fixed rate and receives the floating rate.

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

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a disclosure hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level



input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

See Notes to Financial Statements.

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## BlackRock Income Trust, Inc. (BKT)

## Schedule of Investments (continued)

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|   | Level 1      | Level 2        | Level 3     | Total          |
|---|--------------|----------------|-------------|----------------|
| <b>Assets:</b>                              |              |                |             |                |
| Investments:                                |              |                |             |                |
| Long-Term Investments:                      |              |                |             |                |
| Asset-Backed Securities                     |              | \$3,560,413    | \$626,872   | \$4,187,285    |
| Non-Agency Mortgage-Backed Securities       |              | 8,624,522      | 2,708,549   | 11,333,071     |
| U.S. Government Sponsored Agency Securities |              | 723,416,845    | 3,612,672   | 727,029,517    |
| U.S. Treasury Obligations                   |              | 9,845,127      |             | 9,845,127      |
| Short-Term Securities:                      |              |                |             |                |
| Money Market Funds                          | \$8,012,499  |                |             | 8,012,499      |
| Borrowed Bond Agreement                     |              | 837,000        |             | 837,000        |
| <b>Liabilities:</b>                         |              |                |             |                |
| Investments:                                |              |                |             |                |
| Borrowed Bonds                              |              | (859,687 )     |             | (859,687 )     |
| TBA Sale Commitments                        |              | (58,295,633 )  |             | (58,295,633 )  |
| <b>Total</b>                                | \$ 8,012,499 | \$ 687,128,587 | \$6,948,093 | \$ 702,089,179 |

|   | Level 1      | Level 2        | Level 3 | Total          |
|---|--------------|----------------|---------|----------------|
| Derivative Financial Instruments <sup>1</sup> |              |                |         |                |
| <b>Assets:</b>                                |              |                |         |                |
| Interest rate contracts                       | \$13,229     | \$5,032,335    |         | \$5,045,564    |
| <b>Liabilities:</b>                           |              |                |         |                |
| Interest rate contracts                       | (873,691 )   | (6,648,452 )   |         | \$(7,522,143 ) |
| <b>Total</b>                                  | \$ (860,462) | \$ (1,616,117) |         | \$(2,476,579)  |

<sup>1</sup> Derivative financial instruments are swaps and financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

There were no

transfers  
between  
Level 1  
and  
Level 2  
during  
the year  
ended  
August  
31, 2014.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1      | Level 2         | Level 3 | Total           |
|--|--------------|-----------------|---------|-----------------|
| <b>Assets:</b>   |              |                 |         |                 |
| Cash pledged as collateral for OTC derivatives               | \$7,700,000  |                 |         | \$7,700,000     |
| Cash pledged as collateral for reverse repurchase agreements | 173,000      |                 |         | 173,000         |
| Cash pledged for financial futures contracts                 | 2,009,000    |                 |         | 2,009,000       |
| Cash pledged for centrally cleared swaps                     | 10,000       |                 |         | 10,000          |
| <b>Liabilities:</b>  |              |                 |         |                 |
| Bank overdraft   |              | \$(79 )         |         | \$(79 )         |
| Cash received as collateral for OTC derivatives              |              | (5,260,000 )    |         | (5,260,000 )    |
| Reverse repurchase agreements                                |              | (205,414,998)   |         | (205,414,998)   |
| <b>Total</b>   | \$ 9,892,000 | \$(210,675,077) |         | \$(200,783,077) |

See Notes to Financial Statements.

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## BlackRock Income Trust, Inc. (BKT)

## Schedule of Investments (concluded)

A reconciliation of Level 3 investments is presented when the Trust had a significant amount of Level 3 investments at the beginning and/or end of the period in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed<br>Securities | Non-Agency<br>Mortgage-Backed<br>Securities | US Government<br>Sponsored<br>Agency<br>Securities | Total               |
|---|----------------------------|---|--|---------------------|
| <b>Assets:</b>  |                            |   |  |                     |
| Opening Balance, as of August 31, 2013  | \$ 695,051                 | \$2,808,305                                 | \$ 7,314,558                                       | \$10,817,914        |
| Transfers into Level 3  |                            |   |  |                     |
| Transfers out of Level 3 <sup>1</sup>   |                            |   | (3,143,245)  | (3,143,245)         |
| Accrued discounts/premiums  | (371,145)                  |   | (13,012)   | (384,157)           |
| Net realized gain (loss)  |                            | 10  | (16,767)   | (16,757)            |
| Net change in unrealized appreciation/depreciation <sup>2,3</sup>   | 302,966                    | (99,756)                                    | 16,958   | 220,168             |
| Purchases   |                            |   |  |                     |
| Sales   |                            | (10)  | (545,822)  | (545,832)           |
| <b>Closing Balance, as of August 31, 2014</b>   | <b>\$ 626,872</b>          | <b>\$2,708,549</b>                          | <b>\$ 3,612,672</b>                                | <b>\$ 6,948,093</b> |
| Net change in unrealized appreciation/depreciation on investments held as of August 31, 2014 <sup>3</sup> | \$ 302,966                 | \$ (99,756)                                 | \$ 16,958  | \$ 220,168          |

<sup>1</sup> As of August 31, 2013, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2014, the Fund used observable inputs in determining the value of the same investments. As a result, investments with a beginning of period value of \$3,143,245 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>2</sup> Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations.

<sup>3</sup> Any difference between Net change in unrealized appreciation/depreciation and Net change in unrealized appreciation/depreciation on investments held as of August 31, 2014 is generally due to investments no longer held or categorized as level 3 at period end.

Certain of the Trust's investments that are categorized as Level 3 were valued utilizing third party pricing information without adjustment. Such valuations are based on unobservable inputs. A significant change in third party information inputs could result in a significantly lower or higher value of such Level 3 investments.

See Notes to Financial Statements.



## Statements of Assets and Liabilities

|   | <b>BlackRock<br/>Core Bond<br/>Trust<br/>(BHK)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(HYT)*</b> | <b>BlackRock<br/>Income<br/>Opportunity<br/>Trust, Inc.<br/>(BNA)</b> | <b>BlackRock<br/>Income<br/>Trust, Inc.<br/>(BKT)</b> |
|---|--|---|---|---|
| <b>August 31, 2014</b>  |  |   |   |   |
| <b>Assets</b>   |  |   |   |   |
| Investments at<br>value unaffiliated  | \$ 596,447,752                                     | \$2,383,983,860   | \$ 595,098,808  | \$ 753,232,000  |
| Investments at<br>value affiliated  | 742,474  | 3,602,081   | 3,425,318   | 8,012,499   |
| Cash  | 38,897   |   |   |   |
| Cash pledged for<br>financial futures<br>contracts                                    | 122,000  | 3,198,000   | 226,000   | 2,009,000   |
| Cash pledged as<br>collateral for<br>reverse<br>repurchase<br>agreements              |  |   | 1,984,142   | 173,000   |
| Cash pledged as<br>collateral for OTC<br>derivatives                                  | 1,200,000  | 1,970,000   | 590,000   | 7,700,000   |
| Cash pledged for<br>centrally cleared<br>swaps  | 516,000  |   | 515,000   | 10,000  |
| Interest receivable   | 6,452,194  | 33,200,680  | 6,565,872   | 2,657,275   |
| TBA sale<br>commitments<br>receivable   |  |   |   | 58,228,891  |
| Investments sold<br>receivable  | 177,530  | 17,388,648  | 522,868   | 102,629   |
| Unrealized<br>appreciation on<br>OTC derivatives                                      | 178,514  | 2,657,749   | 179,910   | 5,032,194   |
| Dividends<br>receivable   | 13,711   | 98,107  | 13,711  |   |
| Swaps receivable  | 6,521  | 202,777   | 6,335   | 812,964   |
| Swap premiums<br>paid   | 70,996   | 156,624   | 70,977  |   |
| Variation margin<br>receivable on<br>financial futures<br>contracts                   | 20,000   |   | 18,125  | 156,594   |
| Unrealized<br>appreciation on<br>forward foreign<br>currency<br>exchange<br>contracts | 395,247  | 7,247,593   | 393,776   |   |

|  |             |               |             |             |
|--|-------------|---------------|-------------|-------------|
| Principal paydowns receivable  |             |               |             | 35,506      |
| Foreign currency at value <sup>3</sup>                                 | 15,884      | 529,079       | 304,703     |             |
| Variation margin receivable on centrally cleared swaps                 |             |               |             | 20          |
| Deferred offering costs  |             | 115,121       |             |             |
| Prepaid expenses   | 7,068       | 29,658        | 7,031       | 10,927      |
| Total assets   | 606,404,788 | 2,454,379,977 | 609,922,576 | 838,173,499 |
| <b>Liabilities</b>   |             |               |             |             |
| Bank overdraft   |             | 224,629       | 48,720      | 79          |
| Cash received as collateral for reverse repurchase agreements          | 2,378,000   |               | 2,162,000   |             |
| Cash received as collateral for OTC derivatives                        |             | 2,700,000     |             | 5,260,000   |
| Borrowed bonds at value <sup>4</sup>                                   |             |               |             | 859,687     |
| Options written at value <sup>5</sup>                                  | 2,580,908   |               | 2,588,336   |             |
| Bank borrowings payable  |             | 723,000,000   |             |             |
| Reverse repurchase agreements  | 168,300,777 |               | 171,566,571 | 205,414,998 |
| Investments purchased payable  | 19,789,437  | 18,869,689    | 21,936,026  | 94,483,764  |
| TBA sale commitments at value <sup>6</sup>                             |             |               |             | 58,295,633  |
| Unrealized depreciation on OTC derivatives                             | 139,535     |               | 139,491     | 6,648,452   |
| Swap premiums received   | 121,185     | 368,840       | 122,177     | 183,998     |
| Unrealized depreciation on forward foreign currency exchange contracts | 5,496       | 304,747       |             |             |
|  | 252,975     | 1,228,637     | 206,443     | 256,171     |

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|   |                       |                        |                       |                       |
|---|-----------------------|------------------------|-----------------------|-----------------------|
| Investment advisory fees payable                        |                       |                        |                       |                       |
| Swaps payable   | 18,099                |                        | 18,097                | 1,127,872             |
| Interest expense payable                                |                       | 558,092                |                       | 17,393                |
| Officers and Trustees fees payable                      | 62,798                | 403,461                | 139,422               | 154,203               |
| Income dividends payable                                | 50,924                | 437,048                | 70,420                | 65,466                |
| Variation margin payable on financial futures contracts | 40,558                | 155,496                | 51,432                | 13,606                |
| Variation margin payable on centrally cleared swaps     | 3,203                 |                        | 1,758                 |                       |
| Administration fees payable                             |                       |                        | 34,455                | 59,239                |
| Reorganization costs payable                            | 180,616               | 13,125                 | 77,383                | 222,279               |
| Offering costs payable                                  |                       | 144,142                |                       |                       |
| Other liabilities                                       | 240,760               |                        | 101,591               |                       |
| Other accrued expenses payable                          | 161,105               | 549,971                | 155,693               | 178,146               |
| Total liabilities                                       | 194,326,376           | 748,957,877            | 199,420,015           | 373,240,986           |
| <b>Net Assets</b>                                       | <b>\$ 412,078,412</b> | <b>\$1,705,422,100</b> | <b>\$ 410,502,561</b> | <b>\$ 464,932,513</b> |
| <sup>1</sup> Investments at cost unaffiliated           | \$560,291,925         | \$2,320,027,105        | \$559,275,271         | \$748,213,081         |
| <sup>2</sup> Investments at cost affiliated             | \$ 742,474            | \$ 3,602,081           | \$ 3,425,318          | \$ 8,012,499          |
| <sup>3</sup> Foreign currency at cost                   | \$ 13,065             | \$ 531,034             | \$ 307,617            |                       |
| <sup>4</sup> Proceeds received from borrowed bonds      |                       |                        |                       | \$ 842,347            |
| <sup>5</sup> Premiums received                          | \$ 3,343,622          | \$                     | \$ 3,351,152          |                       |
| <sup>6</sup> Proceeds from TBA sale commitments         |                       |                        |                       | \$ 58,228,891         |

See Notes to Financial Statements.



## Statements of Assets and Liabilities (concluded)

|  | <b>BlackRock<br/>Core Bond<br/>Trust<br/>(BHK)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(HYT)*</b> | <b>BlackRock<br/>Income<br/>Opportunity<br/>Trust, Inc.<br/>(BNA)</b> | <b>BlackRock<br/>Income<br/>Trust, Inc.<br/>(BKT)</b> |
|--|--|---|---|---|
| <b>August 31, 2014</b>                   |  |   |   |   |
| <b>Net Assets Consist of</b>             |  |   |   |   |
| Paid-in capital <sup>7,8,9</sup>         | \$ 378,734,616                                     | \$ 1,788,506,929  | \$ 385,469,263  | \$ 478,274,443  |
| Undistributed net investment income      | 2,988,893  | 1,526,183   | 2,921,368   | 9,245,640   |
| Accumulated net realized loss            | (6,665,710)  | (157,363,092)   | (14,609,287)  | (25,045,827)  |
| Net unrealized appreciation/depreciation | 37,020,613   | 72,752,080  | 36,721,217  | 2,458,257   |
| <b>Net Assets</b>                        | <b>\$ 412,078,412</b>                              | <b>\$ 1,705,422,100</b>   | <b>\$ 410,502,561</b>   | <b>\$ 464,932,513</b>                                 |
| Net asset value per share                | \$ 15.24   | \$ 13.47  | \$ 11.91  | \$ 7.27   |
| <sup>7</sup> Par Value                   | \$0.001  | \$0.100   | \$0.010   | \$0.010   |
| <sup>8</sup> Shares outstanding          | 27,041,847   | 126,599,668   | 34,456,370  | 63,942,535  |
| <sup>9</sup> Shares authorized           | unlimited  | 200 million   | 200 million   | 200 million   |

\*Consolidated Statement of Assets and Liabilities  
See Notes to Financial Statements.

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## Statements of Operations

| <b>Year Ended August 31, 2014</b>                        | <b>BlackRock<br/>Core Bond<br/>Trust<br/>(BHK)</b> | <b>BlackRock<br/>Corporate<br/>High Yield<br/>Fund, Inc.<br/>(HYT)<sup>1</sup></b> | <b>BlackRock<br/>Income<br/>Opportunity<br/>Trust, Inc.<br/>(BNA)</b> | <b>BlackRock<br/>Income<br/>Trust, Inc.<br/>(BKT)</b> |
|--|--|--|---|---|
| <b>Investment Income</b>                                 |  |  |   |   |
| Interest   | \$ 27,122,967                                      | \$ 121,549,309   | \$ 26,967,255   | \$ 26,885,874   |
| Dividends unaffiliated                                   | 308,188  | 2,880,665  | 310,486   |   |
| Dividends affiliated                                     | 1,865  | 987  | 1,754   | 3,704   |
| Total income   | 27,433,020   | 124,430,961  | 27,279,495  | 26,889,578  |
| <b>Expenses</b>  |  |  |   |   |
| Investment advisory                                      | 3,100,274  | 12,173,549   | 2,353,384   | 3,033,540   |
| Administration   |  |  | 392,231   | 700,048   |
| Professional   | 118,462  | 340,094  | 94,161  | 86,488  |
| Transfer agent   | 56,173   | 220,351  | 63,657  | 110,593   |
| Custodian  | 46,807   | 272,008  | 48,052  | 53,307  |
| Accounting services                                      | 58,279   | 194,538  | 58,010  | 67,315  |
| Officer and Trustees                                     | 44,767   | 189,644  | 55,589  | 65,385  |
| Reorganization   | 226,142  | 62,381   | 377,383   | 267,805   |
| Printing   | 19,029   | 39,487   | 18,984  | 20,373  |
| Registration   | 9,010  | 33,224   | 11,456  | 21,191  |
| Offering   |  | 29,671   |   |   |
| Miscellaneous  | 85,119   | 258,408  | 77,828  | 52,115  |
| Total expenses excluding interest expense and income tax | 3,764,062  | 13,813,355   | 3,550,735   | 4,478,160   |
| Interest expense   | 410,344  | 5,305,355  | 420,378   | 302,522   |
| Income tax   |  | 65,185   |   |   |
| Total expenses   | 4,174,406  | 19,183,895   | 3,971,113   | 4,780,682   |
| Less fees paid indirectly                                | (24)   | (300)  | (190)   | (109)   |
| Less fees waived by Manager                              | (172,812)  | (1,724)  | (3,720)   | (7,128)   |
| Less reorganization costs reimbursed by Manager          |  |  | (300,000)   |   |
| Total expenses after fees waived                         | 4,001,570  | 19,181,871   | 3,667,203   | 4,773,445   |
| Net investment income                                    | 23,431,450   | 105,249,090  | 23,612,292  | 22,116,133  |
| <b>Realized and Unrealized Gain (Loss)</b>               |  |  |   |   |
| Net realized gain (loss) from:                           |  |  |   |   |
| Investments  | 3,820,509  | 58,972,474   | 4,214,581   | 1,490,649   |
| Litigation proceeds                                      | 332,281  | 8,518  | 46,780  |   |
| Financial futures contracts                              | 1,224,968  | (3,219,276)  | 1,403,516   | (11,396,693)  |
| Foreign currency transactions                            | (1,158,403)  | (3,086,490)  | (1,284,711)   |   |
| Options written  | 522,931  | 191,073  | 524,192   |   |
| Swaps  | (1,490,123)  | (7,879,332)  | (1,443,580)   | 503,189   |
|  | 3,252,163  | 44,986,967   | 3,460,778   | (9,402,855)   |
| Net change in unrealized appreciation/depreciation on:   |  |  |   |   |

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|   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
| Investments   | 29,187,619           | 24,844,722           | 29,388,333           | 12,701,073           |
| Financial futures contracts                                 | (195,226)            | (10,931)             | (153,120)            | 157,699              |
| Foreign currency translations                               | 461,808              | 5,205,406            | 507,997              |                      |
| Options written   | 1,293,405            | 24,288               | 1,296,453            |                      |
| Swaps   | (765,497)            | 1,770,558            | (813,520)            | (865,533)            |
| Borrowed bonds  |                      |                      |                      | (98,864)             |
| Unfunded floating rate loan interests                       |                      | (12,443)             |                      |                      |
|   | 29,982,109           | 31,821,600           | 30,226,143           | 11,894,375           |
| Net realized and unrealized gain                            | 33,234,272           | 76,808,567           | 33,686,921           | 2,491,520            |
| <b>Net Increase in Net Assets Resulting from Operations</b> | <b>\$ 56,665,722</b> | <b>\$182,057,657</b> | <b>\$ 57,299,213</b> | <b>\$ 24,607,653</b> |

<sup>1</sup> Consolidated Statement of Operations.  
See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|   | <b>BlackRock<br/>Core Bond Trust (BHK)</b> |                |
|---|--|----------------|
|   | <b>Year Ended August 31,</b>               |                |
|   | <b>2014</b>                                | <b>2013</b>    |
| <b>Increase (Decrease) in Net Assets:</b>                       |  |                |
| <b>Operations</b>   |  |                |
| Net investment income   | \$ 23,431,450                              | \$ 24,077,362  |
| Net realized gain   | 3,252,163                                  | 1,698,305      |
| Net change in unrealized appreciation/depreciation              | 29,982,109                                 | (31,803,836)   |
| Net increase (decrease) in net assets resulting from operations | 56,665,722                                 | (6,028,169)    |
| <b>Dividends to Shareholders From<sup>1</sup></b>               |  |                |
| Net investment income   | (24,499,913)                               | (25,416,860)   |
| <b>Capital Share Transactions</b>                               |  |                |
| Reinvestment of dividends                                       |  | 221,789        |
| <b>Net Assets</b>   |  |                |
| Total increase (decrease) in net assets                         | 32,165,809                                 | (31,223,240)   |
| Beginning of year   | 379,912,603                                | 411,135,843    |
| End of year   | \$ 412,078,412                             | \$ 379,912,603 |
| Undistributed net investment income, end of year                | \$ 2,988,893                               | \$ 5,180,547   |

|  | <b>BlackRock Corporate<br/>High Yield Fund Inc. (HYT)</b> |               |
|--|---|---------------|
|  | <b>Year Ended August 31,</b>                              |               |
|  | <b>2014</b>   | <b>2013</b>   |
| <b>Increase (Decrease) in Net Assets:</b>                          |   |               |
| <b>Operations</b>  |   |               |
| Net investment income  | \$ 105,249,090  | \$ 35,346,627 |
| Net realized gain  | 44,986,967  | 23,080,390    |
| Net change in unrealized appreciation/depreciation                 | 31,821,600  | (8,840,108)   |
| Net increase in net assets resulting from operations               | 182,057,657   | 49,586,909    |
| <b>Dividends to Shareholders From<sup>1</sup></b>                  |   |               |
| Net investment income  | (101,824,719)   | (39,195,248)  |
| <b>Capital Share Transactions</b>                                  |   |               |
| Net proceeds from the issuance of shares due to reorganization     | 1,178,342,562   |               |
| Reinvestment of dividends  |   | 499,916       |
| Net increase in net assets derived from capital share transactions | 1,178,342,562   | 499,916       |

**Net Assets**

|  |                 |                |
|--|-----------------|----------------|
| Total increase in net assets                     | 1,258,575,500   | 10,891,577     |
| Beginning of year                                | 446,846,600     | 435,955,023    |
| End of year                                      | \$1,705,422,100 | \$ 446,846,600 |
| Undistributed net investment income, end of year | \$ 1,526,183    | \$ 3,902,307   |

<sup>1</sup>Dividends for annual periods determined in accordance with federal income tax regulations.  
See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|   | <b>BlackRock Income<br/>Opportunity Trust, Inc. (BNA)</b> |                |
|---|---|----------------|
|   | <b>Year Ended August 31,</b>                              |                |
|   | <b>2014</b>   | <b>2013</b>    |
| <b>Increase (Decrease) in Net Assets:</b>                       |   |                |
| <b>Operations</b>   |   |                |
| Net investment income   | \$ 23,612,292   | \$ 23,559,363  |
| Net realized gain   | 3,460,778   | 3,918,608      |
| Net change in unrealized appreciation/depreciation              | 30,226,143  | (34,000,708)   |
| Net increase (decrease) in net assets resulting from operations | 57,299,213  | (6,522,737)    |
| <b>Dividends to Shareholders From<sup>1</sup></b>               |   |                |
| Net investment income   | (24,601,850)  | (23,740,439)   |
| <b>Net Assets</b>   |   |                |
| Total increase (decrease) in net assets                         | 32,697,363  | (30,263,176)   |
| Beginning of year   | 377,805,198   | 408,068,374    |
| End of year   | \$ 410,502,561  | \$ 377,805,198 |
| Undistributed net investment income, end of year                | \$ 2,921,368  | \$ 5,082,132   |
|   | <b>BlackRock<br/>Income Trust, Inc. (BKT)</b>             |                |
|   | <b>Year Ended August 31,</b>                              |                |
|   | <b>2014</b>   | <b>2013</b>    |
| <b>Increase (Decrease) in Net Assets:</b>                       |   |                |
| <b>Operations</b>   |   |                |
| Net investment income   | \$ 22,116,133   | \$ 20,368,194  |
| Net realized gain (loss)  | (9,402,855)   | 516,801        |
| Net change in unrealized appreciation/depreciation              | 11,894,375  | (30,160,300)   |
| Net increase (decrease) in net assets resulting from operations | 24,607,653  | (9,275,305)    |
| <b>Dividends to Shareholders From<sup>1</sup></b>               |   |                |
| Net investment income   | (27,623,179)  | (30,628,476)   |
| <b>Net Assets</b>   |   |                |
| Total decrease in net assets                                    | (3,015,526)   | (39,903,781)   |
| Beginning of year   | 467,948,039   | 507,851,820    |
| End of year   | \$ 464,932,513  | \$ 467,948,039 |
| Undistributed net investment income, end of year                | \$ 9,245,640  | \$ 10,875,865  |

<sup>1</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

See Notes to Financial Statements.

## Statements of Cash Flows

| Year Ended August 31, 2014  | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(HYT) <sup>1</sup> | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) | BlackRock<br>Income<br>Trust, Inc.<br>(BKT) |
|---|--|--|--|---|
| <b>Cash Provided by Operating Activities</b>  |  |  |  |   |
| Net increase in net assets resulting from operations  | \$ 56,665,722                            | \$ 182,057,657   | \$ 57,299,213  | \$ 24,600,000                               |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |  |  |  |   |
| (Increase) decrease in interest receivable  | (30,919)                                 | (703,126) <sup>2</sup>   | (294,338)  | 6,000                                       |
| (Increase) decrease in swaps receivable   | 6,680                                    | (75,734)   | 6,901  | 1,000                                       |
| Decrease in other assets  | 29,378                                   |  | 96,026   | 1,000                                       |
| (Increase) decrease in prepaid expenses   | 5,561                                    | (20,508) <sup>2</sup>  | 5,672  |   |
| (Increase) decrease in dividends receivable   | (13,711)                                 | 54,081 <sup>2</sup>  | (13,711)   |   |
| (Increase) decrease in variation margin receivable on financial futures contracts   | 167,771                                  | 2,015  | 181,121  | (15,000)                                    |
| (Increase) decrease in variation margin receivable on centrally cleared swaps   | 12,768                                   |  | 12,678   |   |
| (Increase) decrease in cash pledged as collateral for financial futures contracts   | 165,000                                  | (2,452,000) <sup>2</sup>   | 227,000  | 38,000                                      |
| Increase in cash pledged as collateral for centrally cleared swaps  | (96,000)                                 |  | (95,000)   |   |
| Increase in cash pledged as collateral for OTC derivatives  | (510,000)                                | (770,000)  | (20,000)   | (4,800)                                     |
| Decrease in cash pledged for reverse repurchase agreements  | 5,147,000                                |  | 5,938,858  | 1,880,000                                   |
| (Increase) decrease in swaps premiums paid  | 112,245                                  | (57,867) <sup>2</sup>  | 41,242   |   |
| Increase (decrease) in investment advisory fees payable   | 8,010                                    | (483,334) <sup>2</sup>   | 14,323   |   |
| Increase (decrease) in interest expense payable   | (21,848)                                 | (187,946) <sup>2</sup>   | 83,898   |   |
| Increase (decrease) in other accrued expenses payable   | 4,616                                    | (165,690) <sup>2</sup>   | 2,444  | 1,000                                       |
|   | 40,558                                   | 155,496 <sup>2</sup>   | 51,432   | (22,000)                                    |

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|  |               |                              |               |            |
|--|---------------|------------------------------|---------------|------------|
| Increase (decrease) in variation margin payable on financial futures contracts |               |                              |               |            |
| Increase (decrease) in variation margin payable on centrally cleared swaps     | 3,203         |                              | 1,758         |            |
| Decrease in swaps payable  | (19,643)      | (3,202)                      | (20,545)      | (1)        |
| Decrease in swaps premium received   | (57,765)      | (5,210,403) <sup>2</sup>     | (58,183)      | (2)        |
| Increase in Officer's and Trustees' fees payable                               | 7,613         | 272,882 <sup>2</sup>         | 35,416        | 4          |
| Decrease in other liabilities  |               | (457,953)                    | (777,755)     |            |
| Increase (decrease) in reorganization costs payable                            | 180,616       | 13,125 <sup>2</sup>          | 77,383        | 22         |
| Increase (decrease) in administration fees payable                             |               |                              | 2,366         |            |
| Increase in cash received as collateral for reverse repurchase agreements      | 2,378,000     |                              | 2,162,000     |            |
| Increase (decrease) in cash received as collateral for over the counter swaps  | (1,400,000)   | 200,000                      | (1,500,000)   | 74         |
| Net realized gain on investments and written options                           | (3,238,825)   | (51,356,670)                 | (3,510,291)   | (1)        |
| Net unrealized gain on investments, swaps and foreign currency translation     | (30,562,253)  | (31,832,531)                 | (30,859,938)  | (11,84)    |
| Amortization of premium and accretion of discount on investments               | 3,243,278     | 2,132,662                    | 3,471,683     | 7,16       |
| Premiums received from options written   | 5,119,437     | 814,307                      | 5,133,210     |            |
| Proceeds from sales and principal paydowns of long-term investments            | 468,282,943   | 1,254,120,378 <sup>2</sup>   | 457,271,613   | 1,869,42   |
| Purchases of long-term investments   | (479,287,857) | (1,267,592,400) <sup>2</sup> | (470,884,125) | (1,923,90) |
| Net proceeds from sales of short-term securities                               | 4,593,017     | 12,063,421 <sup>2</sup>      | 3,479,620     | 6,99       |
| Premiums (paid) received on closing options written                            | (2,054,956)   | (1,056,096)                  | (2,061,900)   |            |
| Net cash provided by operating activities                                      | 28,879,639    | 89,460,564                   | 25,500,071    | (29,40)    |
| <b>Cash Used for Financing Activities</b>                                      |               |                              |               |            |
| Proceeds from bank borrowings  |               | 619,000,000                  |               |            |
| Payments on bank borrowings  |               | (609,000,000)                |               |            |
| Payments for offering costs  |               | (650)                        |               |            |



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|  |              |               |              |        |
|--|--------------|---------------|--------------|--------|
| Amortization of deferred offering costs        |              | 29,671        |              |        |
| Net borrowing of reverse repurchase agreements | (4,214,736)  |               | (723,585)    | 57,07  |
| Cash dividends paid to shareholders            | (24,507,270) | (101,838,846) | (24,588,799) | (27,64 |
| Increase (decrease) in bank overdraft          | (157,427)    | 224,629       | 48,720       | (1     |
| Net cash used for financing activities         | (28,879,433) | (91,585,196)  | (25,263,664) | 29,40  |

See Notes to Financial Statements.

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## Statements of Cash Flows (concluded)

| Year Ended August 31, 2014                                | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>Corporate<br>High Yield<br>Fund, Inc.<br>(HYT) <sup>1</sup> | BlackRock<br>Income<br>Opportunity<br>Trust, Inc.<br>(BNA) | BlackRock<br>Income Trust,<br>Inc.<br>(BKT) |
|---|--|--|--|---|
| <b>Cash Impact from Foreign Exchange Fluctuations</b>     |  |  |  |   |
| Cash impact from foreign exchange fluctuations            | \$ 1,790                                 | \$ (4,222)   | \$ (3,922)   |   |
| <b>Cash and Foreign Currency</b>                          |  |  |  |   |
| Net increase (decrease) in cash and foreign currency      | 1,996                                    | (2,128,854)  | 232,485  |   |
| Cash and foreign currency at beginning of year            | 52,785                                   | 2,657,933 <sup>3</sup>   | 72,218   |   |
| Cash and foreign currency at end of year                  | \$ 54,781                                | \$ 529,079   | \$ 304,703   |   |
| <b>Supplemental Disclosure of Cash Flow Information</b>   |  |  |  |   |
| Cash paid during the period for interest                  | \$ 432,192                               | \$ 5,493,301   | \$ 336,480   | \$ 309,244                                  |
| <b>Non-cash Financing Activities</b>                      |  |  |  |   |
| Fair value of investments acquired through reorganization |  | \$1,691,534,575  |  |   |
| Capital shares issued in reorganization                   |  | \$1,178,342,562  |  |   |

<sup>1</sup>Consolidated Statement of Cash Flows.

<sup>2</sup>Includes assets and liabilities acquired in reorganization.

<sup>3</sup>Includes cash and foreign currency acquired in reorganization of \$2,642,772.

See Notes to Financial Statements.

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## Financial Highlights

**BlackRock Core Bond Trust (BHK)**  
**Year Ended August 31,**

|   | 2014                | 2013       | 2012       |
|---|---------------------|------------|------------|
| <b>Per Share Operating Performance</b>  |                     |            |            |
| Net asset value, beginning of year  | \$ 14.05            | \$ 15.21   | \$ 13.78   |
| Net investment income <sup>1</sup>  | 0.87                | 0.89       | 0.88       |
| Net realized and unrealized gain (loss)   | 1.23                | (1.11)     | 1.37       |
| Net increase (decrease) from investment operations                                  | 2.10                | (0.22)     | 2.25       |
| Dividends from net investment income <sup>2</sup>                                   | (0.91)              | (0.94)     | (0.82)     |
| Net asset value, end of year  | \$ 15.24            | \$ 14.05   | \$ 15.21   |
| Market price, end of year   | \$ 13.64            | \$ 12.50   | \$ 15.41   |
| <b>Total Return<sup>3</sup></b>   |                     |            |            |
| Based on net asset value  | 16.09% <sup>4</sup> | (1.42)%    | 17.06%     |
| Based on market price   | 16.78%              | (13.43)%   | 28.78%     |
| <b>Ratio to Average Net Assets</b>  |                     |            |            |
| Total expenses  | 1.06% <sup>5</sup>  | 1.03%      | 0.95%      |
| Total expenses after fees waived and paid indirectly                                | 1.02% <sup>5</sup>  | 0.98%      | 0.94%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.91% <sup>5</sup>  | 0.86%      | 0.86%      |
| Net investment income   | 5.94%               | 5.92%      | 6.13%      |
| <b>Supplemental Data</b>  |                     |            |            |
| Net assets, end of year (000)   | \$ 412,078          | \$ 379,913 | \$ 411,136 |
| Borrowings outstanding, end of year (000)   | \$ 168,301          | \$ 172,537 | \$ 182,679 |
| Average borrowings outstanding, during the year (000)                               | \$ 169,493          | \$ 187,038 | \$ 143,234 |
| Portfolio turnover rate <sup>6</sup>  | 82%                 | 100%       | 290%       |
| Asset coverage, end of year per \$1,000   | \$ 3,448            | \$ 3,202   | \$ 3,251   |

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

<sup>2</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

<sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.

<sup>4</sup> Includes proceeds received from a settlement of litigation, which impacted the Fund's total return. Excluding these proceeds, the Fund's total return would have been 16.01%.

<sup>5</sup> Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 1.00 %, 0.96% and 0.85%, respectively.

<sup>6</sup> Includes mortgage dollar roll transactions. Additional information regarding portfolio turnover is as follows:

|  | Year Ended August 31, |      |      |      |      |
|--|-----------------------|------|------|------|------|
|  | 2014                  | 2013 | 2012 | 2011 | 2010 |
| Portfolio turnover (excluding mortgage dollar roll transactions) | 48%                   | 63%  | 237% | 544% | 534% |

See Notes to Financial Statements.



## Financial Highlights

BlackRock Corporate High Yield Fund, Inc. (HYT)  
Year Ended August 31

|  | 2014 <sup>1</sup>  | 2013 <sup>1</sup>    | 2012 <sup>1</sup>  |
|--|--------------------|----------------------|--------------------|
| <b>Per Share Operating Performance</b>   |                    |                      |                    |
| Net asset value, beginning of year   | \$ 12.62           | \$ 12.32             | \$ 11.49           |
| Net investment income <sup>2</sup>   | 0.98               | 1.00                 | 1.04               |
| Net realized and unrealized gain   | 0.91               | 0.41                 | 0.83               |
| Net increase (decrease) from investment operations   | 1.89               | 1.41                 | 1.87               |
| Dividends from net investment income <sup>3</sup>  | (1.04)             | (1.11)               | (1.04)             |
| Net asset value, end of year   | \$ 13.47           | \$ 12.62             | \$ 12.32           |
| Market price, end of year  | \$ 12.07           | \$ 11.37             | \$ 12.96           |
| <b>Total Return<sup>4</sup></b>  |                    |                      |                    |
| Based on net asset value   | 16.21%             | 11.90%               | 17.14%             |
| Based on market price  | 15.58%             | (4.16)%              | 26.30%             |
| <b>Ratio to Average Net Assets</b>   |                    |                      |                    |
| Total expenses   | 1.35% <sup>5</sup> | 1.54% <sup>6</sup>   | 1.51%              |
| Total expenses after fees waived and paid indirectly   | 1.35% <sup>5</sup> | 1.54% <sup>6</sup>   | 1.51%              |
| Total expenses after fees waived and paid indirectly and excluding interest expense and income tax | 0.98% <sup>5</sup> | 1.16% <sup>6,7</sup> | 1.19% <sup>8</sup> |
| Net investment income  | 7.40%              | 7.83%                | 8.84%              |
| <b>Supplemental Data</b>   |                    |                      |                    |
| Net assets, end of year (000)  | \$ 1,705,422       | \$ 446,847           | \$ 435,955         |
| Borrowings outstanding, end of year (000)  | \$ 723,000         | \$ 191,000           | \$ 181,000         |
| Average borrowings outstanding, during the year (000)  | \$ 584,041         | \$ 180,436           | \$ 142,342         |
| Portfolio turnover rate  | 64%                | 77%                  | 61%                |
| Asset coverage, end of year per \$1,000  | \$ 3,359           | \$ 3,340             | \$ 3,409           |

<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

<sup>3</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

<sup>4</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.

<sup>5</sup> Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 1.34 %, 1.34% and 0.97%, respectively.

<sup>6</sup> Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 1.50 %, 1.50% and 1.12%, respectively.

<sup>7</sup> For the year ended August 31, 2013, the total expense ratio after fees waived and paid indirectly and excluding interest expense, borrowing costs and income tax was 1.15%.

<sup>8</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.09%.

See Notes to Financial Statements.

## Financial Highlights

BlackRock Income Opportunity Trust, Inc. (BNA)  
Year Ended August 31,

|   | 2014               | 2013       | 2012       |
|---|--------------------|------------|------------|
| <b>Per Share Operating Performance</b>  |                    |            |            |
| Net asset value, beginning of year  | \$ 10.96           | \$ 11.84   | \$ 10.77   |
| Net investment income <sup>1</sup>  | 0.69               | 0.68       | 0.67       |
| Net realized and unrealized gain (loss)   | 0.97               | (0.87)     | 1.05       |
| Net increase (decrease) from investment operations                                  | 1.66               | (0.19)     | 1.72       |
| Dividends from net investment income <sup>2</sup>                                   | (0.71)             | (0.69)     | (0.65)     |
| Net asset value, end of year  | \$ 11.91           | \$ 10.96   | \$ 11.84   |
| Market price, end of year   | \$ 10.59           | \$ 9.64    | \$ 11.58   |
| <b>Total Return<sup>3</sup></b>   |                    |            |            |
| Based on net asset value  | 16.46%             | (1.47)%    | 16.81%     |
| Based on market price   | 17.73%             | (11.39)%   | 24.92%     |
| <b>Ratio to Average Net Assets</b>  |                    |            |            |
| Total expenses  | 1.01% <sup>4</sup> | 0.93%      | 0.90%      |
| Total expenses after fees waived and paid indirectly                                | 0.93% <sup>4</sup> | 0.93%      | 0.90%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.83% <sup>4</sup> | 0.81%      | 0.82%      |
| Net investment income   | 6.02%              | 5.82%      | 5.97%      |
| <b>Supplemental Data</b>  |                    |            |            |
| Net assets end of year (000)  | \$ 410,503         | \$ 377,805 | \$ 408,068 |
| Borrowings outstanding, end of year (000)   | \$ 171,567         | \$ 172,206 | \$ 188,055 |
| Average borrowings outstanding, during the year (000)                               | \$ 174,069         | \$ 185,003 | \$ 151,411 |
| Portfolio turnover rate <sup>5</sup>  | 80%                | 101%       | 285%       |
| Asset coverage, end of year per \$1,000   | \$ 3,393           | \$ 3,194   | \$ 3,170   |

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

<sup>2</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

<sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.

<sup>4</sup> Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 0.92%, 0.84% and 0.73%, respectively.

<sup>5</sup> Includes mortgage dollar roll transactions. Additional information regarding portfolio turnover is as follows:

|  | Year Ended August 31, |      |      |      |      |
|--|-----------------------|------|------|------|------|
|  | 2014                  | 2013 | 2012 | 2011 | 2010 |
| Portfolio turnover (excluding mortgage dollar roll transactions) | 46%                   | 63%  | 231% | 492% | 608% |

See Notes to Financial Statements.

## Financial Highlights

BlackRock Income Trust, Inc. (BKT)  
Year Ended August 31

|   | 2014               | 2013       | 2012       |
|---|--------------------|------------|------------|
| <b>Per Share Operating Performance</b>  |                    |            |            |
| Net asset value, beginning of year  | \$ 7.32            | \$ 7.94    | \$ 7.96    |
| Net investment income <sup>1</sup>  | 0.35               | 0.32       | 0.39       |
| Net realized and unrealized gain (loss)   | 0.03               | (0.46)     | 0.06       |
| Net increase (decrease) from investment operations                                  | 0.38               | (0.14)     | 0.45       |
| Dividends and distributions from: <sup>2</sup>                                      |                    |            |            |
| Net investment income   | (0.43)             | (0.48)     | (0.27)     |
| Net realized gain   |                    |            | (0.20)     |
| Total dividends and distributions   | (0.43)             | (0.48)     | (0.47)     |
| Net asset value, end of year  | \$ 7.27            | \$ 7.32    | \$ 7.94    |
| Market price, end of year   | \$ 6.42            | \$ 6.40    | \$ 7.63    |
| <b>Total Return<sup>3</sup></b>   |                    |            |            |
| Based on net asset value  | 6.05%              | (1.45)%    | 6.24%      |
| Based on market price   | 7.12%              | (10.34)%   | 13.19%     |
| <b>Ratio to Average Net Assets</b>  |                    |            |            |
| Total expenses  | 1.02% <sup>4</sup> | 1.00%      | 0.97%      |
| Total expenses after fees waived and paid indirectly                                | 1.02% <sup>4</sup> | 1.00%      | 0.97%      |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.96% <sup>4</sup> | 0.90%      | 0.90%      |
| Net investment income   | 4.74%              | 4.18%      | 4.86%      |
| <b>Supplemental Data</b>  |                    |            |            |
| Net assets end of year (000)  | \$ 464,933         | \$ 467,948 | \$ 507,852 |
| Borrowings outstanding, end of year (000)   | \$ 205,415         | \$ 148,344 | \$ 119,706 |
| Average borrowings outstanding, during the year (000)                               | \$ 197,388         | \$ 188,924 | \$ 183,890 |
| Portfolio turnover rate <sup>5</sup>  | 256%               | 358%       | 487%       |
| Asset coverage, end of year per \$1,000   | \$ 3,263           | \$ 4,154   | \$ 5,242   |

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

<sup>2</sup> Dividends and distributions for annual periods determined in accordance with federal income tax regulations.

<sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.

<sup>4</sup> Includes reorganization costs. Without these costs, total expenses, total expenses after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 0.97%, 0.97% and 0.90%, respectively.

<sup>5</sup> Includes mortgage dollar roll transactions. Additional information regarding portfolio turnover is as follows:

|  | Year Ended August 31, |      |      |      |      |
|--|-----------------------|------|------|------|------|
|  | 2014                  | 2013 | 2012 | 2011 | 2010 |
| Portfolio turnover (excluding mortgage dollar roll transactions) | 125%                  | 196% | 230% | 387% | 207% |

See Notes to Financial Statements.





Notes to Financial Statements

**1. Organization:**

BlackRock Core Bond Trust ( BHK ), BlackRock Corporate High Yield Fund, Inc. (formerly known as BlackRock Corporate High Yield Fund VI, Inc.) ( HYT ), BlackRock Income Opportunity Trust, Inc. ( BNA ) and BlackRock Income Trust, Inc. ( BKT ) (collectively, the Trusts or individually as a Trust ) are registered under the 1940 Act, as diversified, closed-end management investment companies. HYT, BNA and BKT are organized as Maryland corporations. BHK is organized as a Delaware statutory trust. The Boards of Directors and Board of Trustees of the Trusts are collectively referred to throughout this report as the Board of Trustees or the Board , and the directors/trustees thereof are collectively referred to throughout this report as Trustees . The Trusts determine and make available for publication the NAVs of their Common Shares on a daily basis.

**Reorganizations:** The Board and shareholders of HYT and the Board and shareholders of each of BlackRock Corporate High Yield Fund, Inc. (COY), BlackRock Corporate High Yield Fund III, Inc. (CYE), BlackRock Corporate High Yield Fund V, Inc. (HYV), BlackRock High Income Shares (HIS) and BlackRock High Yield Trust (BHY) (individually a HYT Target and collectively the HYT Target Funds ) approved the reorganizations of each HYT Target Fund into the Trust pursuant to which the Trust acquired substantially all of the assets and substantially all of the liabilities of each HYT Target Fund in exchange for an equal aggregate value of newly-issued shares of the Trust. On February 28, 2014, the Trust changed its name from BlackRock Corporate High Yield Fund VI, Inc. to BlackRock Corporate High Yield Fund, Inc.

Each Common Shareholder of HYT Target received Common Shares of HYT in an amount equal to the aggregate net asset value of such shareholder s Target Fund shares, as determined at the close of business on November 15, 2013, less the costs of the Target Fund s reorganization. Cash was distributed for any fractional shares.

The reorganizations were accomplished by a tax-free exchange of shares of HYT in the following amounts and at the following conversion ratios:

| Target Fund | Shares Prior to Reorganization | Conversion Ratio | Shares of HYT |
|-------------|--------------------------------|------------------|---------------|
| COY         | 35,027,459                     | 0.59633674       | 20,888,115    |
| CYE         | 37,552,995                     | 0.61218457       | 22,989,338    |
| HYV         | 33,015,111                     | 1.02665810       | 33,895,222    |
| HIS         | 54,848,390                     | 0.17536312       | 9,618,090     |
| BHY         | 6,431,296                      | 0.58941105       | 3,790,663     |

Each HYT Target s net assets and composition of net assets on November 15, 2013, the valuation date of the reorganization, were as follows:

|  | Target Funds    |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | COY             | CYE             | HYV             | HIS             | BHY             |
| Net assets                                       | \$269,933,969   | \$297,104,927   | \$438,025,175   | \$124,291,816   | \$48,986,675    |
| Paid-in capital                                  | \$305,529,497   | \$325,149,382   | \$469,523,241   | \$151,358,421   | \$57,800,581    |
| Distributions in excess of net investment income | \$ (1,185,651)  | \$ (1,350,006)  | \$ (1,971,210)  | \$ (754,598)    | \$ (176,691)    |
| Accumulated net realized loss                    | \$ (41,042,210) | \$ (35,328,795) | \$ (45,260,726) | \$ (28,812,095) | \$ (11,055,877) |
| Net  | \$6,632,333     | \$8,634,346     | \$15,733,870    | \$2,500,088     | \$2,418,662     |

unrealized  
appreciation

For financial reporting purposes, assets received and shares issued by HYT were recorded at fair value. However, the cost basis of the investments received from the HYT Target were carried forward to align ongoing reporting of HYT's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

The net assets of HYT before the acquisition were \$457,705,742. The aggregate net assets of HYT immediately after the acquisition amounted to \$1,636,048,304. Each HYT Target's fair value and cost of investments and derivative financial instruments prior to the reorganization were as follows:

| <b>Target Fund</b> | <b>Fair Value of Investments</b> | <b>Cost of Investments</b> |
|--------------------|----------------------------------|----------------------------|
| COY                | \$390,967,349                    | \$384,382,845              |
| CYE                | \$426,116,528                    | \$417,548,014              |
| HYV                | \$635,374,976                    | \$619,705,167              |
| HIS                | \$168,353,486                    | \$165,699,553              |
| BHY                | \$69,538,358                     | \$67,121,555               |

The purpose of these transactions was to combine six funds managed by BlackRock Advisors, LLC (the Manager) with the same or substantially similar (but not identical) investment objectives, investment policies, strategies, risks and restrictions. Each reorganization was a tax-free event and was effective on November 18, 2013.

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Notes to Financial Statements (continued)

Assuming the acquisition had been completed on September 1, 2013 the beginning of the fiscal reporting period of HYT, the pro forma results of operations for the year ended August 31, 2014, are as follows:

Net investment income: \$124,066,786

Net realized and change in unrealized gain/loss on investments: \$114,665,188

Net increase/decrease in net assets resulting from operations: \$238,731,974

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of the Target Funds that have been included in HYT's Consolidated Statement of Operations since November 18, 2013.

Reorganization costs incurred in connection with the reorganizations were expensed by HYT.

On June 6, 2014, the Boards of BHK, BNA and BKT approved the reorganizations of BKT and BNA with and into BHK, with BHK continuing as the surviving fund after the reorganizations. At a special meeting of shareholders on September 30, 2014, the shareholders of BHK and BNA approved the reorganization of BNA with and into BHK, which is expected to be completed in late 2014. The reorganization of BKT with and into BHK was not approved by BKT shareholders. Consequently, the reorganization of BKT with and into BHK will not be completed. Regardless of whether the reorganizations are completed, the costs associated with the proposed reorganizations, including the costs associated with the shareholder meeting, will be borne directly by the respective Trust incurring the expense or allocated among BHK, BNA and BKT proportionately or on another reasonable basis, as appropriate. The Manager has agreed to pay \$300,000 of BNA's reorganization costs, which is shown as reorganization costs reimbursed by Manager in the Statements of Operations.

**Basis of Consolidation:** HYT's accompanying consolidated financial statements include the accounts of BLK HYT (Luxembourg) Investments, S.a.r.l., BLK HYV (Luxembourg) Investments, S.a.r.l., BLK COY (Luxembourg) Investments, S.a.r.l. and BLK CYE (Luxembourg) Investments, S.a.r.l. (the Taxable Subsidiaries), all of which are wholly owned Taxable Subsidiaries of HYT which hold shares of private Canadian companies, Laricina Energy Ltd. and Osum Oil Sands Corp. Such shares are held in the Taxable Subsidiaries in order to realize benefits under the Double Tax Avoidance Convention between Canada and Luxembourg, the result of which is gains on the sale of such shares will not be subject to capital gains taxes in Canada. Income earned on the investments held by the Taxable Subsidiaries may be taxable to such subsidiaries in Luxembourg. A tax provision, if any, is included in expenses in the Consolidated Statements of Operations. A tax provision for realized and unrealized gain, if any, is included as a reduction of realized and/or unrealized gain (loss) in the Consolidated Statements of Operations. The net assets of the Taxable Subsidiaries at August 31, 2014 were \$14,152,153 or 0.8% of HYT's consolidated net assets. Intercompany accounts and transactions, if any, have been eliminated. The Taxable Subsidiaries are subject to the same investment policies and restrictions that apply to the Trust.

**2. Significant Accounting Policies:**

The Trusts' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The following is a summary of the significant accounting policies followed by the Trusts:

**Valuation:** U.S. GAAP defines fair value as the price the Trusts would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Trusts determine the fair value of their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) is the committee formed by management to develop global pricing policies and procedures and to provide oversight of the pricing function for the Trusts for all financial instruments.

Bond investments are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche-specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price.

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To-be-announced ( TBA ) commitments are valued on the basis of last available bid prices or current market quotations provided by pricing services. Swap agreements are valued utilizing quotes

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Notes to Financial Statements (continued)

received daily by the Trusts pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments. Certain centrally cleared swaps are valued at the price determined by the relevant exchange or clearinghouse. Investments in open-end registered investment companies are valued at NAV each business day.

Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments.

Equity investments traded on a recognized securities exchange or the NASDAQ Stock Market ( NASDAQ ) are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid (long positions) or ask (short positions) price.

Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of business on the New York Stock Exchange ( NYSE ). Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

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

In the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the Global Valuation Committee, or its delegate, seeks to determine the price that each Trust might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant consistent with the principles of fair value measurement, which include the market approach, income approach and/or in the case of recent investments, the cost approach, as appropriate. The market approach generally consists of using comparable market transactions. The income approach generally is used to discount future cash flows to present value and is adjusted for liquidity as appropriate. These factors include but are not limited to: (i) attributes specific to the investment or asset; (ii) the principal market for the investment or asset; (iii) the customary participants in the principal market for the investment or asset; (iv) data assumptions by market participants for the investment or asset, if reasonably available; (v) quoted prices for similar investments or assets in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. Due to the inherent uncertainty of valuations of such investments, the fair values may differ from the values that would have been used had an active market existed. The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Trusts pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof on a quarterly basis.

Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of business on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of each Trust s net assets. If events (e.g., a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such instruments, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the Global Valuation Committee, or its delegate, using a pricing service and/or policies approved by the Board. Each business day, the Trusts use a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded and OTC options (the Systematic Fair Value Price ). Using current market factors, the Systematic Fair Value Price

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is designed to value such foreign securities and foreign options at fair value as of the close of business on the NYSE, which follows the close of the local markets.

**Foreign Currency:** The Trusts' books and records are maintained in U.S. dollars. Purchases and sales of investment securities are recorded at the rates of exchange prevailing on the respective date of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the Trusts' investments denominated in that currency will lose value because that currency is worth fewer U.S. dollars; the opposite effect occurs if the U.S. dollar falls in relative value.

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**Notes to Financial Statements (continued)**

The Trusts do not isolate the portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in foreign currency exchange rates on investments are not segregated in the Statements of Operations from the effects of changes in market prices of those investments but are included as a component of net realized and unrealized gain (loss) from investments. The Trusts report realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for federal income tax purposes.

**Segregation and Collateralization:** In cases where a Trust enters into certain investments (e.g., dollar rolls, TBA sale commitments, financial futures contracts, forward foreign currency exchange contracts, options written, swaps and short sales) or certain borrowings (e.g., reverse repurchase transactions) that would be senior securities for 1940 Act purposes, each Trust may segregate or designate on its books and records cash or liquid securities having a market value at least equal to the amount of each Trust's future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, each Trust may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

**Investment Transactions and Investment Income:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Trusts are informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend date. The character and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

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

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Trust. Deferred compensation liabilities are included in officer's and trustees' fees payable in the Statements of Assets and Liabilities and will remain as a liability of the Trusts until such amounts are distributed in accordance with the Plan.

**Recent Accounting Standard:** In June 2014, the Financial Accounting Standards Board issued guidance to improve the financial reporting of reverse repurchase agreements and other similar transactions. The guidance will require expanded disclosure for entities that enter into reverse repurchase agreements and similar transactions accounted for as secured borrowings. It is effective for financial statements with fiscal years beginning on or after December 15, 2014 and interim periods within those fiscal years. Management is evaluating the impact, if any, of this guidance on the Funds' financial statement disclosures.

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

The Trusts have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

**3. Securities and Other Investments:**

**Asset-Backed and Mortgage-Backed Securities:** Certain Trusts may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of

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assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the

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## Notes to Financial Statements (continued)

obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. In addition, the Trusts may subsequently have to reinvest the proceeds at lower interest rates. If the Trusts have purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

Certain Trusts may purchase certain mortgage pass-through securities. There are a number of important differences among the agencies and instrumentalities of the U.S. government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by Ginnie Mae are guaranteed as to the timely payment of principal and interest by Ginnie Mae and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by Freddie Mac and Fannie Mae, including Freddie Mac and Fannie Mae guaranteed mortgage pass-through certificates, which are solely the obligations of Freddie Mac and Fannie Mae, are not backed by or entitled to the full faith and credit of the United States, but are supported by the right of the issuer to borrow from the Treasury.

**Collateralized Debt Obligations:** Certain Trusts may invest in collateralized debt obligations ( CDOs ), which include collateralized bond obligations ( CBOs ) and collateralized loan obligations ( CLOs ). CBOs and CLOs are types of asset-backed securities. A CDO is an entity that is backed by a diversified pool of debt securities (CBOs) or syndicated bank loans (CLOs). The cash flows of the CDO can be split into multiple segments, called tranches, which will vary in risk profile and yield. The riskiest segment is the subordinated or equity tranche. This tranche bears the greatest risk of defaults from the underlying assets in the CDO and serves to protect the other, more senior, tranches from default in all but the most severe circumstances. Since it is shielded from defaults by the more junior tranches, a senior tranche will typically have higher credit ratings and lower yields than their underlying securities, and often receive investment grade ratings from one or more of the nationally recognized rating agencies. Despite the protection from the more junior tranches, senior tranches can experience substantial losses due to actual defaults, increased sensitivity to future defaults and the disappearance of one or more protecting tranches as a result of changes in the credit profile of the underlying pool of assets.

**Multiple Class Pass-Through Securities:** Certain Trusts may invest in multiple class pass-through securities, including collateralized mortgage obligations ( CMOs ) and commercial mortgage-backed securities. These multiple class securities may be issued by Ginnie Mae, U.S. government agencies or instrumentalities or by trusts formed by private originators of, or investors in, mortgage loans. In general, CMOs are debt obligations of a legal entity that are collateralized by, and multiple class pass-through securities represent direct ownership interests in, a pool of residential or commercial mortgage loans or mortgage pass-through securities (the Mortgage Assets ), the payments on which are used to make payments on the CMOs or multiple pass-through securities. Classes of CMOs include interest only ( IOs ), principal only ( POs ), planned amortization classes and targeted amortization classes. IOs and POs are stripped mortgage-backed securities representing interests in a pool of mortgages, the cash flow from which has been separated into interest and principal components. IOs receive the interest portion of the cash flow while POs receive the principal portion. IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. If the underlying Mortgage Assets experience greater than anticipated pre-payments of principal, the Trusts may not fully recoup their initial investment in IOs.

**Stripped Mortgage-Backed Securities:** Certain Trusts may invest in stripped mortgage-backed securities issued by the U.S. government, its agencies and instrumentalities. Stripped mortgage-backed securities are usually structured with two classes that receive different proportions of the interest (IOs) and principal (POs) distributions on a pool of Mortgage Assets. The Trusts also may invest in stripped mortgage-backed securities that are privately issued.

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

**Capital Trusts and Trust Preferred Securities:** Certain Trusts may invest in capital trusts and/or trust preferred securities. These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. For trust preferred securities, the issuing bank or corporation will pay interest to

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the trust, which will then be distributed to holders of the trust preferred securities as a dividend. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities and are freely callable at the issuer's option.

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## Notes to Financial Statements (continued)

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

**Floating Rate Loan Interests:** Certain Trusts may invest in floating rate loan interests. The floating rate loan interests held by the Trusts are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan interests are generally non-investment grade, often involve borrowers whose financial condition is troubled or uncertain and companies that are highly leveraged. The Trusts may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as the London Interbank Offered Rate (LIBOR), the prime rate offered by one or more U.S. banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Trusts consider these investments to be investments in debt securities for purposes of their investment policies.

When a Trust purchases a floating rate loan interest it may receive a facility fee and when it sells a floating rate loan interest it may pay a facility fee. On an ongoing basis, the Trusts may receive a commitment fee based on the undrawn portion of the underlying line of credit amount of a floating rate loan interest. Facility and commitment fees are typically amortized to income over the term of the loan or term of the commitment, respectively. Consent and amendment fees are recorded to income as earned. Prepayment penalty fees, which may be received by the Trusts upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Trusts may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loan interests are usually freely callable at the borrower's option. The Trusts may invest in such loans in the form of participations in loans (Participations) or assignments (Assignments) of all or a portion of loans from third parties. Participations typically will result in the Trusts having a contractual relationship only with the lender, not with the borrower. The Trusts will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing Participations, the Trusts generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of offset against the borrower, and the Trusts may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Trusts will assume the credit risk of both the borrower and the lender that is selling the Participation. The Trusts' investment in loan participation interests involves the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Trusts may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower. Assignments typically result in the Trusts having a direct contractual relationship with the borrower, and the Trusts may enforce compliance by the borrower with the terms of the loan agreement.

In connection with floating rate loan interests, the Trusts may also enter into unfunded loan commitments (commitments). In connection with these commitments, the Trusts earn a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is included in interest income in the Statements of Operations, is recognized ratably over the commitment period. Commitment fees received in advance and unrecognized are recorded in the Statements of Assets and Liabilities as deferred income. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation or depreciation is included in the Statements of Assets and Liabilities and Statements of Operations. As of August 31, 2014 the Trusts had no outstanding unfunded floating rate loan interests.

**Forward Commitments and When-Issued Delayed Delivery Securities:** Certain Trusts may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Trusts may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Trusts may be required to pay more at settlement than the security is worth. In addition, the Trusts are not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Trusts assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Trusts' maximum amount of loss is

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the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedules of Investments.

**TBA Commitments:** Certain Trusts may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate and mortgage terms. When entering into TBA

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## Notes to Financial Statements (continued)

commitments, the Trusts may take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

**Mortgage Dollar Roll Transactions:** Certain Trusts may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (i.e., same type, coupon and maturity) securities on a specific future date at an agreed upon price. During the period between the sale and repurchase, the Trusts will not be entitled to receive interest and principal payments on the securities sold. The Trusts account for mortgage dollar roll transactions as purchases and sales and realizes gains and losses on these transactions. These transactions may increase the Trusts' portfolio turnover rate. Mortgage dollar rolls involve the risk that the market value of the securities that the Trusts are required to purchase may decline below the agreed upon repurchase price of those securities.

**Borrowed Bond Agreements:** Certain Trusts may enter into borrowed bond agreements. In a borrowed bond agreement, the Trusts borrow a bond from a counterparty in exchange for cash collateral. The borrowed bond agreement contains a commitment that the security and the cash will be returned to the counterparty and the Trusts, respectively, at a mutually agreed upon date. Certain agreements have no stated maturity and can be terminated by either party at any time. Borrowed bond agreements are entered into primarily in connection with short sales of bonds. Earnings on cash collateral and compensation to the lender of the bond are based on agreed upon rates between the Trusts and the counterparty. The value of the underlying cash collateral approximates the market value and accrued interest of the borrowed bond. To the extent that a borrowed bond transaction exceeds one business day, the value of the cash collateral in the possession of the counterparty is monitored on a daily basis to ensure the adequacy of the collateral. As the market value of the borrowed bond changes, the cash collateral is periodically increased or decreased with a frequency and in amounts prescribed in the borrowed bond agreement. Full realization of the collateral by the Trusts may be limited if the value of an investment purchased with the cash collateral by the lender decreases. The Trusts may also experience delays in gaining access to the collateral.

**Reverse Repurchase Agreements:** Certain Trusts may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Trusts sell securities to a bank or broker-dealer and agree to repurchase the same securities at a mutually agreed upon date and price. During the term of the reverse repurchase agreement, the Trusts continue to receive the principal and interest payments on the securities sold. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. The Trusts may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities to be repurchased may decline below the repurchase price.

For financial reporting purposes, cash received in exchange for securities delivered plus accrued interest due to the counterparty is recorded as a liability in the Statements of Assets and Liabilities at face value including accrued interest. Due to the short term nature of the reverse repurchase agreements, face value approximates fair value. Interest payments made by the Trusts to the counterparties are recorded as a component of interest expense in the Statements of Operations. In periods of increased demand for the security, the Trusts may receive a fee for use of the security by the counterparty, which may result in interest income to the Trusts.

For the year ended August 31, 2014, the daily weighted average interest rates from reverse repurchase agreements were as follows:

|     | <b>Daily Weighted<br/>Average<br/>Interest Rate</b> |
|-----|---|
| BHK | 0.24%   |
| BNA | 0.24%   |
| BKT | 0.15%   |

Reverse repurchase transactions and borrowed bond agreements are entered into by the Trusts under Master Repurchase Agreements ( MRA ), which permit the Trusts, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset payables and/or receivables under the MRA with collateral held and/or posted to the counterparty and create one single net payment due to or from the Trusts. With reverse repurchase transactions and borrowed bond agreements, typically

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the Trusts and the counterparties are permitted to sell, re-pledge, or use the collateral associated with the transaction. Bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of the MRA counterparty's bankruptcy or insolvency. Pursuant to the terms of the MRA, the Trusts receive or post securities as collateral with a market value in excess of the repurchase price to be paid or received by the Trusts upon the maturity of the transaction. Upon a bankruptcy or insolvency of the MRA counterparty, the Trusts are considered an unsecured creditor with respect to excess collateral and, as such, the return of excess collateral may be delayed.

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## Notes to Financial Statements (continued)

The following table is a summary of the Trusts' open repurchase agreements and borrowed bond agreements by counterparty which are subject to offset under an MRA on a net basis as of August 31, 2014:

**BHK**

| Counterparty                                | Reverse<br>Repurchase<br>Agreements | Fair Value of<br>Non-cash<br>Collateral<br>Pledged Including<br>Accrued Interest <sup>1</sup> | Cash<br>Collateral<br>Pledged/Received | Net<br>Amount |
|---|-------------------------------------|---|--|---------------|
| Barclays Capital, Inc.                      | \$ 14,913,465                       | \$ (14,913,465)   |  |               |
| BNP Paribas Securities Corp.                | 66,328,249                          | (66,328,249)  |  |               |
| Citigroup Global Markets, Inc.              | 6,726,418                           | (6,726,418)   |  |               |
| Credit Suisse Securities (USA) LLC          | 23,596,107                          | (23,596,107)  |  |               |
| Deutsche Bank Securities, Inc.              | 10,001,451                          | (10,001,451)  |  |               |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 13,937,451                          | (13,937,451)  |  |               |
| RBC Capital Markets, LLC                    | 1,464,699                           | (1,464,699)   |  |               |
| UBS Securities LLC                          | 31,332,937                          | (31,332,937)  |  |               |
| <b>Total</b>                                | <b>\$168,300,777</b>                | <b>\$(168,300,777)</b>  |  |               |

Net collateral with a value of \$176,020,238 has been pledged/received in connection with open reverse repurchase agreements. Excess of net collateral pledged to the individual counterparty is not shown for financial reporting purposes.

**BNA**

| Counterparty                                | Reverse<br>Repurchase<br>Agreements | Fair Value of<br>Non-cash Collateral<br>Pledged Including<br>Accrued Interest <sup>2</sup> | Cash<br>Collateral<br>Pledged/Received | Net<br>Amount |
|---|-------------------------------------|--|--|---------------|
| Barclays Capital, Inc.                      | \$ 8,863,776                        | \$ (8,863,776)   |  |               |
| BNP Paribas Securities Corp.                | 55,178,541                          | (55,178,541)   |  |               |
| Credit Suisse Securities (USA) LLC          | 35,190,271                          | (35,190,271)   |  |               |
| Deutsche Bank Securities, Inc.              | 12,141,341                          | (12,141,341)   |  |               |
| Merrill Lynch, Pierce, Fenner & Smith, Inc. | 25,077,518                          | (25,077,518)   |  |               |
| RBC Capital Markets, LLC                    | 6,696,626                           | (6,696,626)  |  |               |
| UBS Securities LLC                          | 28,418,498                          | (28,418,498)   |  |               |
| <b>Total</b>                                | <b>\$ 171,566,571</b>               | <b>\$(171,566,571)</b>   |  |               |

<sup>2</sup>Net collateral with a value of \$179,439,228 has been pledged/received in connection with open reverse repurchase agreements. Excess of net collateral pledged to the individual counterparty is not shown for financial reporting





## Notes to Financial Statements (continued)

**Short Sales:** Certain Trusts may enter into short sale transactions in which the Trusts sell a security they do not hold in anticipation of a decline in the market price of that security. When the Trusts make a short sale, they will borrow the security sold short (borrowed bond) and deliver the security to the counterparty to which they sold the security short. An amount equal to the proceeds received by the Trusts is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the market value of the short sale. The Trusts are required to repay the counterparty interest on the security sold short, which is shown as interest expense in the Statements of Operations. The Trusts are exposed to market risk based on the amount, if any, that the market value of the security increases beyond the market value at which the position was sold. Thus, a short sale of a security involves the risk that instead of declining, the price of the security sold short will rise. The short sale of securities involves the possibility of a theoretically unlimited loss since there is a theoretically unlimited potential for the market price of the security sold short to increase. A gain, limited to the price at which the Trusts sold the security short, or a loss, unlimited as to the dollar amount, will be recognized upon the termination of a short sale if the market price is either less than or greater than the proceeds originally received. There is no assurance the Trusts will be able to close out a short position at a particular time or at an acceptable price.

**4. Derivative Financial Instruments:**

The Trusts engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Trusts and/or to economically hedge their exposure to certain risks such as credit risk, equity risk, interest rate risk and foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

**Financial Futures Contracts:** The Trusts purchase and/or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk), changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk). Financial futures contracts are agreements between the Trusts and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, financial futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date.

Upon entering into a financial futures contract, the Trusts are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Securities deposited as initial margin are designated on the Schedules of Investments and cash deposited, if any, is recorded on the Statements of Assets and Liabilities as cash pledged for financial futures contracts. Pursuant to the contract, the Trusts agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin. Variation margin is recorded by the Trusts as unrealized appreciation or depreciation and, if applicable, as a receivable or payable for variation margin in the Statements of Assets and Liabilities.

When the contract is closed, the Trusts record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest or foreign currency exchange rates and the underlying assets.

**Forward Foreign Currency Exchange Contracts:** The Trusts enter into forward foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to, or hedge exposure away from, foreign currencies (foreign currency exchange rate risk). A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Forward foreign currency exchange contracts, when used by the Trusts, help to manage the overall exposure to the currencies in which some of the investments held by the Trusts are denominated. The contract is marked-to-market daily and the change in market value is recorded by the Trusts as an unrealized gain or loss. When the contract is closed, the Trusts record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies.

**Options:** The Trusts purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk and interest rate risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. When the Trusts purchase (write) an option, an amount

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equal to the premium paid (received) by the Trusts is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Trusts enter into a closing transaction), the Trusts realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums received or paid). When the Trusts write a call option, such option is covered, meaning that the Trusts hold the underlying instrument subject to being called by the option counterparty. When the Trusts write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

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## Notes to Financial Statements (continued)

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

The Trusts also purchase or sell listed or OTC foreign currency options, foreign currency futures and related options on foreign currency futures as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies (foreign currency exchange rate risk). When foreign currency is purchased or sold through an exercise of a foreign currency option, the related premium paid (or received) is added to (or deducted from) the basis of the foreign currency acquired or deducted from (or added to) the proceeds of the foreign currency sold (receipts from the foreign currency purchased). Such transactions may be effected with respect to hedges on non-U.S. dollar denominated instruments owned by the Trusts but not yet delivered, or committed or anticipated to be purchased by the Trusts.

In purchasing and writing options, the Trusts bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Trusts may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Trusts purchasing or selling a security when it otherwise would not, or at a price different from the current market value.

Transactions in options written for the year ended August 31, 2014, were as follows:

|  | Calls     |                             | Puts              |           |                             |                   |
|--|-----------|-----------------------------|-------------------|-----------|-----------------------------|-------------------|
|  | Contracts | Notional (000) <sup>1</sup> | Premiums Received | Contracts | Notional (000) <sup>1</sup> | Premiums Received |
| <b>BHK</b>                             |           |                             |                   |           |                             |                   |
| Outstanding options, beginning of year |           | \$ 30,700                   | \$ 66,601         |           | \$ 55,300                   | \$ 735,472        |
| Options written                        |           | 128,200                     | 1,952,235         |           | 156,800                     | 3,167,202         |
| Options closed                         |           | (101,100)                   | (1,063,035)       |           | (98,500)                    | (1,514,853)       |
| Outstanding options, end of year       |           | \$ 57,800                   | \$ 955,801        |           | \$ 113,600                  | \$ 2,387,821      |
| <b>HYT</b>                             |           |                             |                   |           |                             |                   |
| Outstanding options, beginning of year |           |                             |                   | 3,595     |                             | \$ 432,862        |
| Options written                        |           |                             |                   | 19,250    |                             | 814,307           |
| Options expired                        |           |                             |                   | (9,295)   |                             | (804,727)         |
| Options closed                         |           |                             |                   | (13,550)  |                             | (442,442)         |
| Outstanding options, end of year       |           |                             |                   |           |                             |                   |
| <b>BNA</b>                             |           |                             |                   |           |                             |                   |

|  |           |             |            |              |
|--|-----------|-------------|------------|--------------|
| Outstanding options, beginning of year | \$ 30,900 | \$ 67,034   | \$ 55,500  | \$ 737,000   |
| Options written                        | 128,400   | 1,959,254   | 156,900    | 3,173,955    |
| Options closed                         | (101,500) | (1,066,688) | (98,800)   | (1,519,403)  |
| Outstanding options, end of year       | \$ 57,800 | \$ 959,600  | \$ 113,600 | \$ 2,391,552 |

<sup>1</sup> Amount shown is in the currency in which the transaction was denominated.

**Swaps:** The Trusts enter into swap agreements in which the Trusts and a counterparty agree either to make periodic net payments on a specified notional amount or a net payment upon termination. Swap agreements are privately negotiated in the OTC market and may be entered into as a bilateral contract ( OTC swaps ) or centrally cleared ( centrally cleared swaps ). Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation).

For OTC swaps, any upfront premiums paid are recorded as assets and any upfront fees received are recorded as liabilities and are shown as swap premiums paid and swap premiums received, respectively, in the Statements of Assets and Liabilities and amortized over the term of the OTC swap. Payments received or made by the Trusts for OTC swaps are recorded in the Statements of Operations as realized gains or losses, respectively. When an OTC swap is terminated, the Trusts will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trusts' basis in the contract, if any. Generally, the basis of the contract is the premium received or paid.

In a centrally cleared swap, immediately following execution of the swap agreement, the swap agreement is novated to a central counterparty (the CCP ) and the Trusts' counterparty on the swap agreement becomes the CCP. The Trusts are required to interface with the CCP through a broker. Upon entering into a centrally cleared swap, the Trusts are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap. Securities deposited as initial margin are designated on the Schedules of Investments and cash deposited is recorded on the Statements of Assets and Liabilities as cash pledged for centrally cleared swaps. The daily change in valuation of centrally cleared swaps is recorded as a receivable or payable for variation margin in the Statements of Assets and Liabilities. Payments received from (paid to) the counterparty, including at termination, are recorded as realized gain (loss) in the Statements of Operations.

Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

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Notes to Financial Statements (continued)

**Credit default swaps** The Trusts enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Trusts may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the protection buyer pays fixed periodic payments to the seller in consideration for a guarantee from the protection seller to make a specific payment should a negative credit event take place with respect to the referenced entity (e.g., bankruptcy, failure to pay, obligation accelerators, repudiation, moratorium or restructuring). Credit default swaps on traded indexes are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a write-down, principal or interest shortfall or default of all or individual underlying securities included in the index occur. As a buyer, if an underlying credit event occurs, the Trusts will either (i) receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index, or (ii) receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index. As a seller (writer), if an underlying credit event occurs, the Trusts will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the referenced security or underlying securities comprising the index or pay a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising the index.

**Total return swaps** The Trusts enter into total return swaps to obtain exposure to a security or market without owning such security or investing directly in that market or to transfer the risk/return of one market (e.g., fixed income) to another market (e.g., equity or commodity prices) (equity risk, commodity price risk and/or interest rate risk). Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (coupons plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Trusts will receive a payment from or make a payment to the counterparty.

**Interest rate swaps** The Trusts enter into interest rate swaps to gain or reduce exposure to interest rates or to manage duration, the yield curve or interest rate risk by economically hedging the value of the fixed rate bonds, which may decrease when interest rates rise (interest rate risk). Interest rate swaps are agreements in which one party pays a stream of interest payments, either fixed or floating, for another party's stream of interest payments, either fixed or floating, on the same notional amount for a specified period of time. Interest rate floors, which are a type of interest rate swap, are agreements in which one party agrees to make payments to the other party to the extent that interest rates fall below a specified rate or floor in return for a premium. In more complex swaps, the notional principal amount may decline (or amortize) over time.

**Forward interest rate swaps** The Trusts may enter into forward interest rate swaps and forward total return swaps. In a forward swap, each Trust and the counterparty agree to make either periodic net payments beginning on a specified future effective date or a net payment at termination, unless terminated earlier.

The following is a summary of the Trusts' derivative financial instruments categorized by risk exposure:

**Summary of Derivative Financial Instruments as of August 31, 2014**

|  | Value             |                        |                   |                        |                   |                        |                   |
|--|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
|  | BHK               |                        | HYT               |                        | BNA               |                        | BKT               |
| Statements of Assets and Liabilities Location  | Derivative Assets | Derivative Liabilities | Derivative Assets | Derivative Liabilities | Derivative Assets | Derivative Liabilities | Derivative Assets |
| Net unrealized appreciation/depreciation <sup>1</sup> ; Unrealized appreciation/depreciation on OTC swaps; Swaps premiums paid/received; Investments at value-unaffiliated <sup>2</sup> ; Options written at value | \$1,463,804       | \$3,414,537            |                   |                        | \$1,495,115       | \$3,420,200            | \$5,045,564       |
| Unrealized appreciation/depreciation on forward  | 395,247           | 5,496                  | \$7,247,593       | \$304,747              | 393,776           |                        |                   |

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|  |             |             |              |             |             |             |             |
|--|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| foreign currency exchange<br>contracts   |             |             |              |             |             |             |             |
| unrealized appreciation/<br>depreciation on OTC<br>swaps; Swap premiums<br>paid/received | 249,510     | 260,720     | 2,814,373    | 368,840     | 250,887     | 261,668     |             |
| net unrealized<br>appreciation/ depreciation <sup>1</sup>                                |             |             |              | 886,781     |             |             |             |
|  | \$2,108,561 | \$3,680,753 | \$10,061,966 | \$1,560,368 | \$2,139,778 | \$3,681,868 | \$5,045,564 |

Includes cumulative appreciation/depreciation on financial futures contracts as and centrally cleared swaps as reported in the Schedules of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities .

<sup>2</sup>Includes options purchased at value as reported in the Schedules of Investments.

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Notes to Financial Statements (continued)

**The Effect of Derivative Financial Instruments in the Statements of Operations**  
**Year ended August 31, 2014**

|  | Net Realized Gain (Loss) From |                       | Net Change in Unrealized<br>Appreciation/Depreciation on |                    |
|--|-------------------------------|-----------------------|--|--------------------|
|  | BHK                           | HYT                   | BHK  | HYT                |
| Interest rate contracts:                   |                               |                       |  |                    |
| Financial futures contracts                | \$ 1,224,968                  | \$ (910,267)          | \$(195,226)  | \$ (4,972)         |
| Swaps                                      | (1,450,115)                   |                       | (773,713)  |                    |
| Options <sup>1</sup>                       | 274,352                       |                       | 437,577  |                    |
| Foreign currency exchange contracts:       |                               |                       |  |                    |
| Foreign currency transactions/translations | (1,337,997)                   | (1,730,097)           | 463,069  | 5,340,324          |
| Credit contracts:                          |                               |                       |  |                    |
| Swaps                                      | (40,008)                      | (7,879,332)           | 8,216  | 1,770,558          |
| Equity contracts:                          |                               |                       |  |                    |
| Financial futures contracts                |                               | (2,309,009)           |  | (5,959)            |
| Options <sup>1</sup>                       |                               | (8,681,688)           |  | (282,619)          |
| <b>Total</b>                               | <b>\$(1,328,800)</b>          | <b>\$(21,510,393)</b> | <b>\$ (60,077)</b>                                       | <b>\$6,817,332</b> |

**The Effect of Derivative Financial Instruments in the Statements of Operations**  
**Year ended August 31, 2014**

|  | Net Realized Gain (Loss) From |                       | Net Change in Unrealized<br>Appreciation/Depreciation on |                    |
|--|-------------------------------|-----------------------|--|--------------------|
|  | BNA                           | BKT                   | BNA  | BKT                |
| Interest rate contracts:                   |                               |                       |  |                    |
| Financial futures contracts                | \$ 1,403,516                  | \$(11,396,693)        | \$(153,120)  | \$ 157,699         |
| Swaps                                      | (1,403,606)                   | 503,189               | (821,493)  | (865,533)          |
| Options <sup>1</sup>                       | 275,605                       |                       | 440,309  |                    |
| Foreign currency exchange contracts:       |                               |                       |  |                    |
| Foreign currency transactions/translations | (1,491,967)                   |                       | 515,078  |                    |
| Credit contracts:                          |                               |                       |  |                    |
| Swaps                                      | (39,974)                      |                       | 7,973  |                    |
| <b>Total</b>                               | <b>\$(1,256,426)</b>          | <b>\$(10,893,504)</b> | <b>\$ (11,253)</b>                                       | <b>\$(707,834)</b> |

<sup>1</sup> Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

For the year ended August 31, 2014, the average quarterly balances of outstanding derivative financial instruments were as follows:

|   | BHK           | HYT                        | BNA           | BKT           |
|---|---------------|----------------------------|---------------|---------------|
| Financial futures contracts:                            |               |                            |               |               |
| Average number of contracts purchased                   | 492           | 28 <sup>2</sup>            | 486           | 92            |
| Average number of contracts sold                        | 465           | 719                        | 475           | 1,371         |
| Average notional value of contracts purchased           | \$ 78,605,312 | \$ 2,303,193 <sup>2</sup>  | \$ 78,460,026 | \$ 10,957,840 |
| Average notional value of contracts sold                | \$ 64,088,264 | \$ 74,194,972              | \$ 65,243,943 | \$215,862,154 |
| Forward foreign currency exchange contracts:            |               |                            |               |               |
| Average number of contracts US dollars purchased        | 3             | 18                         | 3             |               |
| Average number of contracts US dollars sold             | 1             | 6                          | 1             |               |
| Average US dollar amounts purchased                     | \$ 14,538,535 | \$249,460,801              | \$ 15,234,500 | \$            |
| Average US dollar amounts sold                          | \$ 724,647    | \$ 4,418,150               | \$ 648,999    | \$            |
| Options:  |               |                            |               |               |
| Average number of option contracts purchased            |               | 2,054                      |               |               |
| Average number of option contracts written              |               | 4,813 <sup>2</sup>         |               |               |
| Average notional amount of option contracts purchased   |               | \$ 35,787,522              |               |               |
| Average notional amount of option contracts written     |               | \$ 87,723,750 <sup>2</sup> |               |               |
| Average number of swaption contracts purchased          | 8             |                            | 8             |               |
| Average number of swaption contracts written            | 23            |                            | 23            |               |
| Average notional amount of swaption contracts purchased | \$118,800,000 |                            | \$119,050,000 |               |
| Average notional amount of swaption contracts written   | \$154,925,000 |                            | \$155,225,000 |               |
| Credit default swaps:                                   |               |                            |               |               |
| Average number of contracts buy protection              | 4             | 5                          | 2             |               |
| Average number of contracts sell protection             | 7             | 39                         | 7             |               |
| Average notional amount buy protection                  | \$ 3,201,000  | \$ 1,598,949               | \$ 3,200,000  |               |
| Average notional amount sell protection                 | \$ 3,991,250  | \$ 38,477,627              | \$ 4,016,250  |               |
| Interest rate swaps:                                    |               |                            |               |               |
| Average number of contracts pays fixed rate             | 8             |                            | 8             | 1             |



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|                             |               |               |               |
|-----------------------------|---------------|---------------|---------------|
| Average number of contracts |               |               |               |
| receives fixed rate         | 7             | 7             | 7             |
| Average notional amount     |               |               |               |
| pays fixed rate             | \$ 82,675,000 | \$ 82,800,000 | \$ 60,000,000 |
| Average notional amount     |               |               |               |
| receives fixed rate         | \$ 14,225,000 | \$ 14,250,000 | \$ 71,565,000 |

<sup>2</sup> Average amounts for the period are shown due to limited outstanding derivative financial instruments as of each quarter.

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Notes to Financial Statements (continued)

**Counterparty Credit Risk:** A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Trusts' risk of loss from counterparty credit risk on OTC derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by such Trust. For OTC options purchased, each Trust bears the risk of loss of the amount of the premiums paid plus the positive change in market values net of any collateral held by such Trust should the counterparty fail to perform under the contracts. Options written by the Trusts do not typically give rise to counterparty credit risk, as options written generally obligate the Trusts, and not the counterparty, to perform.

With exchange-traded purchased options and futures and centrally cleared swaps, there is less counterparty credit risk to the Trusts since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Trusts do not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency) of the clearing broker or clearinghouse. Additionally, credit risk exists in exchange-traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Trusts.

In order to better define their contractual rights and to secure rights that will help the Trusts mitigate their counterparty risk, the Trusts may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ( ISDA Master Agreement ) or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between each Trust and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, each Trust may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to terminate derivative contracts prior to maturity in the event the Trusts' net assets decline by a stated percentage or the Trusts fail to meet the terms of its ISDA Master Agreements. The result would cause the Trusts to accelerate payment of any net liability owed to the counterparty.

**Collateral Requirements:** For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Trusts and the counterparty.

Cash collateral that has been pledged to cover obligations of the Trusts and cash collateral received from the counterparty, if any, is reported separately on the Statements of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Trusts, if any, is noted in the Schedules of Investments. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold (e.g., \$500,000) before a transfer is required, which is determined at the close of business of the Trusts. Any additional required collateral is delivered to/pledged by the Trusts on the next business day. Typically, the Trusts and counterparties are not permitted to sell, re-pledge or use the collateral they receive. To the extent amounts due to the Trusts from their counterparties are not fully collateralized, the Trusts bear the risk of loss from counterparty non-performance. Likewise, to the extent the Trusts have delivered collateral to a counterparty and stands ready to perform under the terms of its agreement with such counterparty, the Trusts bear the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral.

For financial reporting purposes, the Trusts do not offset derivative assets and derivative liabilities that are subject to netting arrangements, if any, in the Statements of Assets and Liabilities.

## Notes to Financial Statements (continued)

As of August 31, 2014, the Trusts' derivative assets and liabilities (by type) are as follows:

|   | BHK          |              | HYT          |              |
|---|--------------|--------------|--------------|--------------|
|   | Assets       | Liabilities  | Assets       | Liabilities  |
| <b>Derivative Financial Instruments:</b>  |              |              |              |              |
| Financial futures contracts   | \$ 20,000    | \$ 40,558    |              | \$ 155,496   |
| Forward foreign currency exchange contracts   | 395,247      | 5,496        | \$ 7,247,593 | 304,747      |
| Options <sup>1</sup>  | 954,199      | 2,580,908    |              |              |
| Swaps Centrally cleared   |              | 3,203        |              |              |
| Swaps OTC   | 249,510      | 260,720      | 2,814,373    | 368,840      |
| Total derivative assets and liabilities in the Statements of Assets and Liabilities | \$1,618,956  | \$2,890,885  | \$10,061,966 | \$ 829,083   |
| Derivatives not subject to a master netting agreement or similar agreement ( MNA )  | (20,000)     | (43,761)     |              | (155,496)    |
| Total derivative assets and liabilities subject to an MNA                           | \$1,598,956  | \$2,847,124  | \$10,061,966 | \$ 673,587   |
|   |              |              |              |              |
|   | BNA          |              | BKT          |              |
|   | Assets       | Liabilities  | Assets       | Liabilities  |
| <b>Derivative Financial Instruments:</b>  |              |              |              |              |
| Financial futures contracts   | \$ 18,125    | \$ 51,432    | \$ 156,594   | \$ 13,606    |
| Forward foreign currency exchange contracts   | 393,776      |              |              |              |
| Options <sup>1</sup>  | 954,199      | 2,588,336    |              |              |
| Swaps Centrally cleared   |              | 1,758        | 20           |              |
| Swaps OTC   | 250,887      | 261,668      | 5,032,194    | 6,832,450    |
| Total derivative assets and liabilities in the Statements of Assets and Liabilities | \$ 1,616,987 | \$ 2,903,194 | \$ 5,188,808 | \$ 6,846,056 |
| Derivatives not subject to an MNA   | (18,125)     | (53,190)     | (156,614)    | (13,606)     |
| Total derivative assets and liabilities subject to an MNA                           | \$ 1,598,862 | \$ 2,850,004 | \$ 5,032,194 | \$ 6,832,450 |

<sup>1</sup> Includes options purchased at value which is included in Investments at value unaffiliated in the Statements of Assets and Liabilities and reported in the Schedules of Investments.

<sup>2</sup> Includes unrealized appreciation/depreciation on OTC swaps and swap premiums paid/received in the Statements of Assets and Liabilities.

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The following tables present the Trusts' derivative assets and liabilities by counterparty net of amounts available for offset under an MNA and net of the related collateral received and pledged by the Trusts as of August 31, 2014:

**BHK**

| <b>Counterparty</b>                 | <b>Derivative Assets Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>3</sup></b> | <b>Non-cash Collateral Received</b> | <b>Cash Collateral Received</b> | <b>Net Amount of Derivative Assets<sup>4</sup></b> |
|-------------------------------------|--|---|-------------------------------------|---------------------------------|--|
| Bank of America N.A.                | \$ 324,992   | \$ (6,993)  |                                     |                                 | \$317,999  |
| Barclays Bank PLC                   | 205,406  | (205,406)   |                                     |                                 |  |
| Citibank N.A.                       | 43,407   | (43,407)  |                                     |                                 |  |
| Credit Suisse International         | 30,432   | (30,432)  |                                     |                                 |  |
| Deutsche Bank AG                    | 700,325  | (700,325)   |                                     |                                 |  |
| Goldman Sachs Bank USA              | 24,822   | (24,822)  |                                     |                                 |  |
| JPMorgan Chase Bank N.A.            | 211,943  | (211,943)   |                                     |                                 |  |
| Morgan Stanley Capital Services LLC | 57,629   | (38,721)  |                                     |                                 | 18,908   |
| <b>Total</b>                        | <b>\$ 1,598,956</b>  | <b>\$(1,262,049)</b>                                |                                     |                                 | <b>\$336,907</b>                                   |

**BHK**

| <b>Counterparty</b>                 | <b>Derivative Liabilities Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>3</sup></b> | <b>Non-cash Collateral Pledged</b> | <b>Cash Collateral Pledged<sup>5</sup></b> | <b>Net Amount of Derivative Liabilities<sup>6</sup></b> |
|-------------------------------------|---|---|------------------------------------|--|---|
| Bank of America N.A.                | \$ 6,993  | \$ (6,993)  |                                    |  |   |
| Barclays Bank PLC                   | 681,786   | (205,406)   |                                    | \$ (476,380)                               |   |
| BNP Paribas S.A.                    | 35,272  |   |                                    |  | \$ 35,272   |
| Citibank N.A.                       | 181,780   | (43,407)  |                                    |  | 138,373   |
| Credit Suisse International         | 125,015   | (30,432)  |                                    |  | 94,583  |
| Deutsche Bank AG                    | 963,524   | (700,325)   |                                    |  | 263,199   |
| Goldman Sachs Bank USA              | 34,133  | (24,822)  |                                    |  | 9,311   |
| JPMorgan Chase Bank N.A.            | 779,900   | (211,943)   |                                    | (567,957)                                  |   |
| Morgan Stanley Capital Services LLC | 38,721  | (38,721)  |                                    |  |   |
| <b>Total</b>                        | <b>\$ 2,847,124</b>   | <b>\$(1,262,049)</b>                                |                                    | <b>\$(1,044,337)</b>                       | <b>\$540,738</b>  |

<sup>3</sup> The amount of derivatives available for offset is limited to the amount of derivative assets and/or liabilities that are subject to an MNA.

<sup>4</sup> Net amount represents the net amount receivable from the counterparty in the event of default.

<sup>5</sup> Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

<sup>6</sup>Net amount represents the net amount payable due to the counterparty in the event of default.  
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## Notes to Financial Statements (continued)

**HYT**

| <b>Counterparty</b>         | <b>Derivative Assets Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Received</b> | <b>Cash Collateral Received<sup>2</sup></b> | <b>Net Amount of Derivative Assets<sup>3</sup></b> |
|-----------------------------|--|---|-------------------------------------|---|--|
| Bank of America N.A.        | \$ 2,157,816   |   |                                     |   | \$2,157,816  |
| Citibank N.A.               | 5,054,775  | \$(5,701 )  |                                     |   | 5,049,074  |
| Deutsche Bank AG            | 1,627,373  | (857 )  |                                     | \$(1,626,516 )                              |  |
| Goldman Sachs International | 982,109  | (368,840)   |                                     | (613,269 )                                  |  |
| UBS AG                      | 239,893  | (22,921 )   |                                     |   | 216,972  |
| <b>Total</b>                | <b>\$ 10,061,966</b>                                       | <b>\$(398,319)</b>                                  |                                     | <b>\$(2,239,785 )</b>                       | <b>\$7,423,862</b>                                 |

**HYT**

| <b>Counterparty</b>             | <b>Derivative Liabilities Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Pledged</b> | <b>Cash Collateral Pledged</b> | <b>Net Amount of Derivative Liabilities<sup>4</sup></b> |
|---------------------------------|---|---|------------------------------------|--------------------------------|---|
| Citibank N.A.                   | \$ 5,701  | \$(5,701 )  |                                    |                                |   |
| Deutsche Bank AG                | 857   | (857 )  |                                    |                                |   |
| Goldman Sachs Bank USA          | 52,521  |   |                                    |                                | \$ 52,521   |
| Goldman Sachs International     | 368,840   | (368,840 )  |                                    |                                |   |
| JPMorgan Chase Bank N.A.        | 20,167  |   |                                    |                                | 20,167  |
| Royal Bank of Scotland PLC      | 1,728   |   |                                    |                                | 1,728   |
| State Street Bank and Trust Co. | 51,485  |   |                                    |                                | 51,485  |
| The Bank of New York Mellon     | 7,813   |   |                                    |                                | 7,813   |
| Toronto Dominion Bank           | 141,554   |   |                                    |                                | 141,554   |
| UBS AG                          | 22,921  | (22,921 )   |                                    |                                |   |
| <b>Total</b>                    | <b>\$ 673,587</b>   | <b>\$(398,319 )</b>                                 |                                    |                                | <b>\$ 275,268</b>                                       |

**BNA**

| <b>Counterparty</b>         | <b>Derivative Assets Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Received</b> | <b>Cash Collateral Received</b> | <b>Net Amount of Derivative Assets<sup>3</sup></b> |
|-----------------------------|--|---|-------------------------------------|---------------------------------|--|
| Bank of America N.A.        | \$ 323,713   | \$(1,497)   |                                     |                                 | \$ 322,216   |
| Barclays Bank PLC           | 205,406  | (205,406)   |                                     |                                 |  |
| Citibank N.A.               | 43,769   | (43,769)  |                                     |                                 |  |
| Credit Suisse International | 30,970   | (30,970)  |                                     |                                 |  |

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|                                     |                     |                       |                   |
|-------------------------------------|---------------------|-----------------------|-------------------|
| Deutsche Bank AG                    | 700,306             | (700,306)             |                   |
| Goldman Sachs Bank USA              | 24,822              | (24,822)              |                   |
| JPMorgan Chase Bank N.A.            | 211,751             | (211,751)             |                   |
| Morgan Stanley Capital Services LLC | 58,125              | (39,060)              | 19,065            |
| <b>Total</b>                        | <b>\$ 1,598,862</b> | <b>\$ (1,257,581)</b> | <b>\$ 341,281</b> |

**BNA**

| <b>Counterparty</b>                 | <b>Derivative Liabilities Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Pledged</b> | <b>Cash Collateral Pledged<sup>5</sup></b> | <b>Net Amount of Derivative Liabilities<sup>4</sup></b> |
|-------------------------------------|---|---|------------------------------------|--|---|
| Bank of America N.A.                | \$ 1,497  | \$(1,497 )  |                                    |  |   |
| Barclays Bank PLC                   | 688,060   | (205,406 )  |                                    | \$(20,000 )                                | \$ 462,654  |
| BNP Paribas S.A.                    | 35,272  |   |                                    |  | 35,272  |
| Citibank N.A.                       | 182,057   | (43,769 )   |                                    |  | 138,288   |
| Credit Suisse International         | 125,392   | (30,970 )   |                                    |  | 94,422  |
| Deutsche Bank AG                    | 958,401   | (700,306 )  |                                    |  | 258,095   |
| Goldman Sachs Bank USA              | 34,133  | (24,822 )   |                                    |  | 9,311   |
| JPMorgan Chase Bank N.A.            | 786,132   | (211,751 )  |                                    | (570,000 )                                 | 4,381   |
| Morgan Stanley Capital Services LLC | 39,060  | (39,060 )   |                                    |  |   |
| <b>Total</b>                        | <b>\$ 2,850,004</b>   | <b>\$(1,257,581 )</b>                               |                                    | <b>\$(590,000 )</b>                        | <b>\$ 1,002,423</b>                                     |

<sup>1</sup> The amount of derivatives available for offset is limited to the amount of derivative assets and/or liabilities that are subject to an MNA.

<sup>2</sup> Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

<sup>3</sup> Net amount represents the net amount receivable from the counterparty in the event of default.

<sup>4</sup> Net amount represents the net amount payable due to the counterparty in the event of default.

<sup>5</sup> Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

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## Notes to Financial Statements (continued)

**BKT**

| <b>Counterparty</b>      | <b>Derivative Assets Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Received<sup>2</sup></b> | <b>Cash Collateral Received<sup>2</sup></b> | <b>Net Amount of Derivative Assets</b> |
|--------------------------|--|---|---|---|--|
| Citibank N.A.            | \$ 661,695   |   |   | \$ (661,695)                                |  |
| Goldman Sachs Bank USA   | 335,111  |   |   | (335,111)                                   |  |
| JPMorgan Chase Bank N.A. | 3,409,054  | \$ (183,998)  |   | (3,225,056)                                 |  |
| UBS AG                   | 626,334  |   | \$ (626,334)                                    |   |  |
| <b>Total</b>             | <b>\$ 5,032,194</b>  | <b>\$ (183,998)</b>                                 | <b>(626,334)</b>                                | <b>\$ (4,221,862)</b>                       |  |

**BKT**

| <b>Counterparty</b>      | <b>Derivative Liabilities Subject to an MNA by Counterparty</b> | <b>Derivatives Available for Offset<sup>1</sup></b> | <b>Non-cash Collateral Pledged</b> | <b>Cash Collateral Pledged<sup>3</sup></b> | <b>Net Amount of Derivative Liabilities</b> |
|--------------------------|---|---|------------------------------------|--|---|
| Deutsche Bank AG         | \$ 6,648,452  |   |                                    | \$ (6,648,452)                             |   |
| JPMorgan Chase Bank N.A. | 183,998   | \$ (183,998)  |                                    |  |   |
| <b>Total</b>             | <b>\$ 6,832,450</b>   | <b>\$ (183,998)</b>                                 |                                    | <b>\$ (6,648,452)</b>                      |   |

<sup>1</sup> The amount of derivatives available for offset is limited to the amount of derivative assets and/or liabilities that are subject to an MNA.

<sup>2</sup> Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

<sup>3</sup> Excess of collateral pledged to the individual counterparty is not shown for financial reporting purposes.

**5. Investment Advisory Agreement and Other Transactions with Affiliates:**

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate, for 1940 Act purposes, BlackRock, Inc. ( BlackRock ).

Each Trust entered into an Investment Advisory Agreement with the Manager, the Trusts' investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory services for each Trust and administration services for BHK and HYT.

The following Trust's investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of its average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

|     |       |
|-----|-------|
| BHK | 0.55% |
|-----|-------|



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The following Trust's investment advisory fee paid to the Manager is computed daily and payable monthly based on an annual rate of its average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

---

|     |       |
|-----|-------|
| HYT | 0.60% |
|-----|-------|

Prior to November 18, 2013, HYT paid the Manager an investment advisory fee computed and paid monthly based on an annual rate of 0.70%.

The following Trusts' investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of each Trust's average net assets:

---

|     |       |
|-----|-------|
| BNA | 0.60% |
| BKT | 0.65% |

BNA and BKT each have an Administration Agreement with the Manager. The administration fee paid to the Manager is computed weekly and payable monthly based on an annual rate, 0.10% for BNA, and 0.15% for BKT, of each Trust's average net assets.

The Manager voluntarily agreed to waive a portion of investment advisory fee with respect to BHK at an annual rate of 0.03%, as a percentage of average weekly net assets. This voluntary waiver may be reduced or discontinued at any time without notice. For the year ended August 31, 2014, the Manager waived \$169,106, which is included in fees waived by Manager in the Statements of Operations for BHK.

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Trust pays to the Manager indirectly through its investment in affiliated money market funds. However, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Trust's investment in other affiliated investment companies, if any. These amounts are included in fees waived by Manager in the Statements of Operations. For the year ended August 31, 2014, the amounts waived were as follows:

---

|     |         |
|-----|---------|
| BHK | \$3,706 |
| HYT | \$1,724 |
| BNA | \$3,720 |
| BKT | \$7,128 |

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## Notes to Financial Statements (continued)

The Manager provides investment management and other services to the Taxable Subsidiaries. The Manager does not receive separate compensation from the Taxable Subsidiaries for providing investment management or administrative services. However, HYT pays the Manager based on the HYT's net assets, which includes the assets of the Taxable Subsidiaries.

Prior to July 1, 2014, BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager, served as a sub-advisor to each Trust pursuant to sub-advisory agreements with the Manager, and received for its services a monthly fee from the Manager at an annual rate equal to a percentage of the investment advisory fees paid by each Trust to the Manager under the Investment Advisory Agreements. Effective July 1, 2014, the sub-advisory agreements between the Manager and BFM, with respect to each Trust, expired.

Certain officers and/or Trustees of the Trusts are officers and/or directors of BlackRock or its affiliates. The Trusts reimburse the Manager for a portion of the compensation paid to the Trusts' Chief Compliance Officer, which is included in Officer and Trustees in the Statements of Operations.

The Trusts may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is due solely to having a common investment advisor, common officers, or common trustees. For the year ended August 31, 2014, the purchase and sale transactions with an affiliated fund in compliance with Rule 17a-7 under the 1940 Act were as follows:

|       | HYT        | BNA       |
|-------|------------|-----------|
| Sales | \$ 608,065 | \$ 15,881 |

**6. Purchases and Sales:**

Purchases and sales of investments including paydowns, mortgage dollar roll and TBA transactions and excluding short-term securities for the year ended August 31, 2014 were as follows:

**Purchases**

|                                | BHK           | HYT             | BNA           | BKT             |
|--------------------------------|---------------|-----------------|---------------|-----------------|
| Non-U.S. Government Securities | \$462,182,025 | \$1,253,498,361 | \$453,201,516 | \$1,712,583,875 |
| U.S. Government Securities     | 18,677,813    |                 | 19,816,559    | 63,320,043      |
| Total Purchases                | \$480,859,838 | \$1,253,498,361 | \$473,018,075 | \$1,775,903,918 |

**Sales**

|  | BHK           | HYT             | BNA           | BKT             |
|--|---------------|-----------------|---------------|-----------------|
| Non-U.S. Government Securities (includes paydowns) | \$455,346,251 | \$1,260,736,919 | \$444,466,865 | \$1,675,437,631 |
| U.S. Government Securities                         | 10,737,091    |                 | 9,506,669     | 66,814,601      |
| Total Sales  | \$466,083,342 | \$1,260,736,919 | \$453,973,534 | \$1,742,252,232 |

Purchases and sales related to mortgage dollar rolls for the year ended August 31, 2014 were as follows:

|           | BHK           | HYT | BNA           | BKT           |
|-----------|---------------|-----|---------------|---------------|
| Purchases | \$190,983,903 |     | \$191,002,019 | \$887,952,427 |

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|       |                |                |                |
|-------|----------------|----------------|----------------|
| Sales | \$ 191,490,455 | \$ 191,508,600 | \$ 888,423,017 |
|-------|----------------|----------------|----------------|

**7. Income Tax Information:**

It is each Trust's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required.

Each Trust files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Trusts' U.S. federal tax returns remains open for each of the four years ended August 31, 2014. The statutes of limitations on each Trust's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Trusts' facts and circumstances and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

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## Notes to Financial Statements (continued)

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of August 31, 2014 the following permanent differences attributable to the accounting for swap agreements, amortization methods on fixed income securities, the classification of settlement proceeds, foreign currency transactions, non-deductible expenses, limitations on the utilization of capital loss carryforwards, income recognized from investments in partnerships, net paydowns losses and dividends recognized for tax purposes were reclassified to the following accounts:

|                                     | BHK           | HYT            | BNA           | BKT           |
|-------------------------------------|---------------|----------------|---------------|---------------|
| Paid-in capital                     | \$(226,142 )  | \$(27,300,771) | \$(77,383 )   | \$(267,805 )  |
| Undistributed net investment income | \$(1,123,191) | \$(362,339 )   | \$(1,171,206) | \$3,876,821   |
| Undistributed net realized loss     | \$1,349,333   | \$27,663,110   | \$1,248,589   | \$(3,609,016) |

The tax character of distributions paid was as follows:

|                 |         | BHK          | HYT           | BNA          | BKT          |
|-----------------|---------|--------------|---------------|--------------|--------------|
| Ordinary income | 8/31/14 | \$24,499,913 | \$101,824,719 | \$24,601,850 | \$27,623,179 |
|                 | 8/31/13 | \$25,416,860 | \$39,195,248  | \$23,740,439 | \$30,628,476 |
| <b>Total</b>    | 8/31/14 | \$24,499,913 | \$101,824,719 | \$24,601,850 | \$27,623,179 |
|                 | 8/31/13 | \$25,416,860 | \$39,195,248  | \$23,740,439 | 30,628,476   |

As of August 31, 2014, the tax components of accumulated net earnings (losses) were as follows:

|                                       | BHK          | HYT             | BNA          | BKT            |
|---------------------------------------|--------------|-----------------|--------------|----------------|
| Undistributed ordinary income         | \$3,384,596  | \$14,048,854    | \$3,388,834  | \$9,391,147    |
| Capital loss carryforwards            | (5,935,470 ) | (160,563,172)   | (13,935,671) | (15,439,200)   |
| Net unrealized gains <sup>1</sup>     | 35,894,670   | 63,429,489      | 35,580,135   | 3,128,666      |
| Qualified late-year loss <sup>2</sup> |              |                 |              | (10,422,543)   |
| <b>Total</b>                          | \$33,343,796 | \$(83,084,829 ) | \$25,033,298 | \$(13,341,930) |

The differences between book-basis and tax-basis net unrealized gains were attributable primarily to the tax deferral of losses on wash sales, amortization methods for premiums and discounts on fixed income securities, the accrual of income on securities in default, the realization for tax purposes of unrealized gains/losses on certain futures and foreign currency contracts, the accounting for swap agreements, the realization for tax of unrealized gains investments in passive foreign investment companies, the investment in a wholly owned subsidiary, dividends recognized for tax purposes, the classification of investments and the deferral of compensation to trustees.

<sup>2</sup>The Trust has elected to defer certain qualified late year losses and recognize such losses in the next taxable year.

As of August 31, 2014, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires July 31,                | BHK         | HYT           | BNA          | BKT          |
|---------------------------------|-------------|---------------|--------------|--------------|
| 2015                            |             | \$5,594,580   |              |              |
| 2016                            |             | 4,056,597     |              |              |
| 2017                            | \$5,935,470 | 95,246,388    | \$2,971,033  |              |
| 2018                            |             | 55,665,607    | 10,964,638   |              |
| No expiration date <sup>3</sup> |             |               |              | \$15,439,200 |
| <b>Total</b>                    | \$5,935,470 | \$160,563,172 | \$13,935,671 | \$15,439,200 |

<sup>3</sup> Must be utilized prior to losses subject to expiration.

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During the year ended August 31, 2014, the Trusts listed below utilized the following amounts of their respective capital loss carryforwards:

| <b>BHK</b>  | <b>HYT</b>   | <b>BNA</b>  |
|-------------|--------------|-------------|
| \$4,422,075 | \$45,974,238 | \$4,589,943 |

As of August 31, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               | <b>BHK</b>    | <b>HYT</b>      | <b>BNA</b>    | <b>BKT</b>    |
|-------------------------------|---------------|-----------------|---------------|---------------|
| Tax cost                      | \$561,453,510 | \$2,328,993,637 | \$563,020,008 | \$756,270,127 |
| Gross unrealized appreciation | \$40,700,073  | \$119,249,661   | \$41,570,516  | \$29,865,577  |
| Gross unrealized depreciation | (4,963,357 )  | (60,657,357 )   | (6,066,398 )  | (24,891,205 ) |
| Net unrealized appreciation   | \$35,736,716  | \$58,592,304    | \$35,504,118  | \$4,974,372   |

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Notes to Financial Statements (continued)

**8. Borrowings:**

HYT is party to a senior committed secured, 360-day rolling line of credit facility and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). SSB may elect to terminate its commitment upon 360-days written notice to HYT. HYT has granted a security interest in substantially all of its assets to SSB.

The SSB Agreement allows for a maximum commitment amount of \$798,000,000 for HYT.

Advances will be made by SSB to HYT, at the HYT's option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above the Overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR.

In addition, HYT pays a facility fee and utilization fee (based on the daily unused portion of the commitments). The commitment fees are waived if HYT meets certain conditions. The fees associated with the agreement, if any, is included in the Statements of Operations as borrowing costs. Advances to HYT as of August 31, 2014 are shown in the Statements of Assets and Liabilities as bank borrowings payable. Based on the short-term nature of the borrowings under the line of credit and the variable interest rate, the carrying amount of the borrowings approximates fair value.

HYT may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the year ended August 31, 2014, the daily weighted average interest rates for HYT with loans under the revolving credit agreements was 0.91%.

**9. Concentration, Market and Credit Risk:**

In the normal course of business, the Trusts invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Trusts may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Trusts; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Trusts may be exposed to counterparty credit risk, or the risk that an entity with which the Trusts have unsettled or open transactions may fail to or be unable to perform on its commitments. The Trusts manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Trusts to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Trusts' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Trusts.

The Trusts invest a significant portion of its assets in fixed-income securities and/or uses derivatives tied to the fixed-income markets. See the Schedules of Investments for these securities and/or derivatives. Changes in market interest rates or economic conditions, including the Federal Reserve's decision in December 2013 to taper its quantitative easing policy, may affect the value and/or liquidity of such investments. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates.

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

**10. Capital Share Transactions:**

BHK is authorized to issue an unlimited number of shares, par value \$0.001, all of which were initially classified as Common Shares. BNA and BKT are authorized to issue 200 million shares, par value \$0.01, all of which were initially classified as Common Shares. HYT is authorized to issue 200 million shares, par value \$0.10, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued shares without approval of Common Shareholders.

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For the years shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

| <b>Year Ended August 31,</b> | <b>BHK</b> | <b>HYT</b> |
|------------------------------|------------|------------|
| 2014                         |            |            |
| 2013                         | 14,416     | 39,051     |

Shares issued and outstanding increased 91,181,428 due to the reorganization during the year ended August 31, 2014 for HYT.

Shares issued and outstanding remained constant during the year ended August 31, 2014 and the year ended August 31, 2013 for BNA and BKT.

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Notes to Financial Statements (concluded)

During the current reporting period, HYT filed an initial registration statement with the U.S. Securities and Exchange Commission ( SEC ) allowing it to issue additional Common Shares through an equity shelf program (a Shelf Offering ), which is not yet effective. HYT may not sell any Common Shares in the Shelf Offering until the registration statement filed with the SEC is effective. Under the Shelf Offering, HYT, subject to market conditions, may raise additional equity capital from time to time in varying amounts and utilizing various offering methods at a net price at or above HYT s net asset value ( NAV ) per Common Share (calculated within 48 hours of pricing). Please see Additional Information Shelf Offering Program for additional information about the Shelf Offering.

Costs incurred by HYT in connection with the Shelf Offering are recorded as a deferred charge and amortized over 12 months.

**11. Subsequent Events:**

Management has evaluated the impact of all subsequent events on the Trusts through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.

The Trusts paid a net investment income dividend on September 30, 2014 to shareholders of record on September 15, 2014 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| BHK | \$0.0755                                 |
| HYT | \$0.0755                                 |
| BNA | \$0.0595                                 |
| BKT | \$0.0350                                 |

Additionally, the Trusts declared a net investment income dividend on October 1, 2014 payable to shareholders of record on October 15, 2014 for the same amounts noted above.

At a special meeting of shareholders on September 30, 2014, the shareholders of the BHK and BNA approved its respective reorganization. On October 16, 2014, the Manager announced special distributions in connection with the reorganization. BHK and BNA will pay an income distribution on October 31, 2014 to shareholders of record as of October 27, 2014 as follows:

|     | <b>Distribution<br/>Per Share</b> |
|-----|-----------------------------------|
| BHK | \$0.1700                          |
| BNA | \$0.1650                          |

At a special meeting of shareholders on September 30, 2014, the reorganization of BKT with and into BHK was not approved by BKT shareholders. Consequently, the reorganization of BKT with and into BHK will not be completed.



Report of Independent Registered Public Accounting Firm

**To the Shareholders and Board of Trustees/Directors of BlackRock Core Bond Trust,  
BlackRock Corporate High Yield Fund, Inc. (formerly known as BlackRock Corporate High Yield Fund VI, Inc.),  
BlackRock Income Opportunity Trust, Inc., BlackRock Income Trust, Inc.:**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Core Bond Trust, BlackRock Income Opportunity Trust, Inc., and BlackRock Income Trust, Inc. (collectively the Funds ) as of August 31, 2014, and the related statements of operations and cash flows for the year then ended, and 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 years in the five-year period then ended. We have also audited the consolidated statement of assets and liabilities, including the consolidated schedule of investments of BlackRock Corporate High Yield Fund, Inc., (collectively with the Funds mentioned above, the Trusts ) as of August 31, 2014, and the related consolidated statements of operations and cash flows for the year then ended, the consolidated statements of changes in net assets for each of the two years in the period then ended, and the consolidated financial highlights for each of the years in the five-year period then ended. 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 audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trusts are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2014, by correspondence with the custodian, brokers, and agent banks; where replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of BlackRock Core Bond Trust, BlackRock Income Opportunity Trust, Inc., and BlackRock Income Trust, Inc., 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 their financial highlights for each the years in the five-year period then ended, and the consolidated financial position of BlackRock Corporate High Yield Fund, Inc., as of August 31, 2014, the consolidated results of its operations and its cash flows for the year then ended, the consolidated changes in its net assets for each of the two years in the period then ended, and its consolidated financial highlights for each of the years in the five-year period then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, on June 6, 2014, the Board of BlackRock Core Bond Trust and the Boards of BlackRock Income Opportunity Trust, Inc., and BlackRock Income Trust, Inc. (each individually, a Target Fund ) approved the reorganizations of each Target Fund into BlackRock Core Bond Trust ( the Surviving Fund ). As discussed in Note 11, on September 30, 2014, the shareholders of BlackRock Core Bond Trust and BlackRock Income Opportunities Trust, Inc., approved their respective reorganization.

Deloitte & Touche LLP  
Boston, Massachusetts  
October 24, 2014

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## Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Trusts during the fiscal year ended August 31, 2014.

|   | Payable Dates  | BHK    | HYT    | BNA    | BKT    |
|---|----------------|--------|--------|--------|--------|
| Interest-Related Dividends for Non-US Residents <sup>1</sup>              | September 2013 |        |        |        |        |
|   | January 2014   | 85.83% | 75.19% | 84.00% | 91.80% |
|   | February 2014  |        |        |        |        |
|   | August 2014    | 78.02% | 72.93% | 80.05% | 96.26% |
| Qualified Dividend Income for Individuals                                 | September 2013 |        |        |        |        |
|   | January 2014   |        | 1.19%  |        |        |
|   | February 2014  |        |        |        |        |
|   | August 2014    | 8.07%  | 5.60%  | 8.98%  |        |
| Dividends Qualifying for the Dividend Received Deduction for Corporations | September 2013 |        |        |        |        |
|   | January 2014   |        | 0.99%  |        |        |
|   | February 2014  |        |        |        |        |
|   | August 2014    | 3.58%  | 3.23%  | 6.51%  |        |
| Federal Obligation Interest <sup>2</sup>                                  | September 2013 |        |        |        |        |
|   | August 2014    | 6.02%  |        | 5.53%  |        |

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

The law varies in each state as to whether and what percentage of dividend income attributable to federal obligations is exempt from state income tax. We recommend that you consult your tax advisor to determine if any portion of the dividends you received is exempt from state income taxes.

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### Disclosure of Investment Advisory Agreements

The Board of Directors or Trustees, as applicable (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members) of BlackRock Core Bond Trust ( BHK ), BlackRock Corporate High Yield Fund, Inc. ( HYT ), BlackRock Income Opportunity Trust, Inc. ( BNA ) and BlackRock Income Trust, Inc. ( BKT and together with BHK, HYT and BNA, each a Fund, and, collectively, the Funds ) met in person on May 9, 2014 (the May Meeting ) and June 5-6, 2014 (the June Meeting ) to consider the approval of each Fund s investment advisory agreement (each, an Advisory Agreement, and, collectively, the Advisory Agreements ) with BlackRock Advisors, LLC (the Manager ), each Fund s investment advisor. At the June Meeting, it was noted that the sub-advisory agreement among the Manager, BlackRock Financial Management, Inc. and each Fund would expire effective July 1, 2014. It was also noted that the non-renewal of each Fund s sub-advisory agreement would not result in any change in the nature or quality of services provided to such Fund, or in the portfolio management team that serves such Fund. The Manager is referred to herein as BlackRock.

### Activities and Composition of the Board

Each Board consists of eleven individuals, nine of whom are not interested persons of such Fund as defined in the Investment Company Act of 1940 (the 1940 Act ) (the Independent Board Members ). The Board Members are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of each Board is an Independent Board Member. Each Board has established six standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee, an Executive Committee, and a Leverage Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee and the Leverage Committee, each of which also has one interested Board Member).

### The Advisory Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Advisory Agreements on an annual basis. The Boards have four quarterly meetings per year, each extending over two days, and a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Advisory Agreements. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including, as applicable, investment management, administrative, and shareholder services; oversight of fund service providers; marketing services; risk oversight; compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, consider at each of their meetings, and from time to time as appropriate, factors that are relevant to their annual consideration of the renewal of the Advisory Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-year, three-year, five-year and/or since inception periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management s and portfolio managers analysis of the reasons for any over-performance or underperformance against their peers and/or benchmark, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds investment objective, policies and restrictions, and meeting new regulatory requirements; (e) the Funds compliance with their Code of Ethics and other compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock s and other service providers internal controls and risk and compliance oversight mechanisms; (h) BlackRock s implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock s implementation of the Funds valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock s compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock s business.

The Boards have engaged in an ongoing strategic review with BlackRock of opportunities to consolidate funds and of BlackRock s commitment to investment performance. BlackRock also furnished information to the Boards in response to specific questions. These questions covered issues such as: BlackRock s profitability; investment performance; subadvisory and advisory relationships with other clients (including mutual funds sponsored by third parties); investment professional investment in funds they manage; and management fee levels and breakpoints. The Boards further discussed with BlackRock: BlackRock s management structure; portfolio turnover; BlackRock s portfolio manager compensation and performance accountability; marketing support for the Funds; services provided to the Funds by BlackRock affiliates; and BlackRock s oversight of relationships with third party service providers.

### Board Considerations in Approving the Advisory Agreements

**The Approval Process:** Prior to the May Meeting, the Boards requested and received materials specifically relating to the Advisory Agreements. The Boards are continuously engaged in a process with their independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the May Meeting included (a) information independently compiled and prepared by Lipper, Inc. ( Lipper ) on Fund fees and expenses as compared with a peer group of funds as determined by Lipper ( Expense Peers ) and the investment performance of the Funds as compared with a peer group of funds as determined by Lipper<sup>1</sup>, as well as the investment performance of each of

<sup>1</sup> Funds are ranked by Lipper in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable.

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Disclosure of Investment Advisory Agreements (continued)

BHK, BNA and BKT as compared with its custom benchmark; (b) information on the profits realized by BlackRock and its affiliates pursuant to the Advisory Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as applicable; (d) review of non-management fees; (e) the existence, impact and sharing of potential economies of scale; (f) a summary of aggregate amounts paid by each Fund to BlackRock and (g) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At the May Meeting, the Boards reviewed materials relating to their consideration of the Advisory Agreements. As a result of the discussions that occurred during the May Meeting, and as a culmination of the Boards' year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the June Meeting.

At the June Meeting, each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreements between the Manager and its Fund for a one-year term ending June 30, 2015. In approving the continuation of the Advisory Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) the Funds' costs to investors compared to the costs of Expense Peers and performance compared to the relevant performance comparison as previously discussed; (e) economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of its relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to securities lending, services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

**A. Nature, Extent and Quality of the Services Provided by BlackRock:** The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Funds. Throughout the year, each Board compared its Fund's performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, as applicable. The Boards met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing the Fund's performance and the Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and their Funds' portfolio management teams; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards engaged in a review of BlackRock's compensation structure with respect to the Funds' portfolio management teams and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Boards considered the quality of the administrative and other non-investment advisory services provided to the Funds. BlackRock and its affiliates provide the Funds with certain services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with the following administrative services including, among others: (i) preparing disclosure documents, such as the prospectus and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of the Funds; (iii) oversight of daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; (viii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger or consolidation of certain closed-end funds; and (ix) performing other administrative functions necessary for the operation of the Funds, such as tax reporting, fulfilling regulatory filing requirements and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, shareholder services, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

**B. The Investment Performance of the Funds and BlackRock:** Each Board, including the Independent Board Members, also reviewed and considered the performance history of its Fund. In preparation for the May Meeting, the Boards worked with their independent legal counsel, BlackRock and Lipper to develop a template for, and were provided with reports independently prepared by Lipper, which included a comprehensive analysis of each Fund's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with its review, each Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of its Fund as compared to other funds in that Fund's applicable Lipper category, and with respect to BHK, BNA and BKT, the investment performance of the Fund as compared with its respective custom benchmark. The Boards were provided with a description of the methodology used by Lipper to select peer funds and periodically meets with Lipper representatives to review its methodology. Each Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of its Fund throughout the year.

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Disclosure of Investment Advisory Agreements (continued)

The Board of each of BHK, BNA and BKT noted that for each of the one-, three- and five-year periods reported, its respective Fund's performance exceeded its customized benchmark. BlackRock believes that performance relative to the customized benchmark is an appropriate performance metric for BHK, BNA and BKT.

The Board of HYT noted that for the one-, three- and five-year periods reported, HYT ranked in the first, second and first quartiles, respectively, against its Lipper Performance Universe.

**C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds:** The Board, including the Independent Board Members, reviewed its Fund's contractual management fee rate compared with the other funds in its Lipper category. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared the Fund's total expense ratio, as well as its actual management fee rate, to those of other funds in its Lipper category. The total expense ratio represents a fund's total net operating expenses, excluding any investment related expenses. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Boards considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2013 compared to available aggregate profitability data provided for the prior two years. The Boards reviewed BlackRock's profitability with respect to certain other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, calculating and comparing profitability at individual fund levels is difficult.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Boards considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Boards considered the cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of the Funds. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Advisory Agreements and to continue to provide the high quality of services that is expected by the Boards. The Boards further considered factors including but not limited to BlackRock's commitment of time, assumption of risk and liability profile in servicing the Funds in contrast to what is required of BlackRock with respect to other products with similar investment objectives across the open-end fund, ETF, closed-end fund and institutional account product channels, as applicable.

The Board of BHK noted that BHK's contractual management fee rate ranked in the second quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to BHK's Expense Peers. BHK's Board also noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by BHK, which was implemented on June 1, 2012. After discussions between the Board of BHK, including the Independent Board Members, and BlackRock, BHK's Board and BlackRock agreed to a continuation of the voluntary advisory fee waiver, which will result in savings to shareholders.

The Board of each of HYT and BKT noted that its respective Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the first quartile, relative to the Fund's Expense Peers.

The Board of BNA noted that BNA's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio each ranked in the second quartile, relative to BNA's Expense Peers.

**D. Economies of Scale:** Each Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from

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such economies and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Fund.

Based on the Boards' review and consideration of the issue, the Boards concluded that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. They are typically priced at scale at a fund's inception.

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Disclosure of Investment Advisory Agreements (concluded)

**E. Other Factors Deemed Relevant by the Board Members:** The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including securities lending and cash management services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that it had considered the investment by BlackRock's funds in exchange traded funds (i.e., ETFs) without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Advisory Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their Fund shares in the secondary market if they believe that their Fund's fees and expenses are too high or if they are dissatisfied with the performance of their Fund.

The Boards also considered the various notable initiatives and projects BlackRock performed in connection with its closed-end fund product line. These initiatives included completion of the refinancing of auction rate preferred securities; developing equity shelf programs; efforts to eliminate product overlap with fund mergers; ongoing services to manage leverage that has become increasingly complex; share repurchases and other support initiatives for certain BlackRock funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted BlackRock's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive secondary market communication program designed to raise investor and analyst awareness and understanding of closed-end funds. BlackRock's support services included, among other things: continuing communications concerning the refinancing efforts related to auction rate preferred securities; sponsoring and participating in conferences; communicating with closed-end fund analysts covering the BlackRock funds throughout the year; providing marketing and product updates for the closed-end funds; and maintaining and enhancing its closed-end fund website.

**Conclusion**

Each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreements between the Manager and its Fund for a one-year term ending June 30, 2015. Based upon their evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Advisory Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Advisory Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination. The contractual fee arrangements for the Funds reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.

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### Automatic Dividend Reinvestment Plans

Pursuant to each Trust's Dividend Reinvestment Plan (the "Reinvestment Plan"), Common Shareholders are automatically enrolled to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the "Reinvestment Plan Agent") in the respective Trust's shares pursuant to the Reinvestment Plan. Shareholders who do not participate in the Reinvestment 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 Reinvestment Plan Agent, which serves as agent for the shareholders in administering the Reinvestment Plan.

After the Trusts declare a dividend or determine to make a capital gain distribution, the Reinvestment Plan Agent will acquire shares for the participants' accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Trusts (newly issued shares) or (ii) by purchase of outstanding shares on the open market or on the Trust's primary exchange (open-market purchases). If, on the dividend payment date, the net asset value per share (NAV) is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired 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 dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

The Reinvestment 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 Reinvestment 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 Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, each Trust reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants that request a sale of shares are subject to a \$2.50 sales fee and a \$0.15 per share fee. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A. through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 30170, College Station, TX 77842-3170, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare, 211 Quality Circle, Suite 210, College Station, TX 77845.

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## Officers and Trustees

| Address <sup>1</sup><br>Date of Birth<br>Current Trustees <sup>2</sup> | Position(s)<br>Held with<br>Trusts  | Length<br>of Time<br>Served as<br>a Trustee <sup>3</sup> | Principal Occupation(s) During Past Five Years   | Number of BlackRock-<br>Advised Registered<br>Investment Companies<br>( RICs ) Consisting of<br>Investment Portfolios<br>( Portfolios ) Overseen | Public<br>Director                 |
|--|---|--|--|--|------------------------------------|
|  | Chairman of<br>the Board<br>and Trustee   | Since<br>2007  | Trustee, Aircraft Finance Trust from 1999 to 2009;<br>Director, The Guardian Life Insurance Company of<br>America since 1998; Director, Arch Chemical<br>(chemical and allied products) from 1999 to 2011;<br>Trustee, Educational Testing Service from 1997 to<br>2009 and Chairman thereof from 2005 to 2009;<br>Senior Advisor, The Fremont Group since 2008 and<br>Director thereof since 1996; Faculty<br>Member/Adjunct Lecturer, Harvard University since<br>2007; President and Chief Executive Officer, The<br>Conference Board, Inc. (global business research<br>organization) from 1995 to 2007. | 82 RICs consisting of<br>82 Portfolios   | Non                                |
|  | Vice<br>Chairperson<br>of the Board,<br>Chairperson<br>of the Audit<br>Committee<br>and Trustee | Since<br>2007  | Partner of Robards & Company, LLC (financial<br>advisory firm) since 1987; Co-founder and Director<br>of the Cooke Center for Learning and Development<br>(a not-for-profit organization) since 1987; Director<br>of Care Investment Trust, Inc. (health care real<br>estate investment trust) from 2007 to 2010;<br>Investment Banker at Morgan Stanley from 1976 to<br>1987.   | 82 RICs consisting of<br>82 Portfolios   | Atri<br>(me<br>devi<br>Gre<br>Co., |
|  | Trustee and<br>Member of<br>the Audit<br>Committee  | Since<br>2011  | Chief Financial Officer of Lazard Group LLC from<br>2001 to 2011; Chief Financial Officer of Lazard Ltd<br>from 2004 to 2011; Director, Support Our Aging<br>Religious (non-profit) since 2009; Director, National<br>Advisory Board of Church Management at<br>Villanova University since 2010; Trustee, Domestic<br>Church Media Foundation since 2012.  | 82 RICs consisting of<br>82 Portfolios   | Non                                |
|  | Trustee and<br>Member of<br>the Audit<br>Committee  | Since<br>2007  | Editor of and Consultant for The Journal of Portfolio<br>Management since 2006; Professor of Finance,<br>EDHEC Business School since 2011; Professor in<br>the Practice of Finance and Becton Fellow, Yale<br>University School of Management from 2006 to<br>2011; Adjunct Professor of Finance and Becton<br>Fellow, Yale University from 1994 to 2006.  | 115 RICs consisting of<br>237 Portfolios   | Non                                |
|  | Trustee   | Since<br>2007  | President of Economics Studies, Inc. (private<br>economic consulting firm) since 1987; Chair, Board  | 82 RICs consisting of<br>82 Portfolios   | The<br>Con                         |

|               |   |            |  |                                     |  |
|---------------|---|------------|--|-------------------------------------|--|
|               |   |            | of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009. |                                     | (pub   |
| <b>lynn</b>   | Trustee and Member of the Audit Committee | Since 2007 | Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.   | 82 RICs consisting of 82 Portfolios | Non  |
| <b>Harris</b> | Trustee                                   | Since 2007 | Trustee, Ursinus College since 2000; Director, Ducks Unlimited, Inc. (conservations) since 2013; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation from 2010 to 2012; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.   | 82 RICs consisting of 82 Portfolios | Blac<br>Kels<br>Corp<br>(bus<br>dev<br>com         |
| <b>ubbard</b> | Trustee                                   | Since 2007 | Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988.  | 82 RICs consisting of 82 Portfolios | ADF<br>infor<br>serv<br>Met<br>Life<br>Com<br>(ins |

## Officers and Trustees (continued)

| Name, Address <sup>1</sup><br>and Year of Birth<br>Independent Trustees <sup>2</sup> (concluded) | Position(s)<br>Held as<br>with a<br>Trusts Trustee <sup>3</sup>        | Length<br>of Time | Principal Occupation(s)<br>During Past Five Years  | Number of<br>BlackRock-<br>Advised<br>Registered<br>Investment<br>Companies<br>( RICs )<br>Consisting of<br>Investment<br>Portfolios<br>( Portfolios )<br>Overseen | Public<br>Directorships |
|--|--|-------------------|--|--|-------------------------|
| W. Carl Kester<br>1951   | Trustee Since<br>and 2007<br>Member<br>of<br>the<br>Audit<br>Committee |                   | George Fisher Baker Jr.<br>Professor of Business<br>Administration, Harvard<br>Business School since 2008;<br>Deputy Dean for Academic<br>Affairs from 2006 to 2010;<br>Chairman of the Finance<br>Unit, 2005 to 2006; Senior<br>Associate Dean and<br>Chairman of the MBA<br>Program from 1999 to 2005;<br>Member of the faculty of<br>Harvard Business School<br>since 1981. | 82 RICs<br>consisting of<br>82 Portfolios  | None                    |

<sup>1</sup> The address of each Trustee is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.

<sup>2</sup> Independent Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 74. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding good cause thereof. In 2013, the Board of Trustees unanimously approved extending the mandatory retirement age for James T. Flynn by one additional year, which the Board believed would be in the best interest of shareholders. Mr. Flynn can serve until December 31 of the year in which he turns 75. Mr. Flynn turns 75 in 2014.

<sup>3</sup> Date shown is the earliest date a person has served for the Trusts covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Trustees as joining the Trusts board in 2007, those Trustees first became members of the boards of other legacy MLIM or legacy BlackRock funds

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as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995 and Karen P. Robards, 1998.

<sup>4</sup> Dr. Fabozzi is also a board member of the BlackRock Equity-Liquidity Complex.

**Interested Trustees<sup>5</sup>**

|                              |                      |   |   |      |
|------------------------------|----------------------|---|---|------|
| <b>Paul L. Audet</b><br>1953 | TrusteeSince<br>2011 | Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005. | 144 RICs<br>consisting of<br>330 Portfolios | None |
| <b>Henry Gabbay</b><br>1947  | TrusteeSince<br>2007 | Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Allocation Target Shares (formerly BlackRock Bond Allocation Target Shares) from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.                                    | 144 RICs<br>consisting of<br>330 Portfolios | None |

<sup>5</sup> Mr. Audet is an interested person, as defined in the 1940 Act, of the Trusts based on his position with BlackRock and its affiliates as well as his ownership of BlackRock securities. Mr. Gabbay is an interested person of the Trusts based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and

Mr. Gabbay are also Directors of two complexes of BlackRock registered open-end funds, the BlackRock Equity-Liquidity Complex and the BlackRock Equity-Bond Complex. Interested Trustees of the BlackRock Closed-End Complex serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding a good cause thereof.

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## Officers and Trustees (concluded)

| Name, Address <sup>1</sup><br>and Year of Birth<br>Officers <sup>2</sup> | Position(s)<br>Held<br>with Length of<br>Trusts Time Served                          | Principal Occupation(s) During Past Five Years  |
|--|--|---|
| John M. Perlowski<br>1964  | President since<br>and 2011<br>Chief<br>Executive<br>Officer                         | Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009. |
| Brendan Kyne<br>1977   | Vice President since<br>2009   | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Americas Product Development for BlackRock since 2013, Head of Product Development and Management for BlackRock's U.S. Retail Group from 2009 to 2013 and Co-head thereof from 2007 to 2009; Vice President of BlackRock, Inc. from 2005 to 2008.   |
| Robert W. Crothers<br>1981   | Vice President since<br>2012   | Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010.  |
| Neal Andrews<br>1966   | Chief Financial Officer since<br>2007  | Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.  |
| Jay Fife<br>1970   | Treasurer since<br>2007  | Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.  |
| Charles Park<br>1967   | Chief Compliance Officer since<br>2014<br>and<br>Anti-Money<br>Laundering<br>Officer | Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares <sup>®</sup> Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ( BFA ) since 2006; Chief  |



Compliance Officer for the BFA-advised iShares exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.

**Janey Ahn**  
1975

Secretary  
Since  
2012

Director of BlackRock since 2009; Vice President of BlackRock from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012.

<sup>1</sup> The address of each Officer is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.

<sup>2</sup> Officers of the Trusts serve at the pleasure of the Boards.

Effective June 6, 2014, Brian Kindelan resigned as Chief Compliance Officer and Anti-Money Laundering Officer of the Trusts and Charles Park became Chief Compliance Officer and Anti-Money Laundering Officer of the Trusts.

**Investment Advisor**  
BlackRock Advisors,  
LLC  
Wilmington, DE 19809

**Transfer Agent**  
Computershare Trust  
Company, N.A.  
Canton, MA 02021

**Custodian and Accounting  
Agent**

State Street Bank and Trust  
Company  
Boston, MA 02110

**Legal Counsel**  
Skadden, Arps, Slate, Meagher &  
Flom LLP  
New York, NY 10036

**Independent  
Registered  
Public Accounting  
Firm**

Deloitte & Touche  
LLP  
Boston, MA 02116

**Address of the  
Trusts**

100 Bellevue  
Parkway  
Wilmington, DE  
19809

## Additional Information

## Proxy Results

The Annual Meeting of Shareholders was held on July 30, 2014 for shareholders of record on June 3, 2014, to elect trustee/director nominees for each Trust/Fund. There were no broker non-votes with regard to any of the Trusts/Funds.

Approved the Class I Trustees as follows:

| <b>Paul L. Audet</b> |                       |                | <b>Michael J. Castellano</b> |                       |                | <b>R. Glenn Hubbard</b> |                       |  |
|----------------------|-----------------------|----------------|------------------------------|-----------------------|----------------|-------------------------|-----------------------|--|
| <b>Votes For</b>     | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>        | <b>Votes Withheld</b> |  |
| 20,228,799           | 875,766               | 0              | 20,255,029                   | 849,536               | 0              | 20,237,030              | 867,535               |  |
| 25,070,856           | 2,044,610             | 0              | 25,060,735                   | 2,054,731             | 0              | 25,065,822              | 2,049,644             |  |
| 45,954,235           | 4,539,165             | 0              | 46,035,529                   | 4,457,871             | 0              | 45,985,101              | 4,508,299             |  |

For the Trusts listed above, Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are Richard E. Cavanagh, Frank J. Fabozzi, Kathleen F. Feldstein, James T. Flynn, Henry Gabbay, Jerrold B. Harris and Karen P. Robards.

Approved the Trustees as follows:

| <b>Paul L. Audet</b>    |                       |                | <b>Michael J. Castellano</b> |                       |                | <b>Richard E. Cavanagh</b> |                       |                |   |
|-------------------------|-----------------------|----------------|------------------------------|-----------------------|----------------|----------------------------|-----------------------|----------------|---|
| <b>Votes For</b>        | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Votes Withheld</b> | <b>Abstain</b> |   |
| HYT                     | 100,486,404           | 1,881,425      | 0                            | 88,240,203            | 14,127,626     | 0                          | 100,551,424           | 1,816,405      | 0 |
| <b>Frank J. Fabozzi</b> |                       |                | <b>Kathleen F. Feldstein</b> |                       |                | <b>James T. Flynn</b>      |                       |                |   |
| <b>Votes For</b>        | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Votes Withheld</b> | <b>Abstain</b> |   |
| HYT                     | 88,179,722            | 14,188,107     | 0                            | 100,347,600           | 2,020,229      | 0                          | 88,210,381            | 14,157,448     | 0 |
| <b>Henry Gabbay</b>     |                       |                | <b>Jerrold B. Harris</b>     |                       |                | <b>R. Glenn Hubbard</b>    |                       |                |   |
| <b>Votes For</b>        | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Votes Withheld</b> | <b>Abstain</b> |   |
| HYT                     | 100,482,188           | 1,885,641      | 0                            | 100,453,262           | 1,914,567      | 0                          | 100,518,696           | 1,849,133      | 0 |
| <b>W. Carl Kester</b>   |                       |                | <b>Karen P. Robards</b>      |                       |                |                            |                       |                |   |
| <b>Votes For</b>        | <b>Votes Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Votes Withheld</b> | <b>Abstain</b> |                            |                       |                |   |
| HYT                     | 88,297,842            | 14,069,987     | 0                            | 88,258,695            | 14,109,134     | 0                          |                       |                |   |

**Trust Certification**

Certain Trusts are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Trusts filed with the SEC

the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

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Additional Information (continued)

**Dividend Policy**

Each Trust's dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Trusts during such month. The portion of dividend distributions that exceeds a Trust's current and accumulated earnings and profits, which are measured on a tax basis, will constitute a nontaxable return on capital. Dividend

distributions in excess of a Trust's taxable income and net capital gains, but not in excess of a Trust's earnings and profits, will be taxable to shareholders as ordinary income and will not constitute a nontaxable return of capital. The Trusts' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

**General Information**

The Trusts do not make available copies of their Statements of Additional Information because the Trusts' shares are not continuously offered, which means that the Statement of Additional Information of each Trust has not been updated after completion of the respective Trust's offerings and the information contained in each Trust's Statement of Additional Information may have become outdated.

During the period, there were no material changes in the Trusts' investment objectives or policies or to the Trusts' charter or by-laws that would delay or prevent a change of control of the Trusts that were not approved by shareholders or in the principal risk factors associated with investment in the Trusts. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts' portfolios.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Trusts may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is intended to allow investors public access to information regarding the Trusts and does not, and is not intended to, incorporate BlackRock's website in this report.

**Electronic Delivery**

Electronic copies of most financial reports are available on the Trusts' website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Trusts' electronic delivery program.

**Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:**

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

**Householding**

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be 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 call the Trusts at (800) 882-0052.

**Availability of Quarterly Schedule of Investments**

The Trusts file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Trusts' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Trusts' Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

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Additional Information (continued)

**General Information (concluded)**

**Availability of Proxy Voting Policies and Procedures**

A description of the policies and procedures that the Trusts use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

**Availability of Proxy Voting Record**

Information about how the Trusts voted proxies relating to securities held in the Trusts' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

**Availability of Trust Updates**

BlackRock will update performance and certain other data for the Trusts on a monthly basis on its website in the Closed-end Funds section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Trusts. 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 in this report.

**Shelf Offering Program**

From time-to-time, each Trust may seek to raise additional equity capital through an equity shelf program (a Shelf Offering). In a Shelf Offering, a Trust may, subject to market conditions, raise additional equity capital by issuing new Common Shares from time to time in varying amounts at a net price at or above the Trust's net asset value (NAV) per Common Share (calculated within 48 hours of pricing). While any such Shelf Offering may allow a Trust to pursue additional investment opportunities without the need to sell existing portfolio investments, it could also entail risks including that the issuance of additional Common Shares may limit the extent to which the Common Shares are able to trade at a premium to NAV in the secondary market. Each Trust, other than HYT, has not filed a registration statement with respect to any Shelf Offerings. This report is not an offer to sell Trust Common Shares and is not a solicitation of an offer to buy Trust Common Shares. If a Trust files a registration with respect to any Shelf Offering, the prospectus contained therein will contain more complete information about the Trust and should be read carefully before investing.

On June 11, 2014, HYT filed a registration statement with the SEC to issue additional HYT Common Shares through a Shelf Offering, which is not yet effective. HYT may not sell any HYT Common Shares in a Shelf Offering until the registration statement filed with the SEC is effective. This report and the preliminary prospectus are not offers to sell HYT Common Shares and are not solicitations of an offer to buy HYT Common Shares in any jurisdiction where the offers or sales are not permitted. The preliminary prospectus contains more complete information about HYT's Shelf Offering and should be read carefully before investing. The information in the preliminary prospectus for HYT is not complete and may be amended or changed. A copy of the final prospectus for HYT can be obtained from BlackRock at <http://www.blackrock.com>, when available.

Additional Information (concluded)

**BlackRock Privacy Principles**

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is intended for existing shareholders. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Trusts have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares' yield. Statements and other information herein are as dated and are subject to change.

CEFBHK-8/14-AR



Code of Ethics – The registrant (or the “Fund”) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant’s principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).

Audit Committee Financial Expert – The registrant’s board of directors (the “board of directors”), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano  
Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards

The registrant’s board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester’s financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant’s financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an “expert” for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

## Item 4 –Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP (“D&T”) in each of the last two fiscal years for the services rendered to the Fund:

| <b>Entity Name</b>              | <b>(a) Audit Fees</b>     |                           | <b>(b) Audit-Related Fees<sup>1</sup></b> |                           | <b>(c) Tax Fees<sup>2</sup></b> |                           | <b>(d) All Other Fees<sup>3</sup></b> |                           |
|---------------------------------|---------------------------|---------------------------|---|---------------------------|---------------------------------|---------------------------|---------------------------------------|---------------------------|
|                                 | <b><u>Current</u></b>     | <b><u>Previous</u></b>    | <b><u>Current</u></b>                     | <b><u>Previous</u></b>    | <b><u>Current</u></b>           | <b><u>Previous</u></b>    | <b><u>Current</u></b>                 | <b><u>Previous</u></b>    |
|                                 | <b><u>Fiscal Year</u></b> | <b><u>Fiscal Year</u></b> | <b><u>Fiscal Year</u></b>                 | <b><u>Fiscal Year</u></b> | <b><u>Fiscal Year</u></b>       | <b><u>Fiscal Year</u></b> | <b><u>Fiscal Year</u></b>             | <b><u>Fiscal Year</u></b> |
| BlackRock<br>Core Bond<br>Trust | \$66,938                  | \$66,063                  | \$0                                       | \$0                       | \$14,600                        | \$14,600                  | \$0                                   | \$0                       |

The following table presents fees billed by D&T that were required to be approved by the registrant’s audit committee (the “Committee”) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (“Investment Adviser” or “BlackRock”) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (“Fund Service Providers”):

|   | <b>Current Fiscal Year End</b> | <b>Previous Fiscal Year End</b> |
|---|--------------------------------|---------------------------------|
| <b>(b) Audit-Related Fees<sup>1</sup></b> | \$0                            | \$0                             |
| <b>(c) Tax Fees<sup>2</sup></b>           | \$0                            | \$0                             |
| <b>(d) All Other Fees<sup>3</sup></b>     | \$2,555,000                    | \$2,865,000                     |

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

## (e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC’s auditor independence rules and (b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis (“general pre-approval”). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For

this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved

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subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

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

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

| <u>Entity Name</u>        | <u>Current Fiscal Year End</u> | <u>Previous Fiscal Year End</u> |
|---------------------------|--------------------------------|---------------------------------|
| BlackRock Core Bond Trust | \$14,600                       | \$14,600                        |

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,555,000 and \$2,865,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers 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 following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C.

(a) 78c(a)(58)(A):

Michael Castellano  
 Frank J. Fabozzi  
 James T. Flynn  
 W. Carl Kester  
 Karen P. Robards

(b) Not Applicable

#### Item 6 –Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund’s portfolio securities to the Investment Adviser pursuant to the Investment Adviser’s proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund’s stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser’s Equity Investment Policy Oversight Committee, or a sub-committee thereof (the “Oversight Committee”) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser’s clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser’s Portfolio Management Group and/or the Investment Adviser’s Legal and Compliance Department and concluding that the vote cast is in its client’s best interest notwithstanding the conflict. A copy of the Fund’s Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC’s website at <http://www.sec.gov>.

Item 7 –

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of August 31, 2014.

(a)(1) The registrant is managed by a team of investment professionals comprised of Tom Musmanno, Managing Director at BlackRock, and James E. Keenan, Managing Director at BlackRock. Messrs. Musmanno and Keenan are the Fund’s co-portfolio managers and are responsible for the day-to-day management of the Fund’s portfolio, which includes setting the Fund’s overall investment strategy, overseeing the management of the Fund and/or selection of its investments. Mr. Musmanno has been a member of the Fund’s portfolio management team since 2012. Mr. Keenan has been a member of the Fund’s portfolio management team since 2007.

**Portfolio  
Manager**

**Biography**

|                    |   |
|--------------------|---|
| Tom<br>Musmanno    | Managing Director of BlackRock since 2010; Director of BlackRock from 2006 to 2009.   |
| James E.<br>Keenan | Managing Director of BlackRock since 2008 and Head of the Leveraged Finance Portfolio team; Director of BlackRock from 2006 to 2007; Vice President of BlackRock from 2004 to 2005. |

(a)(2)

As of August 31, 2014:

**(iii) Number of Other Accounts and****(ii) Number of Other Accounts Managed****Assets for Which Advisory Fee is****and Assets by Account Type****Performance-Based****Other****Other**

| <b>(i) Name of<br/>Portfolio Manager</b> | <b>(ii) Number of Other Accounts Managed<br/>and Assets by Account Type</b> |   |                           | <b>(iii) Number of Other Accounts and<br/>Assets for Which Advisory Fee is<br/>Performance-Based<br/>Other</b> |   |                           |
|--|---|---|---------------------------|--|---|---------------------------|
|  | <b>Registered<br/>Investment<br/>Companies</b>                              | <b>Other Pooled<br/>Investment<br/>Vehicles</b> | <b>Other<br/>Accounts</b> | <b>Registered<br/>Investment<br/>Companies</b>   | <b>Other Pooled<br/>Investment<br/>Vehicles</b> | <b>Other<br/>Accounts</b> |
| Tom Musmanno                             | 12<br>\$8.04 Billion  | 14<br>\$4.68 Billion                            | 169<br>\$48.63 Billion    | 0<br>\$0   | 2<br>\$1.97 Billion                             | 0<br>0                    |
| James E. Keenan                          | 14<br>\$22.78 Billion   | 26<br>\$9.92 Billion                            | 17<br>\$6.06 Billion      | 0<br>\$0   | 3<br>\$27.56 Million                            | 4<br>\$586.9<br>Million   |

(iv)

***Portfolio Manager Potential Material Conflicts of Interest***

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Fund. In addition, BlackRock, Inc., its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, Inc., or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock, Inc.'s (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock, Inc. or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. It should also be noted that Mr. Keenan may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Mr. Keenan may therefore be entitled to receive a portion of any incentive fees earned on such accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its

fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3)

As of August 31, 2014:

**Portfolio Manager Compensation Overview**

The discussion below describes the portfolio managers' compensation as of August 31, 2014.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

**Base compensation.** Generally, portfolio managers receive base compensation based on their position with the firm.

**Discretionary Incentive Compensation**

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the Funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are:

| Portfolio Manager | Benchmark   |
|-------------------|---|
| James E. Keenan   | A combination of market-based indices (e.g., The Barclays U.S. Corporate High Yield 2% Issuer Cap Index), certain customized indices and certain fund industry peer groups.                 |
| Tom Musmanno      | A combination of market-based indices (e.g., Bank of America Merrill Lynch U.S. Corporate & Government Index, 1-3 Years), certain customized indices and certain fund industry peer groups. |



**Distribution of Discretionary Incentive Compensation.** Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock,

Inc. stock puts compensation earned by a portfolio manager for a given year “at risk” based on BlackRock’s ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* — From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance.

Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Keenan and Musmanno have unvested long-term incentive awards.

*Deferred Compensation Program* — A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm’s investment products. Any portfolio manager who is either a managing director or director at BlackRock with compensation above a specified threshold is eligible to participate in the deferred compensation program.

**Other Compensation Benefits.** In addition to base salary and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* — BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$260,000 for 2014). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* – As of August 31, 2014.

**Portfolio Manager Dollar Range of Equity Securities of the Fund Beneficially Owned**

|                 |      |
|-----------------|------|
| Tom Musmanno    | None |
| James E. Keenan | None |

(b) Not Applicable

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable due to no such purchases during the period covered by this report.

Item 10 – Submission of Matters to a Vote of Security Holders – There have been no material changes to these procedures.

Item 11 – Controls and Procedures

(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

Item 12 – Exhibits attached hereto

(a)(1) – Code of Ethics – See Item 2

(a)(2) – Certifications – Attached hereto

(a)(3) – Not Applicable

(b) – Certifications – Attached hereto

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

BlackRock Core Bond Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Core Bond Trust

Date: November 3, 2014

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

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Core Bond Trust

Date: November 3, 2014

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Core Bond Trust

Date: November 3, 2014