

Form

Unknown document format

ONT>

390,645

Chemicals 4.0%

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

60

80,100

Celanese US Holdings LLC, 5.88%, 6/15/21

Edgar Filing: - Form

300

331,500

Chemtura Corp., 7.88%, 9/01/18

55

59,263

Hexion US Finance Corp.:

6.63%, 4/15/20 (b)

40

40,400

2

Edgar Filing: - Form

9.00%, 11/15/20

50

42,750

Huntsman International LLC, 8.63%, 3/15/21

25

28,625

INEOS Finance Plc (b):

8.38%, 2/15/19

100

3

Edgar Filing: - Form

	105,250
7.50%, 5/01/20	
	75
	76,500
Kraton Polymers LLC, 6.75%, 3/01/19	
	20
	20,500
LyondellBasell Industries NV, 5.75%, 4/15/24 (b)	
	485
	549,262
Nexeo Solutions LLC, 8.38%, 3/01/18	

Edgar Filing: - Form

30

29,325

Orion Engineered Carbons Bondco GmbH, 9.63%,
6/15/18 (b)

200

211,000

PolyOne Corp., 7.38%, 9/15/20

35

38,238

TPC Group LLC, 8.25%, 10/01/17

55

60,362

Tronox Finance LLC, 6.38%, 8/15/20 (b)

205

207,050

1,880,125

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

69

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Commercial Banks 1.3%		
CIT Group, Inc.:		
7.00%, 5/02/16 (b)	USD 237	\$ 237,198
5.25%, 3/15/18	130	135,525
5.50%, 2/15/19 (b)	80	83,400
5.00%, 8/15/22	90	90,682
6.00%, 4/01/36	90	81,525
		628,330
Commercial Services & Supplies 2.3%		
ARAMARK Corp., 8.50%, 2/01/15	64	65,601
ARAMARK Holdings Corp., 8.63%, 5/01/16 (b)(c)	70	71,663
Aviation Capital Group Corp., 6.75%, 4/06/21 (b)	92	94,461
AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (b)	171	180,616
Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b)	7	7,070
Clean Harbors, Inc., 5.25%, 8/01/20 (b)	88	90,310
Covanta Holding Corp., 6.38%, 10/01/22	135	147,605
Mead Products LLC/ACCO Brands Corp., 6.75%, 4/30/20 (b)	40	42,300
Mobile Mini, Inc., 7.88%, 12/01/20	60	64,350
RSC Equipment Rental, Inc., 8.25%, 2/01/21	148	162,060
Verisure Holding AB, 8.75%, 9/01/18	EUR 100	125,780
West Corp., 8.63%, 10/01/18	USD 25	25,375
		1,077,191
Communications Equipment 1.5%		
Avaya, Inc., 9.75%, 11/01/15	40	34,700
Frontier Communications Corp., 6.25%, 1/15/13	150	152,625
Hughes Satellite Systems Corp., 6.50%, 6/15/19	10	10,713
Zayo Group LLC/Zayo Capital, Inc.:		
8.13%, 1/01/20	265	281,562
10.13%, 7/01/20	220	235,950
		715,550
Computers & Peripherals 0.1%		
SanDisk Corp., 1.50%, 8/15/17 (e)	40	44,300
Construction & Engineering 0.2%		
Boart Longyear Management Property Ltd., 7.00%, 4/01/21 (b)	35	36,312
H&E Equipment Services, Inc., 7.00%, 9/01/22 (b)	60	62,250
URS Corp., 5.00%, 4/01/22 (b)	10	10,140
		108,702
Construction Materials 1.4%		
HD Supply, Inc. (b):		
8.13%, 4/15/19	265	287,525
11.00%, 4/15/20	240	264,000
Xefin Lux SCA, 8.00%, 6/01/18	EUR 100	122,635
		674,160
Consumer Finance 1.4%		
Credit Acceptance Corp., 9.13%, 2/01/17	USD 80	88,000
Ford Motor Credit Co. LLC:		
7.00%, 4/15/15	120	133,581
12.00%, 5/15/15	120	149,400
6.63%, 8/15/17	230	264,404

				635,385
Containers & Packaging 1.2%				
Ardagh Packaging Finance Plc, 9.13%, 10/15/20 (b)		200		208,000
Berry Plastics Corp.:				
4.34%, 9/15/14 (f)		50		49,250
8.25%, 11/15/15		20		21,050
9.75%, 1/15/21		70		77,525
Graphic Packaging International, Inc., 7.88%, 10/01/18		60		66,900
Corporate Bonds				
		Par (000)		Value
Containers & Packaging (concluded)				
Sealed Air Corp., 8.38%, 9/15/21 (b)	USD	30	\$	33,750
Smurfit Kappa Acquisitions, 7.75%, 11/15/19	EUR	64		88,147
Tekni-Plex, Inc., 9.75%, 6/01/19 (b)	USD	30		31,350
				575,972
Distributors 0.6%				
VWR Funding, Inc., 7.25%, 9/15/17 (b)(g)		269		272,362
Diversified Consumer Services 0.3%				
Laureate Education, Inc., 9.25%, 9/01/19 (b)		100		100,000
ServiceMaster Co., 8.00%, 2/15/20		35		37,319
				137,319
Diversified Financial Services 4.2%				
Aircastle, Ltd., 6.75%, 4/15/17		70		75,600
Ally Financial, Inc., 8.00%, 11/01/31		800		946,000
CNG Holdings, Inc., 9.38%, 5/15/20 (b)		50		51,000
DPL, Inc., 7.25%, 10/15/21 (b)		195		222,300
Leucadia National Corp., 8.13%, 9/15/15		140		157,850
Reynolds Group Issuer, Inc.:				
9.88%, 8/15/19		275		290,812
6.88%, 2/15/21		115		124,488
WMG Acquisition Corp.:				
9.50%, 6/15/16		20		21,850
11.50%, 10/01/18		72		79,020
				1,968,920
Diversified Telecommunication Services 2.2%				
Broadview Networks Holdings, Inc., 11.38%, 9/01/12 (h)		195		131,625
Consolidated Communications Finance Co.,				
10.88%, 6/01/20 (b)		95		101,887
Level 3 Communications, Inc., 8.88%, 6/01/19 (b)		55		56,100
Level 3 Financing, Inc.:				
8.13%, 7/01/19		380		398,050
7.00%, 6/01/20 (b)		95		94,525
8.63%, 7/15/20		140		149,800
Windstream Corp.:				
8.13%, 8/01/13		25		26,375
7.88%, 11/01/17		70		76,125
				1,034,487
Electric Utilities 0.2%				
Mirant Mid Atlantic Pass-Through Trust, Series B, 9.13%, 6/30/17		84		90,360
Electrical Equipment 0.1%				
Belden, Inc., 5.50%, 9/01/22 (b)		60		60,150
Electronic Equipment, Instruments & Components 0.4%				
CDW LLC/CDW Finance Corp., 8.50%, 4/01/19		66		72,270
Jabil Circuit, Inc., 8.25%, 3/15/18		40		48,000
Micron Technology, Inc., 2.38%, 5/01/32 (b)		71		67,539
				187,809
Energy Equipment & Services 3.4%				

Edgar Filing: - Form

Atwood Oceanics, Inc., 6.50%, 2/01/20	25	26,688
Calfrac Holdings LP, 7.50%, 12/01/20 (b)	65	63,700
Compagnie Générale de Géophysique, Veritas:		
7.75%, 5/15/17	65	67,925
6.50%, 6/01/21	200	208,250
Forbes Energy Services Ltd., 9.00%, 6/15/19	60	58,200
Frac Tech Services LLC, 8.13%, 11/15/18 (b)	295	304,587
Gulfmark Offshore, Inc., 6.38%, 3/15/22 (b)	25	25,500
Hornbeck Offshore Services, Inc., 5.88%, 4/01/20	50	51,000
Key Energy Services, Inc., 6.75%, 3/01/21	75	76,313

See Notes to Financial Statements.

70

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Energy Equipment & Services (concluded)		
MEG Energy Corp. (b):		
6.50%, 3/15/21	USD 205	\$ 215,762
6.38%, 1/30/23	75	78,187
Oil States International, Inc., 6.50%, 6/01/19	50	53,125
Peabody Energy Corp.:		
6.25%, 11/15/21 (b)	230	234,025
7.88%, 11/01/26	65	69,388
Precision Drilling Corp.:		
6.63%, 11/15/20	10	10,500
6.50%, 12/15/21	45	47,250
		1,590,400
Food & Staples Retailing 0.1%		
Rite Aid Corp., 9.25%, 3/15/20	60	61,650
Food Products 0.5%		
Darling International, Inc., 8.50%, 12/15/18	20	22,650
Del Monte Corp., 7.63%, 2/15/19	9	8,989
Post Holdings, Inc., 7.38%, 2/15/22 (b)	85	89,568
Smithfield Foods, Inc., 6.63%, 8/15/22	100	102,375
		223,582
Health Care Equipment & Supplies 1.5%		
Biomet, Inc.:		
10.00%, 10/15/17	35	37,034
6.50%, 8/01/20 (b)	119	123,462
DJO Finance LLC:		
10.88%, 11/15/14	86	89,762
8.75%, 3/15/18 (b)	75	79,688
7.75%, 4/15/18	20	18,300
Fresenius Medical Care US Finance II, Inc., 5.88%, 1/31/22 (b)	110	116,875
Fresenius Medical Care US Finance, Inc., 6.50%, 9/15/18 (b)	54	60,548
Fresenius US Finance II, Inc., 9.00%, 7/15/15 (b)	80	92,100
Kinetic Concepts, Inc./KCI USA, Inc., 12.50%, 11/01/19 (b)	50	45,375
Teleflex, Inc., 6.88%, 6/01/19	50	53,500
		716,644
Health Care Providers & Services 7.2%		
Aviv Healthcare Properties LP, 7.75%, 2/15/19	95	98,800
CHS/Community Health Systems, Inc.:		
5.13%, 8/15/18	140	144,375
7.13%, 7/15/20	75	78,562
Crown Newco 3 Plc, 7.00%, 2/15/18	GBP 100	159,976
DaVita, Inc., 5.75%, 8/15/22	USD 153	159,120
HCA, Inc.:		
8.50%, 4/15/19	25	28,188
6.50%, 2/15/20	395	434,006
7.88%, 2/15/20	115	128,369
7.25%, 9/15/20	410	454,331
5.88%, 3/15/22	45	47,869
Hologic, Inc., 6.25%, 8/01/20 (b)	118	124,932

Edgar Filing: - Form

IASIS Healthcare LLC, 8.38%, 5/15/19	260	247,975
INC Research LLC, 11.50%, 7/15/19 (b)	70	68,600
inVentiv Health, Inc. (b):		
10.00%, 8/15/18	5	4,213
10.00%, 8/15/18	20	16,850
Omnicare, Inc., 7.75%, 6/01/20	160	176,400
PSS World Medical, Inc., 6.38%, 3/01/22	58	61,335
Symbion, Inc., 8.00%, 6/15/16	55	55,584
Tenet Healthcare Corp.:		
10.00%, 5/01/18	229	263,350
6.25%, 11/01/18	55	59,709
8.88%, 7/01/19	360	409,500

Corporate Bonds	Par (000)	Value
Health Care Providers & Services (concluded)		
United Surgical Partners International, Inc., 9.00%, 4/01/20 (b)	USD 50	\$ 53,688
Vanguard Health Holding Co. II LLC, 7.75%, 2/01/19 (b)	75	78,188
		3,353,920
Health Care Technology 1.0%		
IMS Health, Inc., 12.50%, 3/01/18 (b)	410	481,750
Hotels, Restaurants & Leisure 4.5%		
Caesars Entertainment Operating Co., Inc.:		
11.25%, 6/01/17	210	226,275
10.00%, 12/15/18	520	327,600
8.50%, 2/15/20 (b)	55	54,244
Caesars Operating Escrow LLC, 9.00%, 2/15/20 (b)	280	278,600
Diamond Resorts Corp., 12.00%, 8/15/18	200	212,750
El Dorado Resorts LLC, 8.63%, 6/15/19 (b)	25	24,375
MGM Resorts International:		
10.38%, 5/15/14	345	391,575
4.25%, 4/15/15 (e)	183	184,830
11.13%, 11/15/17	185	205,812
MTR Gaming Group, Inc., 11.50%, 8/01/19	25	25,816
Travelport LLC:		
5.09%, 9/01/14 (f)	20	14,200
9.88%, 9/01/14	5	3,975
6.46%, 12/01/16 (b)(c)	68	52,433
Tropicana Entertainment LLC, 9.63%, 12/15/14 (a)(h)	25	
Wynn Las Vegas LLC, 5.38%, 3/15/22 (b)	100	102,250
		2,104,735
Household Durables 2.0%		
Beazer Homes USA, Inc., 6.63%, 4/15/18 (b)	10	10,225
Jarden Corp., 8.00%, 5/01/16	40	42,950
Libbey Glass, Inc., 6.88%, 5/15/20 (b)	100	106,625
Pulte Group, Inc., 6.38%, 5/15/33	30	26,100
Ryland Group, Inc., 6.63%, 5/01/20	60	63,300
Spie BondCo 3 SCA, 11.00%, 8/15/19	EUR 100	127,667
Standard Pacific Corp.:		
10.75%, 9/15/16	USD 300	362,250
8.38%, 1/15/21	170	189,550
		928,667
Household Products 0.7%		
Ontex IV SA, 7.50%, 4/15/18 (b)	EUR 100	127,667
Spectrum Brands Holdings, Inc.:		
9.50%, 6/15/18 (b)	USD 100	114,125
9.50%, 6/15/18	60	68,475
		310,267

**Independent Power Producers &
Energy Traders 3.3%**

The AES Corp., 7.38%, 7/01/21	45	51,525
Calpine Corp. (b):		
7.25%, 10/15/17	30	32,100
7.50%, 2/15/21	15	16,650
7.88%, 1/15/23	70	79,100
Energy Future Holdings Corp., 10.00%, 1/15/20	330	363,825
Energy Future Intermediate Holding Co. LLC:		
6.88%, 8/15/17 (b)	50	51,063
10.00%, 12/01/20	508	570,230
11.75%, 3/01/22 (b)	93	99,045
GenOn REMA LLC, 9.24%, 7/02/17	70	75,265
Laredo Petroleum, Inc.:		
9.50%, 2/15/19	90	102,150
7.38%, 5/01/22	60	64,500
QEP Resources, Inc., 5.38%, 10/01/22	56	57,400
		1,562,853

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

71

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Industrial Conglomerates 2.1%		
Sequa Corp. (b):		
11.75%, 12/01/15	USD 350	\$ 367,500
13.50%, 12/01/15	586	620,924
		988,424
Insurance 0.4%		
CNO Financial Group, Inc., 9.00%, 1/15/18 (b)	61	66,719
Genworth Financial, Inc., 7.63%, 9/24/21	70	71,526
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (b)	40	35,800
		174,045
IT Services 3.2%		
Ceridian Corp., 8.88%, 7/15/19 (b)	245	262,763
Epicor Software Corp., 8.63%, 5/01/19	87	89,610
First Data Corp.:		
7.38%, 6/15/19 (b)	265	273,612
8.88%, 8/15/20 (b)	90	98,100
6.75%, 11/01/20 (b)	150	148,875
8.25%, 1/15/21 (b)	100	99,125
12.63%, 1/15/21	266	269,325
SunGard Data Systems, Inc.:		
7.38%, 11/15/18	150	159,375
7.63%, 11/15/20	100	107,250
		1,508,035
Machinery 1.3%		
SPX Corp., 6.88%, 9/01/17	30	33,300
UR Merger Sub Corp. (b):		
5.75%, 7/15/18	43	45,472
7.38%, 5/15/20	75	79,500
7.63%, 4/15/22	421	454,680
		612,952
Media 14.2%		
Affinion Group, Inc., 7.88%, 12/15/18	130	92,950
AMC Networks, Inc., 7.75%, 7/15/21	40	45,300
CCO Holdings LLC:		
6.50%, 4/30/21	178	190,905
5.25%, 9/30/22	160	158,400
Cengage Learning Acquisitions, Inc., 11.50%, 4/15/20 (b)	195	205,237
Checkout Holding Corp., 16.03%, 11/15/15 (b)(d)	110	67,100
Cinemark USA, Inc., 8.63%, 6/15/19	35	39,200
Clear Channel Communications, Inc., 9.00%, 3/01/21	76	65,170
Clear Channel Worldwide Holdings, Inc.:		
Series A, 9.25%, 12/15/17	246	266,295
Series B, 9.25%, 12/15/17	882	958,072
Series B, 7.63%, 3/15/20	271	262,870
Cox Enterprises, Inc.:		
Loan Close 2, 12.00%, 8/15/18	131	131,141
Loan Close 3, 4.00%, 8/15/18	150	149,932
Shares Loan, 12.00%, 8/15/18	155	154,633
CSC Holdings LLC, 8.50%, 4/15/14	80	87,900

Edgar Filing: - Form

DISH DBS Corp., 5.88%, 7/15/22 (b)	250	251,875
Harron Communications LP, 9.13%, 4/01/20 (b)	60	64,950
Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (b)	130	140,075
Intelsat Luxembourg SA:		
11.25%, 6/15/16	139	146,298
11.25%, 2/04/17	210	220,500
11.50%, 2/04/17 (c)	153	160,650
Interactive Data Corp., 10.25%, 8/01/18	220	248,050
The Interpublic Group of Cos., Inc., 10.00%, 7/15/17	55	61,463

	Par (000)	Value
Corporate Bonds		
Media (concluded)		
Kabel Deutschland Vertrieb und Service GmbH, 6.50%, 6/29/18	EUR 100	\$ 135,528
Lamar Media Corp., 5.88%, 2/01/22	USD 25	26,500
Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)	125	133,750
NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b)	94	104,810
The New York Times Co., 6.63%, 12/15/16	225	244,125
Nielsen Finance LLC, 7.75%, 10/15/18	600	675,000
ProQuest LLC, 9.00%, 10/15/18 (b)	85	77,988
ProtoStar I Ltd., 18.00%, 10/15/12 (a)(b)(e)(h)	414	207
Truven Health Analytics, Inc., 10.63%, 6/01/20 (b)(g)	90	96,075
Unitymedia GmbH, 9.50%, 3/15/21	EUR 100	143,546
Unitymedia Hessen GmbH & Co. KG: (FKA UPC Germany GmbH), 8.13%, 12/01/17 (b)	USD 500	541,250
7.50%, 3/15/19	EUR 112	154,257
WaveDivision Escrow LLC/WaveDivision Escrow Corp., 8.13%, 9/01/20 (b)	USD 45	46,350
Ziggo Bond Co. BV, 8.00%, 5/15/18	EUR 65	89,728
		6,638,080
Metals & Mining 2.9%		
FMG Resources August 2006 Property Ltd. (b): 6.88%, 2/01/18	USD 60	57,150
6.88%, 4/01/22	30	27,600
Global Brass and Copper, Inc., 9.50%, 6/01/19 (b)	50	52,625
Goldcorp, Inc., 2.00%, 8/01/14 (e)	85	97,963
Kaiser Aluminum Corp., 8.25%, 6/01/20 (b)	35	37,100
New Gold, Inc., 7.00%, 4/15/20 (b)	25	26,313
New World Resources NV, 7.88%, 5/01/18	EUR 110	137,666
Newmont Mining Corp., Series A, 1.25%, 7/15/14 (e)	USD 90	114,413
Novelis, Inc., 8.75%, 12/15/20	545	609,037
Schmolz + Bickenbach Luxembourg SA, 9.88%, 5/15/19	EUR 100	101,567
Steel Dynamics, Inc., 6.38%, 8/15/22 (b)	USD 40	41,400
Taseko Mines Ltd., 7.75%, 4/15/19	70	66,675
		1,369,509
Multiline Retail 0.3%		
Dollar General Corp., 4.13%, 7/15/17	134	139,360
Oil, Gas & Consumable Fuels 12.0%		
Access Midstream Partners LP, 6.13%, 7/15/22	45	46,688
Alpha Appalachia Holdings, Inc., 3.25%, 8/01/15 (e)	129	115,777
Alpha Natural Resources, Inc.:		
6.00%, 6/01/19	55	49,500
6.25%, 6/01/21	45	40,275
Aurora USA Oil & Gas, Inc., 9.88%, 2/15/17 (b)	115	120,175
Berry Petroleum Co., 6.38%, 9/15/22	70	74,550

Edgar Filing: - Form

BreitBurn Energy Partners LP, 7.88%, 4/15/22 (b)	40	40,800
CCS, Inc., 11.00%, 11/15/15 (b)	95	98,325
Chaparral Energy, Inc., 7.63%, 11/15/22 (b)	35	37,013
Chesapeake Energy Corp.:		
7.25%, 12/15/18	5	5,238
6.63%, 8/15/20	30	30,825
6.88%, 11/15/20	30	31,125
6.13%, 2/15/21	95	94,287
Coffeyville Resources LLC, 9.00%, 4/01/15 (b)	20	21,300
Concho Resources, Inc.:		
7.00%, 1/15/21	25	27,875
6.50%, 1/15/22	20	21,600
5.50%, 10/01/22	80	82,600
Consol Energy, Inc., 8.25%, 4/01/20	305	328,637
Continental Resources, Inc., 7.13%, 4/01/21	60	67,200
Copano Energy LLC, 7.13%, 4/01/21	50	52,250

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Oil, Gas & Consumable Fuels (concluded)		
Crosstex Energy LP:		
8.88%, 2/15/18	USD 30	\$ 32,025
7.13%, 6/01/22 (b)	25	24,875
Denbury Resources, Inc., 8.25%, 2/15/20	9	10,215
Energy XXI Gulf Coast, Inc.:		
9.25%, 12/15/17	90	100,350
7.75%, 6/15/19	150	159,375
EP Energy LLC/Everest Acquisition Finance, Inc., 7.75%, 9/01/22 (b)	35	35,088
EP Energy LLC/EP Energy Finance, Inc., 6.88%, 5/01/19 (b)	55	58,988
EV Energy Partners LP, 8.00%, 4/15/19	25	25,813
Hilcorp Energy I LP, 7.63%, 4/15/21 (b)	125	137,500
Holly Energy Partners LP, 6.50%, 3/01/20 (b)	25	26,125
Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (b)	60	63,750
Linn Energy LLC:		
6.50%, 5/15/19 (b)	15	14,925
6.25%, 11/01/19 (b)	385	380,187
8.63%, 4/15/20	40	43,200
7.75%, 2/01/21	75	78,187
MarkWest Energy Partners LP:		
6.25%, 6/15/22	15	15,938
5.50%, 2/15/23	45	46,013
Newfield Exploration Co., 6.88%, 2/01/20	135	147,487
Northern Oil and Gas, Inc., 8.00%, 6/01/20 (b)	55	56,100
Oasis Petroleum, Inc.:		
7.25%, 2/01/19	45	47,475
6.50%, 11/01/21	50	51,000
Offshore Group Investments Ltd.:		
11.50%, 8/01/15 (b)	220	243,100
11.50%, 8/01/15	55	60,775
OGX Petroleo e Gas Participações SA (b):		
8.50%, 6/01/18	900	798,750
8.38%, 4/01/22	200	170,000
PBF Holding Co. LLC, 8.25%, 2/15/20 (b)	50	52,250
PetroBakken Energy Ltd., 8.63%, 2/01/20 (b)	220	224,950
Petroleum Geo-Services ASA, 7.38%, 12/15/18 (b)	95	101,412
Pioneer Natural Resources Co.:		
6.88%, 5/01/18	75	90,802
7.50%, 1/15/20	25	31,267
Range Resources Corp.:		
8.00%, 5/15/19	20	22,100
5.75%, 6/01/21	160	170,200
5.00%, 8/15/22	74	77,052
Sabine Pass Liquefied Natural Gas LP, 7.50%, 11/30/16	100	107,000
Samson Investment Co., 9.75%, 2/15/20 (b)	16	16,480
SandRidge Energy, Inc.:		
7.50%, 3/15/21	45	45,563
7.50%, 3/15/21 (b)	110	111,375

Edgar Filing: - Form

8.13%, 10/15/22 (b)	45	47,025
7.50%, 2/15/23 (b)	95	95,475
SESI LLC:		
6.38%, 5/01/19	55	58,300
7.13%, 12/15/21	40	44,500
SM Energy Co.:		
6.63%, 2/15/19	20	20,900
6.50%, 11/15/21	45	47,025
6.50%, 1/01/23 (b)	20	20,850
Vanguard Natural Resources, 7.88%, 4/01/20	40	40,000
		5,637,807

	Par (000)	Value
Corporate Bonds		
Paper & Forest Products 1.2%		
Ainsworth Lumber Co. Ltd., 11.00%, 7/29/15 (b)(c)	USD 22	\$ 20,338
Boise Paper Holdings LLC:		
9.00%, 11/01/17	15	16,613
8.00%, 4/01/20	5	5,525
Clearwater Paper Corp.:		
10.63%, 6/15/16	70	78,225
7.13%, 11/01/18	95	103,787
Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (b)	55	56,925
NewPage Corp., 11.38%, 12/31/14 (a)(h)	365	247,287
Sappi Papier Holding GmbH, 6.63%, 4/15/21 (b)	25	23,125
		551,825
Pharmaceuticals 0.8%		
Pharmaceutical Product Development, Inc., 9.50%, 12/01/19 (b)	30	33,450
Spectrum Brands, Inc., 6.75%, 3/15/20 (b)	45	47,250
Valeant Pharmaceuticals International, 6.50%, 7/15/16 (b)	290	305,950
		386,650
Professional Services 0.6%		
FTI Consulting, Inc.:		
7.75%, 10/01/16	100	102,875
6.75%, 10/01/20	150	160,125
		263,000
Real Estate Investment Trusts (REITs) 0.7%		
Felcor Lodging LP, 6.75%, 6/01/19	215	230,587
The Rouse Co. LP, 6.75%, 11/09/15	85	89,569
		320,156
Real Estate Management & Development 2.2%		
CBRE Services, Inc., 6.63%, 10/15/20	55	60,087
Crescent Resources LLC/Crescent Ventures, Inc., 10.25%, 8/15/17 (b)	120	123,000
Realogy Corp.:		
11.50%, 4/15/17	60	63,750
12.00%, 4/15/17	15	15,713
7.88%, 2/15/19 (b)	345	355,350
7.63%, 1/15/20 (b)	120	130,800
9.00%, 1/15/20 (b)	55	59,400
Shea Homes LP, 8.63%, 5/15/19	205	228,062
		1,036,162
Road & Rail 1.0%		
Florida East Coast Railway Corp., 8.13%, 2/01/17	80	84,000
The Hertz Corp.:		
7.50%, 10/15/18	130	140,238
6.75%, 4/15/19 (b)	50	52,500
7.38%, 1/15/21	165	179,437
		456,175

Edgar Filing: - Form

Semiconductors & Semiconductor		
Equipment 0.1%		
Spanion LLC, 7.88%, 11/15/17	50	48,750
Software 1.4%		
Audatex North America, Inc., 6.75%, 6/15/18 (b)	90	96,525
Infor US, Inc. (FKA Lawson Software, Inc.), 9.38%, 4/01/19 (b)	280	303,100
Nuance Communications, Inc., 5.38%, 8/15/20 (b)	145	148,262
Sophia LP, 9.75%, 1/15/19 (b)	78	83,850
		631,737

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

73

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Specialty Retail 3.2%		
Asbury Automotive Group, Inc.:		
7.63%, 3/15/17	USD 60	\$ 62,250
8.38%, 11/15/20	60	66,300
Claire s Stores, Inc., 9.00%, 3/15/19 (b)	85	88,187
House of Fraser Funding Plc, 8.88%, 8/15/18	GBP 100	141,120
Limited Brands, Inc.:		
8.50%, 6/15/19	USD 140	168,000
5.63%, 2/15/22	25	26,313
Party City Holdings, Inc., 8.88%, 8/01/20 (b)	133	140,647
Penske Automotive Group, Inc., 5.75%, 10/01/22 (b)	90	91,800
Phones4u Finance Plc, 9.50%, 4/01/18	GBP 100	153,228
QVC, Inc. (b):		
7.13%, 4/15/17	USD 40	42,309
7.50%, 10/01/19	100	110,801
7.38%, 10/15/20	55	61,285
5.13%, 7/02/22	71	74,418
Sally Holdings LLC:		
6.88%, 11/15/19	90	100,575
5.75%, 6/01/22	70	75,338
Sonic Automotive, Inc., 9.00%, 3/15/18	65	71,013
		1,473,584
Textiles, Apparel & Luxury Goods 0.2%		
Levi Strauss & Co., 6.88%, 5/01/22	75	77,813
Trading Companies & Distributors 1.1%		
Ashtead Capital, Inc., 6.50%, 7/15/22 (b)	90	93,600
Doric Nimrod Air Finance Alpha Ltd. (b):		
Series 2012-1, Class A, 5.13%, 11/30/24	200	203,000
Series 2012-1, Class B, 6.50%, 5/30/21	200	202,364
		498,964
Transportation Infrastructure 0.3%		
Aguila 3 SA, 7.88%, 1/31/18	150	158,063
Wireless Telecommunication Services 5.1%		
Cricket Communications, Inc.:		
7.75%, 5/15/16	250	263,750
7.75%, 10/15/20	35	33,950
Digicel Group Ltd. (b):		
9.13%, 1/15/15	294	296,940
8.25%, 9/01/17	330	349,800
10.50%, 4/15/18	200	216,000
Matterhorn Mobile Holdings SA, 8.25%, 2/15/20	EUR 100	136,157
MetroPCS Wireless, Inc., 6.63%, 11/15/20	USD 110	113,850
NII Capital Corp., 7.63%, 4/01/21	35	27,037
SBA Telecommunications, Inc., 5.75%, 7/15/20 (b)	48	50,160
Sprint Capital Corp., 6.88%, 11/15/28	283	256,115
Sprint Nextel Corp. (b):		
9.00%, 11/15/18	350	413,000
7.00%, 3/01/20	210	229,950
		2,386,709
Total Corporate Bonds 106.7%		50,024,556

Floating Rate Loan Interests (f)

Airlines 0.2%			
Delta Air Lines, Inc., Term Loan B, 5.50%, 4/20/17	96		97,050
Auto Components 0.2%			
Schaeffler AG, Term Loan C2, 6.00%, 1/27/17	70		70,204
Building Products 0.0%			
Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17	16		16,118

Floating Rate Loan Interests (f)	Par (000)		Value
Capital Markets 0.7%			
American Capital Holdings, Term Loan, 5.50%, 7/19/16	USD 136	\$	136,510
Nuveen Investments, Inc.:			
Incremental Term Loan, 7.25%, 5/13/17	110		110,495
New Second Lien Term Loan, 8.25%, 2/28/19	70		70,438
			317,443
Chemicals 0.5%			
Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19	30		30,281
INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18	195		194,797
			225,078
Commercial Services & Supplies 0.8%			
AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16	105		105,284
Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16	100		101,000
Volume Services America, Inc., Term Loan B, 10.50% 10.75%, 9/16/16	162		162,113
			368,397
Communications Equipment 0.8%			
Avaya, Inc., Non-Extended Term Loan B1, 3.18%, 10/24/14	40		38,198
Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19	340		344,995
			383,193
Construction & Engineering 0.5%			
Safway Services LLC, Mezzanine Loan, 15.63%, 12/16/17	250		250,000
Construction Materials 0.4%			
HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17	185		189,009
Consumer Finance 1.7%			
Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17	840		811,230
Diversified Consumer Services 0.1%			
Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18	25		24,263
ServiceMaster Co.:			
Delayed Draw Term Loan, 2.74%, 7/24/14	1		1,330
Term Loan, 2.75% 2.97%, 7/24/14	13		13,359
			38,952
Diversified Financial Services 0.5%			
Residential Capital LLC:			
DIP Term Loan A1, 5.00%, 11/18/13	210		210,525
DIP Term Loan A2, 6.75%, 11/18/13	30		30,350
			240,875
Diversified Telecommunication Services 0.5%			
Level 3 Financing, Inc.:			
2016 Term Loan B, 4.75%, 2/01/16	50		50,100
2019 Term Loan B, 5.25%, 8/01/19	40		40,058
Term Loan B3, 5.75%, 8/31/18	150		150,396

		240,554
Electronic Equipment, Instruments & Components 0.1%		
CDW LLC, Extended Term Loan, 4.00%, 7/14/17	49	48,623
Energy Equipment & Services 2.2%		
Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16	333	345,572
Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16	610	638,255
Tervita Corp., Incremental Term Loan, 6.50%, 10/17/14	45	44,738
		1,028,565

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Floating Rate Loan Interests (f)		
Food & Staples Retailing 0.0%		
US Foods, Inc. (FKA US Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17	USD 15	\$ 14,359
Food Products 0.3%		
Advance Pierre Foods, Term Loan (Second Lien), 11.25%, 9/29/17	135	135,810
Health Care Equipment & Supplies 0.5%		
Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19	65	65,216
Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19	130	130,161
LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18	45	45,338
		240,715
Health Care Providers & Services 0.6%		
Harden Healthcare LLC:		
Add on Term Loan A, 7.75%, 3/02/15	74	71,526
Term Loan A, 8.50%, 3/02/15	62	61,201
inVentiv Health, Inc., Combined Term Loan, 6.50%, 8/04/16	146	136,176
		268,903
Hotels, Restaurants & Leisure 1.3%		
Caesars Entertainment Operating Co., Inc.:		
Extended Term Loan B6, 5.49%, 1/26/18	35	30,767
Incremental Term Loan B4, 9.50%, 10/31/16	85	86,234
Term Loan B1, 3.24%, 1/28/15	62	58,795
Term Loan B2, 3.24%, 1/28/15	74	70,023
Term Loan B3, 3.24% 3.46%, 1/28/15	165	156,762
OSI Restaurant Partners LLC:		
Revolver, 2.49% 2.56%, 6/14/13	2	1,782
Term Loan B, 2.56%, 6/14/14	18	17,957
Sabre, Inc., Non-Extended Initial Term Loan, 2.23%, 9/30/14	13	12,592
Station Casinos, Inc., Term Loan B1, 3.23%, 6/17/16	145	137,442
Travelport LLC:		
Extended Tranche A Term Loan, 6.44%, 9/28/12	31	9,372
Extended Tranche B Term Loan, 13.94%, 12/01/16	101	8,057
		589,783
Industrial Conglomerates 0.1%		
Sequa Corp.:		
Incremental Term Loan, 6.25%, 12/03/14	30	29,812
Term Loan, 3.69% 3.72%, 12/03/14	25	24,828
		54,640
IT Services 0.3%		
Ceridian Corp., Extended Term Loan, 5.99%, 5/09/17	12	11,871
First Data Corp., Extended 2018 Term Loan B, 4.24%, 3/23/18	130	122,742
		134,613
Leisure Equipment & Products 0.2%		
Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13	110	109,350

Edgar Filing: - Form

Machinery 0.5%			
		Par	Value
		(000)	
Navistar International Corp., Term Loan B, 7.00%, 8/17/17		116	116,542
Rexnord Corp., Term Loan B, 5.00%, 4/02/18		100	99,891
			216,433
Floating Rate Loan Interests (f)			
		Par	Value
		(000)	
Media 5.2%			
Affinion Group, Inc., Term Loan B, 5.00%, 7/16/15	USD	5	\$ 4,190
Cengage Learning Acquisitions, Inc.: Non-Extended Term Loan, 2.49%, 7/03/14		60	54,949
Tranche 1 Incremental, 7.50%, 7/03/14		240	230,999
Cequel Communications LLC, Term Loan B, 4.00%, 2/14/19		75	74,657
Clear Channel Communications, Inc.: Term Loan B, 3.88%, 1/28/16		324	251,119
Term Loan C, 3.88%, 1/28/16		62	46,869
EMI Music Publishing Ltd., Term Loan B, 5.50%, 6/29/18		45	45,304
Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18		1,194	1,198,358
Interactive Data Corp., Term Loan B, 4.50%, 2/12/18		70	69,926
Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13		375	377,033
Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17		49	47,806
			2,401,210
Metals & Mining 0.1%			
Constellium Holdco BV, Term Loan B, 9.25%, 5/25/18		70	68,600
Oil, Gas & Consumable Fuels 0.8%			
Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17		200	200,430
Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15		166	166,463
			366,893
Paper & Forest Products 0.6%			
Ainsworth Lumber Co., Ltd., Term Loan, 5.25%, 6/26/14		65	62,887
NewPage Corp., DIP Term Loan, 8.00%, 3/07/13		100	100,938
Verso Paper Finance Holdings LLC, Term Loan, 6.50% 7.24%, 2/01/13		235	117,633
			281,458
Pharmaceuticals 0.1%			
Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18		50	50,261
Professional Services 0.1%			
Truven Health Analytics, Term Loan B, 6.75%, 6/06/19		60	60,425
Real Estate Investment Trusts (REITs) 0.4%			
iStar Financial, Inc., Term Loan A1, 5.00%, 6/28/13		179	179,581
Real Estate Management & Development 0.4%			
Realogy Corp.: Extended Letter of Credit Loan, 4.50%, 10/10/16		17	16,715
Extended Term Loan, 4.49%, 10/10/16		123	118,413
Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17		30	29,850
			164,978
Semiconductors & Semiconductor Equipment 0.0%			

Edgar Filing: - Form

NXP BV, Term Loan A-2, 5.50%, 3/03/17	10	10,068
Software 0.4%		
Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18	204	206,590
Specialty Retail 0.1%		
Claire's Stores, Inc., Term Loan B, 2.98% - 3.20%, 5/29/14	63	61,706

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

75

Schedule of Investments (continued)

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

	Par (000)	Value
Floating Rate Loan Interests (f)		
Textiles, Apparel & Luxury Goods 0.4%		
Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18	USD 185	\$ 182,845
Wireless Telecommunication Services 1.2%		
Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19	10	9,863
Vodafone Americas Finance 2, Inc. (c):		
Term Loan, 6.88%, 8/11/15	277	287,957
Term Loan B, 6.25%, 7/11/16	258	262,969
		560,789
Total Floating Rate Loan Interests 22.8%		10,685,301
Preferred Securities		
Capital Trusts 0.2%		
Insurance 0.2%		
Genworth Financial, Inc., 6.15%, 11/15/66 (f)	145	87,000
Preferred Stocks		
Shares		
Auto Components 0.4%		
Dana Holding Corp., 4.00% (b)(e)	1,800	210,375
Diversified Financial Services 1.3%		
Ally Financial, Inc., 7.00% (b)	660	600,992
Total Preferred Stocks 1.7%		811,367
Trust Preferreds		
Diversified Financial Services 0.9%		
GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (f)	12,320	304,462
RBS Capital Funding Trust VII, 6.08% (a)(f)(h)(i)	5,100	87,414
Total Trust Preferreds 0.9%		391,876
Total Preferred Securities 2.8%		1,290,243
Warrants (j)		
Diversified Telecommunication Services 0.0%		
NEON Communications, Inc. (Expires 12/02/12)	53,622	1
Software 0.0%		
Bankruptcy Management Solutions, Inc. (Expires 9/28/17)	61	
HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27)	176	
Total Warrants 0.0%		1
Total Long-Term Investments (Cost \$61,521,901) 136.6%		64,039,715
Short-Term Securities		
	Shares	Value
	1,204,968	\$ 1,204,968

Edgar Filing: - Form

BlackRock Liquidity Funds, TempFund,
Institutional Class, 0.15% (k)(l)

Total Short-Term Securities

(Cost \$1,204,968) 2.6% 1,204,968

Options Purchased	Contracts
Over-the-Counter Call Options 0.0%	
Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman Sachs Group, Inc.	3
Total Options Purchased (Cost \$2,933) 0.0%	
Total Investments (Cost \$62,729,802) 139.2%	65,244,683
Liabilities in Excess of Other Assets (39.2)%	(18,368,290)
Net Assets 100.0%	\$ 46,876,393

- (a) Non-income producing security.
- (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 payment-in-kind security which may pay interest/dividends in additional par/shares.
- (d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (e) Convertible security.
- (f) Variable rate security. Rate shown is as of report date.
- (g) When-issued security. Unsettled when-issued transactions were as follows:

Counterparty	Value	Unrealized Appreciation
JPMorgan Securities	\$ 96,075	\$ 6,665
Goldman Sachs & Co.	\$ 272,362	\$ 3,363

- (h) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.
- (k) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

Affiliate	Shares Held at August 31, 2011	Net Activity	Shares Held at August 31, 2012	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	421,345	783,623	1,204,968	\$ 521

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

Edgar Filing: - Form

See Notes to Financial Statements.

76

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (continued)

BlackRock High Yield Trust (BHY)

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

Financial futures contracts sold as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
18	S&P 500 E-Mini Index Future	Chicago Mercantile	September 2012	USD 1,264,590	\$ (87,001)

Foreign currency exchange contracts as of August 31, 2012 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD	581,602	GBP	373,500	Royal Bank of Scotland Group Plc	10/17/12	\$ (11,373)
EUR	83,000	USD	102,645	Citigroup, Inc.	10/22/12	1,806
USD	1,643,704	EUR	1,339,000	UBS AG	10/22/12	(41,358)
Total						\$ (50,925)

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2012 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
MGM Resorts International	5.00%	Deutsche Bank AG	6/20/15	USD 20	\$ (1,482)
MGM Resorts International	5.00%	Deutsche Bank AG	6/20/15	USD 15	(1,232)
MGM Resorts International	5.00%	Deutsche Bank AG	6/20/15	USD 30	(2,137)
MGM Resorts International	5.00%	Deutsche Bank AG	6/20/15	USD 15	(766)
MGM Resorts International	5.00%	Deutsche Bank AG	6/20/15	USD 15	(860)
Republic of Hungary	1.00%	Deutsche Bank AG	12/20/15	USD 50	909
The New York Times Co.	1.00%	Barclays Plc	12/20/16	USD 225	(660)
Israel (State of)	1.00%	Deutsche Bank AG	3/20/17	USD 35	(785)
Israel (State of)	1.00%	Deutsche Bank AG	3/20/17	USD 100	(2,304)
Total					\$ (9,317)

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration Date	Credit Rating ¹	Notional Amount (000) ²	Unrealized Appreciation
--------	--------------------	--------------	-----------------	----------------------------	------------------------------------	-------------------------

Edgar Filing: - Form

Air Lease Corp.	5.00%	Goldman Sachs Group, Inc.	2/14/13	Not Rated	USD	100	\$	1,658
CIT Group, Inc.	5.00%	Deutsche Bank AG	9/20/15	BB	USD	500		65,031
ARAMARK Corp.	5.00%	Credit Suisse Group AG	9/20/16	B	USD	50		5,974
ARAMARK Corp.	5.00%	Goldman Sachs Group, Inc.	9/20/16	B	USD	50		5,809
ARAMARK Corp.	5.00%	Deutsche Bank AG	3/20/17	B	USD	35		2,310
Crown Castle International Corp.	7.25%	Deutsche Bank AG	3/20/17	B	USD	80		1,140
Goodyear Tire & Rubber Co.	5.00%	Deutsche Bank AG	6/20/17	B+	USD	50		2,330
Goodyear Tire & Rubber Co.	5.00%	Goldman Sachs Group, Inc.	6/20/17	B+	USD	50		1,762
CCO Holdings LLC	8.00%	Deutsche Bank AG	9/20/17	BB	USD	280		22,810
Total							\$	108,824

¹ Using S&P's rating.

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

Credit default swaps on traded indexes buy protection outstanding as of August 31, 2012 were as follows:

Index	Pay Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Depreciation
Dow Jones CDX North America High Yield Series 18, Version 2	5.00%	Credit Suisse Group AG	6/20/17	USD 297	\$ (963)

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 and liabilities

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

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

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock High Yield Trust (BHY)

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 and other significant accounting policies, please refer to Note 1 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, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks	\$ 1,958,830	\$ 80,783	\$ 1	\$ 2,039,614
Corporate Bonds		49,386,538	638,018	50,024,556
Floating Rate Loan Interests		8,786,761	1,898,540	10,685,301
Preferred Securities	391,876	898,367		1,290,243
Warrants			1	1
Short-Term Securities	1,204,968			1,204,968
Total	\$ 3,555,674	\$ 59,152,449	\$ 2,536,560	\$ 65,244,683

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments ¹				
Assets:				
Credit contracts		\$ 19,094	\$ 90,639	\$ 109,733
Foreign currency exchange contracts		1,806		1,806
Liabilities:				
Credit contracts		(11,189)		(11,189)
Equity contracts	\$ (87,001)			(87,001)
Foreign currency exchange contracts		(52,731)		(52,731)
Total	\$ (87,001)	\$ (43,020)	\$ 90,639	\$ (39,382)

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

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency at value	\$ 24,065			\$ 24,065
Cash pledged as collateral for financial futures contracts	71,000			71,000

Edgar Filing: - Form

Liabilities:

Loan payable		\$ (19,000,000)	(19,000,000)
Total	\$ 95,065	\$ (19,000,000)	\$ (18,904,935)

Prior to February 29, 2012, only significant transfers between Level 1 and Level 2 were required to be disclosed. There were no significant transfers from the beginning of the period to February 29, 2012. For the interim period March 1, 2012 through August 31, 2012, all transfers between Level 1 and Level 2 are required to be disclosed. As of February 29, 2012, the Trust used observable inputs in determining the value of certain equity securities. During the year, the Trust began valuing these securities using unadjusted price quotations from an exchange. As a result, investments with a beginning of period value of \$1,095,341 transferred from Level 2 to Level 1 in the disclosure hierarchy.

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 as of August 31, 2012:

	Value	Valuation Techniques	Unobservable Inputs ²	Range of of Unobservable Inputs	Weighted Average Inputs ³
Assets:					
Corporate Bonds	\$ 637,811	Market Comparable Companies	Yield EBITDA Multiple	7.00% 9.67% 6.0x	8.82% 6.0x
Floating Rate Loan Interests	500,360	Market Comparable Companies	Illiquidity Discount Yield Cost	50% 9.65%	50% 9.65%
Total⁵	\$ 1,138,171		N/A ⁴		

² A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
EBITDA Multiple	Increase	Decrease
Yield	Decrease	Increase
Illiquidity Discount	Decrease	Increase

³ Unobservable inputs are weighted based on the value of the investments included in the range.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock High Yield Trust (BHY)

- ⁴ The Trust fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, 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.
- ⁵ Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such Level 3 investments.

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 to determine fair value:

	Common Stocks	Corporate Bonds	Floating Rate Loan Interests	Other Interests	Preferred Securities	Warrants	Total
Assets:							
Opening balance, as of August 31, 2011	\$ 27,152	\$ 688,980	\$ 1,642,711	\$ 477	\$ 45,985	\$ 34,922	\$ 2,440,227
Transfers into Level 3 ¹	1		345,543				345,544
Transfers out of Level 3 ²			(387,187)				(387,187)
Accrued discounts/premiums			10,123				10,123
Net realized gain (loss)	(139,718)	9,120	5,303	910	54,100		(70,285)
Net change in unrealized appreciation/depreciation ³	112,568	(26,239)	(59,066)	(477)	(45,985)	(34,921)	(54,120)
Purchases		16,904	562,752				579,656
Sales	(2)	(50,747)	(221,639)	(910)	(54,100)		(327,398)
Closing Balance as of August 31, 2012	\$ 1	\$ 638,018	\$ 1,898,540			\$ 1	\$ 2,536,560

¹ As of August 31, 2011, the Trust used observable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used significant unobservable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$345,544 transferred from Level 2 to Level 3 in the disclosure hierarchy.

² As of August 31, 2011, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used observable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$387,187 transferred from Level 3 to Level 2 in the disclosure hierarchy.

³ Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$(77,581).

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

	Credit Contracts
Assets:	
Opening balance, as of August 31, 2011	
Transfers into Level 3 ⁴	
Transfers out of Level 3 ⁴	
Accrued discounts/premiums	
Net realized gain (loss)	
Net change in unrealized appreciation/depreciation ⁵	\$ 90,639
Purchases	
Issues ⁶	
Sales	
Settlements ⁷	
Closing Balance, as of August 31, 2012	\$ 90,639

⁴ Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

⁵ Included in the related net change in unrealized appreciation/depreciation in the Statement of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$90,639.

⁶ Issues represent upfront cash received on certain derivative financial instruments.

⁷ Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Financial Statements.

Schedule of Investments August 31, 2012

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

Asset-Backed Securities	Par (000)	Value
Asset-Backed Securities 6.1%		
321 Henderson Receivables I LLC, Series 2010-3A, Class A, 3.82%, 12/15/48 (a)	USD 757	\$ 790,793
AH Mortgage Advance Trust, Series SART-3, Class 1A1, 2.98%, 3/13/43 (a)	630	634,369
AmeriCredit Automobile Receivables Trust, Series 2011-5, Class C, 3.44%, 10/08/17	400	411,338
CarMax Auto Owner Trust, Series 2012-1: Class B, 1.76%, 8/15/17	210	212,152
Class C, 2.20%, 10/16/17	125	126,840
Class D, 3.09%, 8/15/18	160	161,556
CenterPoint Energy Transition Bond Co. LLC, Series 2012-1, Class A3, 3.03%, 10/15/25	1,105	1,197,989
Credit Acceptance Auto Loan Trust, Series 2010-1, Class B, 3.63%, 10/15/18 (a)	1,970	1,990,277
DT Auto Owner Trust, Class C (a): Series 2011-2A, 3.05%, 2/16/16	1,500	1,500,462
Series 2011-3A, 4.03%, 2/15/17	260	263,897
Ford Credit Floorplan Master Owner Trust: Series 2012-1, Class B, 1.14%, 1/15/16 (b)	180	180,001
Series 2012-1, Class C, 1.74%, 1/15/16 (b)	480	480,002
Series 2012-1, Class D, 2.34%, 1/15/16 (b)	450	450,001
Series 2012-2, Class B, 2.32%, 1/15/19	245	252,208
Series 2012-2, Class C, 2.86%, 1/15/19	105	107,018
Series 2012-2, Class D, 3.50%, 1/15/19	200	203,357
Home Equity Asset Trust, Series 2007-2, Class 2A1, 0.35%, 7/25/37 (b)	76	74,949
Nelnet Student Loan Trust (b): Series 2006-1, Class A5, 0.54%, 8/23/27	525	497,842
Series 2008-3, Class A4, 2.08%, 11/25/24	620	649,571
PFS Financing Corp., Series 2012-AA, Class A, 1.44%, 2/15/16 (a)(b)	480	481,654
Santander Consumer Acquired Receivables Trust (a): Series 2011-S1A, Class B, 1.66%, 8/15/16	521	522,220
Series 2011-S1A, Class C, 2.01%, 8/15/16	373	371,621
Series 2011-S1A, Class D, 3.15%, 8/15/16	382	379,916
Series 2011-WO, Class C, 3.19%, 10/15/15	575	579,272
Santander Drive Auto Receivables Trust: Series 2010-2, Class B, 2.24%, 12/15/14	870	874,527
Series 2010-2, Class C, 3.89%, 7/17/17	1,020	1,055,676
Series 2010-B, Class B, 2.10%, 9/15/14 (a)	700	702,535
Series 2010-B, Class C, 3.02%, 10/17/16 (a)	735	749,049
Series 2011-1, Class D, 4.01%, 2/15/17	940	960,565
Series 2011-S1A, Class B, 1.48%, 5/15/17 (a)	270	269,363
Series 2011-S1A, Class D, 3.10%, 5/15/17 (a)	293	294,267
Series 2011-S2A, Class C, 2.86%, 6/15/17 (a)	693	700,253
Series 2012-1, Class B, 2.72%, 5/16/16	240	244,548
Series 2012-1, Class C, 3.78%, 11/15/17	325	335,789
SLM Student Loan Trust: Series 2004-B, Class A2, 0.67%, 6/15/21 (b)	196	190,944
Series 2008-5, Class A3, 1.75%, 1/25/18 (b)	525	538,067

Edgar Filing: - Form

Series 2008-5, Class A4, 2.15%, 7/25/23 (b)	630	664,627
Series 2012-A, Class A1, 1.64%, 8/15/25 (a)(b)	330	332,543
Series 2012-A, Class A2, 3.83%, 1/17/45 (a)	345	368,769
Series 2012-D, Class A2, 2.95%, 2/15/46 (a)	2,840	2,940,378
Small Business Administration Participation Certificates, Series 1996-20K, Class 1, 6.95%, 11/01/16	162	173,337
World Financial Network Credit Card Master Trust, 4.55%, 8/15/22	1,180	1,184,931
		25,099,473

	Par (000)	Value
Asset-Backed Securities		
Interest Only Asset-Backed Securities 0.2%		
Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (a)	USD 4,204	\$ 332,404
Sterling Coofs Trust, Series 1, 2.36%, 4/15/29	5,949	453,649
		786,053
Total Asset-Backed Securities 6.3%		25,885,526

	Shares	
Common Stocks (c)		
Media 0.0%		
Cumulus Media, Inc., Class A	32,384	89,704
Software 0.0%		
Bankruptcy Management Solutions, Inc.	152	1
Total Common Stocks 0.0%		89,705

	Par (000)	
Corporate Bonds		
Aerospace & Defense 0.6%		
United Technologies Corp. (d):		
4.88%, 5/01/15	USD 1,250	1,390,662
6.13%, 7/15/38	750	1,017,677
		2,408,339
Airlines 0.6%		
Continental Airlines, Inc., Series 2010-1, Class B, 6.00%, 1/12/19	622	626,172
US Airways Pass-Through Trust, Series 2012-1, Class C, 9.13%, 10/01/15	1,673	1,706,460
		2,332,632
Auto Components 0.8%		
Icahn Enterprises LP:		
4.00%, 8/15/13 (a)(b)	2,335	2,335,000
8.00%, 1/15/18	1,000	1,065,000
		3,400,000
Capital Markets 4.6%		
CDP Financial, Inc., 5.60%, 11/25/39 (a)(d)	2,955	3,812,139
E*Trade Financial Corp., 12.50%, 11/30/17 (e)	1,440	1,643,400
The Goldman Sachs Group, Inc.:		
5.38%, 3/15/20	1,215	1,309,367
5.25%, 7/27/21	3,175	3,376,000
5.75%, 1/24/22	1,815	2,002,783
Lehman Brothers Holdings, Inc., 6.50%, 7/19/17 (c)(f)	225	
Morgan Stanley:		
2.94%, 5/14/13 (b)	1,880	1,892,942
4.20%, 11/20/14	680	697,586
4.00%, 7/24/15	400	407,707
6.25%, 8/28/17	1,925	2,085,828
Murray Street Investment Trust I, 4.65%, 3/09/17	1,640	1,711,829
		18,939,581

Edgar Filing: - Form

Chemicals 0.2%

The Dow Chemical Co., 4.13%, 11/15/21	350	383,209
INEOS Finance Plc, 8.38%, 2/15/19 (a)	265	278,912
		662,121

See Notes to Financial Statements.

80

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Commercial Banks 3.9%		
CIT Group, Inc.:		
7.00%, 5/02/16 (a)	USD 88	\$ 88,447
7.00%, 5/02/17 (a)	347	347,787
5.38%, 5/15/20	1,650	1,718,063
5.00%, 8/15/22	440	443,333
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA/Netherlands, 3.88%, 2/08/22 (d)	1,390	1,447,629
DEPFA ACS Bank, 5.13%, 3/16/37 (a)	4,150	2,894,625
Discover Bank, 8.70%, 11/18/19	250	316,369
Eksportfinans ASA, 5.50%, 6/26/17	1,000	1,015,245
HSBC Bank Brasil SA Banco Multiplo, 4.00%, 5/11/16 (a)	1,400	1,435,000
HSBC Bank Plc, 3.10%, 5/24/16 (a)(d)	695	728,478
HSBC Holdings Plc, 6.10%, 1/14/42 (d)	305	408,114
Wachovia Corp., 5.25%, 8/01/14 (d)	3,420	3,679,219
Wells Fargo & Co., 3.50%, 3/08/22 (d)	1,390	1,481,235
		16,003,544
Commercial Services & Supplies 0.5%		
ARAMARK Corp., 8.50%, 2/01/15	18	18,450
Clean Harbors, Inc., 5.25%, 8/01/20 (a)	390	400,238
Mobile Mini, Inc., 7.88%, 12/01/20	1,320	1,415,700
West Corp., 8.63%, 10/01/18	135	137,025
		1,971,413
Communications Equipment 1.3%		
ADC Telecommunications, Inc., 3.50%, 7/15/15	4,340	4,431,834
Zayo Group LLC/Zayo Capital, Inc., 8.13%, 1/01/20	640	680,000
		5,111,834
Construction & Engineering 0.3%		
ABB Finance USA, Inc., 4.38%, 5/08/42	194	219,085
URS Corp., 5.00%, 4/01/22 (a)	975	988,641
		1,207,726
Construction Materials 0.2%		
HD Supply, Inc., 8.13%, 4/15/19 (a)	570	618,450
Lafarge SA, 7.13%, 7/15/36	135	137,025
		755,475
Consumer Finance 0.9%		
Ford Motor Credit Co. LLC:		
6.63%, 8/15/17	280	321,883
8.13%, 1/15/20	1,265	1,566,267
SLM Corp.:		
6.25%, 1/25/16	651	696,570
Series A, 0.75%, 1/27/14 (b)	600	581,692
Toll Brothers Finance Corp., 5.88%, 2/15/22	345	376,071
		3,542,483
Containers & Packaging 0.2%		
Ardagh Packaging Finance Plc (a):		
7.38%, 10/15/17	EUR 425	565,302
Series 144, 7.38%, 10/15/17	USD 200	214,250
		779,552
Diversified Financial Services 7.8%		

Edgar Filing: - Form

Ally Financial, Inc.:		
8.30%, 2/12/15	860	954,600
5.50%, 2/15/17	1,500	1,560,162
6.25%, 12/01/17	160	172,881
8.00%, 3/15/20	560	655,200
8.00%, 11/01/31	320	378,400
Bank of America Corp., 5.63%, 7/01/20	1,100	1,219,567
Capital One Financial Corp., 4.75%, 7/15/21	975	1,093,772
Citigroup, Inc.:		
5.00%, 9/15/14	285	298,130
4.59%, 12/15/15	7,245	7,794,772

	Par (000)	Value
Corporate Bonds		
Diversified Financial Services (concluded)		
General Electric Capital Corp., 6.75%, 3/15/32 (d)	USD 2,500	\$ 3,246,107
JPMorgan Chase & Co.:		
7.90% (b)(g)	3,500	3,915,240
6.30%, 4/23/19 (d)	1,375	1,678,099
JPMorgan Chase Bank NA, Series BKNT, 6.00%, 10/01/17 (d)	2,045	2,407,642
Moody's Corp., 4.50%, 9/01/22	900	935,853
Reynolds Group Issuer, Inc.:		
7.75%, 10/15/16	EUR 550	714,273
7.88%, 8/15/19	USD 560	623,000
6.88%, 2/15/21	1,255	1,358,538
Spirit Issuer Plc, 5.86%, 12/28/21	GBP 1,620	2,115,732
WMG Acquisition Corp.:		
9.50%, 6/15/16	USD 160	174,800
11.50%, 10/01/18	562	616,795
		31,913,563

Diversified Telecommunication Services 3.2%		
Level 3 Financing, Inc.:		
8.13%, 7/01/19	671	702,872
8.63%, 7/15/20	580	620,600
Telecom Italia Capital SA, 4.95%, 9/30/14	4,375	4,440,625
Verizon Communications, Inc.:		
3.50%, 11/01/21	500	550,038
6.40%, 2/15/38	3,396	4,558,845
8.95%, 3/01/39	1,125	1,961,481
Windstream Corp., 7.88%, 11/01/17	200	217,500
		13,051,961

Electric Utilities 6.5%		
The Cleveland Electric Illuminating Co.:		
8.88%, 11/15/18	121	164,273
5.95%, 12/15/36	217	255,413
CMS Energy Corp., 5.05%, 3/15/22	917	993,839
Duke Energy Carolinas LLC:		
6.10%, 6/01/37	325	431,110
6.00%, 1/15/38 (d)	850	1,141,290
4.25%, 12/15/41 (d)	375	410,460
E.ON International Finance BV, 6.65%, 4/30/38 (a)	1,575	2,150,555
EDF SA, 5.60%, 1/27/40 (a)(d)	1,400	1,565,707
Florida Power Corp. (d):		
6.35%, 9/15/37	1,450	2,009,465
6.40%, 6/15/38	340	477,596
Georgia Power Co., 3.00%, 4/15/16 (d)	800	859,924
Hydro-Quebec (d):		
8.40%, 1/15/22	730	1,059,806
8.05%, 7/07/24	1,900	2,832,484
Jersey Central Power & Light Co., 7.35%, 2/01/19	245	313,858
Nisource Finance Corp.:		

Edgar Filing: - Form

6.40%, 3/15/18		280	335,129
5.25%, 2/15/43		500	552,707
Ohio Power Co., Series D, 6.60%, 3/01/33		1,500	1,974,781
PacifiCorp., 6.25%, 10/15/37		650	910,552
Public Service Co. of Colorado, 6.25%, 9/01/37 (d)		1,350	1,948,531
Southern California Edison Co.:			
5.63%, 2/01/36		675	887,753
Series 08-A, 5.95%, 2/01/38 (d)		1,100	1,512,710
The Tokyo Electric Power Co., Inc., 4.50%, 3/24/14 (d)	EUR	1,000	1,251,888
Virginia Electric and Power Co., Series A, 6.00%, 5/15/37	USD	1,920	2,658,929
			26,698,760

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

81

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Energy Equipment & Services 2.2%		
Calfrac Holdings LP, 7.50%, 12/01/20 (a)	USD 565	\$ 553,700
EnSCO Plc:		
3.25%, 3/15/16	160	170,795
4.70%, 3/15/21	1,745	1,958,024
Frac Tech Services LLC, 8.13%, 11/15/18 (a)	1,110	1,146,075
MEG Energy Corp., 6.50%, 3/15/21 (a)	560	589,400
Noble Holding International Ltd., 5.25%, 3/15/42	350	375,470
Peabody Energy Corp., 6.25%, 11/15/21 (a)	2,610	2,655,675
Transocean, Inc.:		
5.05%, 12/15/16	850	941,480
6.50%, 11/15/20	350	418,359
		8,808,978
Food Products 1.2%		
Darling International, Inc., 8.50%, 12/15/18	335	379,388
Kraft Foods Group, Inc. (a):		
5.38%, 2/10/20	1,570	1,876,338
5.00%, 6/04/42	997	1,134,085
Kraft Foods, Inc., 5.38%, 2/10/20	1,430	1,718,691
		5,108,502
Gas Utilities 0.2%		
CenterPoint Energy Resources Corp., 5.85%, 1/15/41	700	881,220
Health Care Equipment & Supplies 0.5%		
Boston Scientific Corp., 6.25%, 11/15/15	1,260	1,427,114
DJO Finance LLC:		
10.88%, 11/15/14	190	198,312
7.75%, 4/15/18	40	36,600
Teleflex, Inc., 6.88%, 6/01/19	385	411,950
		2,073,976
Health Care Providers & Services 2.7%		
Aviv Healthcare Properties LP, 7.75%, 2/15/19	535	556,400
CHS/Community Health Systems, Inc., 5.13%, 8/15/18	400	412,500
ConvaTec Healthcare E SA, 7.38%, 12/15/17 (a)	EUR 494	664,848
HCA, Inc.:		
8.50%, 4/15/19	USD 17	19,168
6.50%, 2/15/20	2,015	2,213,981
7.88%, 2/15/20	135	150,694
7.25%, 9/15/20	50	55,406
IASIS Healthcare LLC, 8.38%, 5/15/19	1,000	953,750
INC Research LLC, 11.50%, 7/15/19 (a)	545	534,100
inVentiv Health, Inc. (a):		
10.00%, 8/15/18	40	33,700
10.25%, 8/15/18	155	130,588
Omnicare, Inc., 7.75%, 6/01/20	805	887,512
Symbion, Inc., 8.00%, 6/15/16	455	459,834
Tenet Healthcare Corp.:		
10.00%, 5/01/18	370	425,500
8.88%, 7/01/19	1,150	1,308,125
UnitedHealth Group, Inc., 2.88%, 3/15/22	2,000	2,049,750

				10,855,856
Health Care Technology	0.6%			
Amgen, Inc. (d):				
6.40%, 2/01/39		750		931,504
5.15%, 11/15/41		1,500		1,637,571
				2,569,075
Hotels, Restaurants & Leisure	0.1%			
El Dorado Resorts LLC, 8.63%, 6/15/19 (a)		180		175,500
MGM Resorts International, 11.13%, 11/15/17		265		294,813
				470,313
		Par		Value
		(000)		
Corporate Bonds				
Household Durables	0.3%			
Standard Pacific Corp., 10.75%, 9/15/16		USD	1,000	\$ 1,207,500
Household Products	0.1%			
Ontex IV SA, 7.50%, 4/15/18 (a)		EUR	190	242,567
Independent Power Producers & Energy Traders	0.5%			
Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20		USD	1,955	2,194,487
Industrial Conglomerates	0.6%			
The ADT Corp., 4.88%, 7/15/42 (a)			539	586,299
Sequa Corp. (a):				
11.75%, 12/01/15			760	798,000
13.50%, 12/01/15			927	983,130
				2,367,429
Insurance	4.4%			
Allianz Finance II BV, 5.75%, 7/08/41		EUR	500	607,993
American International Group, Inc.:				
3.80%, 3/22/17 (d)		USD	5,580	5,905,504
5.45%, 5/18/17			800	898,869
AXA SA, 5.25%, 4/16/40		EUR	250	267,714
CNO Financial Group, Inc., 9.00%, 1/15/18 (a)		USD	408	446,250
Hartford Financial Services Group, Inc.:				
6.00%, 1/15/19			345	383,954
5.13%, 4/15/22			930	999,523
Liberty Mutual Group, Inc., 6.50%, 5/01/42 (a)			1,000	1,085,395
Lincoln National Corp., 6.25%, 2/15/20			630	730,900
Manulife Financial Corp., 3.40%, 9/17/15			1,625	1,692,883
Metropolitan Life Global Funding I, 5.13%, 6/10/14 (a)(d)			775	833,093
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (a)			340	304,300
Muenchener Rueckversicherungs AG, 6.00%, 5/26/41		EUR	200	264,289
Prudential Financial, Inc. (d):				
4.75%, 9/17/15		USD	1,220	1,339,589
7.38%, 6/15/19			300	377,559
5.38%, 6/21/20			250	288,865
4.50%, 11/15/20			400	436,532
5.70%, 12/14/36			950	1,053,230
				17,916,442
IT Services	0.8%			
First Data Corp. (a):				
7.38%, 6/15/19			205	211,662
8.88%, 8/15/20			1,000	1,090,000
8.25%, 1/15/21			75	74,344
SunGard Data Systems, Inc.:				
7.38%, 11/15/18			490	520,625
7.63%, 11/15/20			1,100	1,179,750
				3,076,381
Machinery	0.3%			

Edgar Filing: - Form

UR Financing Escrow Corp. (a):		
5.75%, 7/15/18	194	205,155
7.38%, 5/15/20	495	524,700
7.63%, 4/15/22	455	491,400
		1,221,255
Marine 0.3%		
Nakilat, Inc., Series A, 6.07%, 12/31/33 (a)	1,100	1,300,750
Media 8.1%		
Affinion Group, Inc., 7.88%, 12/15/18	1,505	1,076,075
AMC Networks, Inc., 7.75%, 7/15/21	320	362,400
CCH II LLC, 13.50%, 11/30/16	2,265	2,479,738
Clear Channel Communications, Inc., 9.00%, 3/01/21	553	474,197
Clear Channel Worldwide Holdings, Inc.:		
Series A, 9.25%, 12/15/17	278	300,935
Series B, 9.25%, 12/15/17	2,492	2,706,935

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Media (concluded)		
Comcast Cable Communications Holdings, Inc., 9.46%, 11/15/22	USD 2,000	\$ 2,986,628
Cox Communications, Inc. (a):		
6.95%, 6/01/38	1,000	1,303,728
8.38%, 3/01/39	1,735	2,618,124
DIRECTV Holdings LLC:		
6.38%, 3/01/41	260	306,570
5.15%, 3/15/42	2,100	2,142,745
Intelsat Luxembourg SA:		
11.25%, 6/15/16	238	250,495
11.25%, 2/04/17	750	787,500
11.50%, 2/04/17 (e)	420	441,000
NBC Universal Media LLC:		
5.15%, 4/30/20	1,974	2,329,798
4.38%, 4/01/21	1,015	1,145,763
The New York Times Co., 6.63%, 12/15/16	1,800	1,953,000
Omnicom Group, Inc., 3.63%, 5/01/22	2,355	2,469,022
Time Warner Cable, Inc.:		
7.30%, 7/01/38	970	1,323,610
5.88%, 11/15/40	460	545,786
5.50%, 9/01/41	920	1,041,084
Time Warner, Inc.:		
4.70%, 1/15/21	1,000	1,146,948
6.10%, 7/15/40	615	750,459
Unitymedia Hessen GmbH & Co. KG, 8.13%, 12/01/17 (a)	454	491,455
Virgin Media Secured Finance Plc:		
6.50%, 1/15/18	330	359,700
7.00%, 1/15/18	GBP 792	1,364,472
		33,158,167
Metals & Mining 3.6%		
Alcoa, Inc., 5.40%, 4/15/21	USD 1,450	1,497,052
Barrick Gold Corp., 2.90%, 5/30/16	1,685	1,773,328
Corp. Nacional del Cobre de Chile, 3.00%, 7/17/22 (a)(d)	1,566	1,573,694
Falconbridge Ltd., 6.20%, 6/15/35	1,550	1,665,154
Freeport-McMoRan Copper & Gold, Inc., 3.55%, 3/01/22	540	536,471
New Gold, Inc., 7.00%, 4/15/20 (a)	105	110,513
Newcrest Finance Property Ltd., 4.45%, 11/15/21 (a)	475	492,688
Novelis, Inc., 8.75%, 12/15/20	4,105	4,587,337
Teck Resources Ltd., 5.38%, 10/01/15	2,350	2,583,252
		14,819,489
Oil, Gas & Consumable Fuels 10.1%		
Access Midstream Partners LP, 6.13%, 7/15/22	400	415,000
Anadarko Petroleum Corp., 5.95%, 9/15/16	1,916	2,215,632
BP Capital Markets Plc, 3.13%, 10/01/15	330	352,977
Burlington Resources Finance Co., 7.40%, 12/01/31 (d)	950	1,377,700
Cenovus Energy, Inc., 6.75%, 11/15/39	750	1,006,300

Edgar Filing: - Form

ConocoPhillips Canada Funding Co., 5.95%, 10/15/36	150	197,851
CONSOL Energy, Inc.:		
8.00%, 4/01/17	514	553,835
8.25%, 4/01/20	191	205,803
Denbury Resources, Inc., 8.25%, 2/15/20	65	73,775
Devon Energy Corp., 7.95%, 4/15/32	650	968,092
El Paso Natural Gas Co., 8.38%, 6/15/32	275	385,590
El Paso Pipeline Partners Operating Co. LLC, 6.50%, 4/01/20	240	282,929
Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17	540	602,100

	Par (000)	Value
Corporate Bonds		
Oil, Gas & Consumable Fuels (concluded)		
Enterprise Products Operating LLC:		
4.05%, 2/15/22	USD 1,250	\$ 1,364,512
6.13%, 10/15/39	700	831,755
5.95%, 2/01/41	500	592,379
Series L, 6.30%, 9/15/17	600	726,079
KeySpan Gas East Corp., 5.82%, 4/01/41 (a)	505	674,554
Kinder Morgan Energy Partners LP:		
5.95%, 2/15/18	1,300	1,546,067
6.50%, 9/01/39	3,000	3,598,422
6.55%, 9/15/40	110	133,704
6.38%, 3/01/41	160	192,750
5.00%, 8/15/42	500	514,300
Linn Energy LLC, 6.25%, 11/01/19 (a)	590	582,625
Marathon Petroleum Corp., 6.50%, 3/01/41	1,052	1,283,424
MidAmerican Energy Co., 5.80%, 10/15/36	800	1,056,160
MidAmerican Energy Holdings Co.:		
5.95%, 5/15/37	950	1,228,777
6.50%, 9/15/37	2,115	2,885,376
Newfield Exploration Co., 5.63%, 7/01/24	850	922,250
Nexen, Inc.:		
6.40%, 5/15/37	400	498,720
7.50%, 7/30/39	670	938,127
Offshore Group Investments Ltd., 11.50%, 8/01/15 (a)	360	397,800
Petrobras International Finance Co.:		
3.88%, 1/27/16	1,335	1,401,596
5.75%, 1/20/20	1,760	1,983,358
Pioneer Natural Resources Co., 3.95%, 7/15/22	350	364,140
Premier Oil Plc, 5.00%, 6/09/18	1,900	1,957,000
Range Resources Corp., 5.75%, 6/01/21	941	1,000,989
Sabine Pass Liquefied Natural Gas LP, 7.50%, 11/30/16	540	577,800
Tennessee Gas Pipeline Co. LLC, 7.50%, 4/01/17	1,030	1,264,248
Western Gas Partners LP, 5.38%, 6/01/21	715	794,100
The Williams Cos., Inc., Series A, 7.50%, 1/15/31	2,500	3,134,485
		41,083,081
Paper & Forest Products 1.2%		
Clearwater Paper Corp., 7.13%, 11/01/18	1,000	1,092,500
Domtar Corp., 6.25%, 9/01/42	2,000	2,067,086
International Paper Co.:		
7.50%, 8/15/21	75	97,579
4.75%, 2/15/22	420	472,491
6.00%, 11/15/41	435	518,358
NewPage Corp., 11.38%, 12/31/14 (c)(f)	1,240	840,100
		5,088,114
Pharmaceuticals 0.2%		
Capsugel Finance Co. SCA, 9.88%, 8/01/19 (a)	EUR 200	281,118

Edgar Filing: - Form

Pharmaceutical Product Development, Inc., 9.50%, 12/01/19 (a)	USD	520	579,800 860,918
Professional Services 0.0%			
FTI Consulting, Inc., 7.75%, 10/01/16		125	128,594
Real Estate Investment Trusts (REITs) 0.6%			
Simon Property Group LP, 4.75%, 3/15/42		835	919,518
Ventas Realty LP/Ventas Capital Corp., 4.75%, 6/01/21		275	301,910
Vornado Realty LP, 5.00%, 1/15/22		1,190	1,300,345 2,521,773
Real Estate Management & Development 0.6%			
Punch Taverns Finance Plc, Series A2R, 6.82%, 7/15/20	GBP	739	1,091,578

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

83

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Real Estate Management & Development (concluded)		
Realogy Corp. (a)(d):		
7.88%, 2/15/19	USD 369	\$ 380,070
7.63%, 1/15/20	520	566,800
WEA Finance LLC, 4.63%, 5/10/21 (a)	305	331,379
		2,369,827
Road & Rail 0.7%		
Burlington Northern Santa Fe LLC, 5.75%, 5/01/40	940	1,164,991
The Hertz Corp., 7.38%, 1/15/21	1,375	1,495,312
		2,660,303
Semiconductors & Semiconductor Equipment 0.1%		
Spanion LLC, 7.88%, 11/15/17	390	380,250
Software 0.5%		
Nuance Communications, Inc., 5.38%, 8/15/20 (a)	895	915,138
Oracle Corp., 5.38%, 7/15/40 (d)	800	1,025,611
		1,940,749
Specialty Retail 0.5%		
Home Depot, Inc., 5.88%, 12/16/36	830	1,105,109
QVC, Inc. (a):		
7.50%, 10/01/19	85	94,181
7.38%, 10/15/20	35	39,000
5.13%, 7/02/22	965	1,011,458
		2,249,748
Thriffs & Mortgage Finance 0.3%		
Radian Group, Inc., 5.38%, 6/15/15	1,400	1,053,500
Tobacco 0.9%		
Altria Group, Inc.:		
9.95%, 11/10/38	800	1,366,270
10.20%, 2/06/39	1,389	2,420,782
		3,787,052
Wireless Telecommunication Services 2.3%		
America Movil SAB de CV, 2.38%, 9/08/16	800	830,725
Cricket Communications, Inc., 7.75%, 5/15/16	850	896,750
Crown Castle Towers LLC, 6.11%, 1/15/20 (a)	1,595	1,886,391
Digicel Group Ltd. (a):		
8.25%, 9/01/17	150	159,000
10.50%, 4/15/18	540	583,200
MetroPCS Wireless, Inc., 6.63%, 11/15/20	750	776,250
Rogers Communications, Inc., 7.50%, 8/15/38	1,175	1,705,011
SBA Tower Trust, 5.10%, 4/15/17 (a)	360	401,456
Sprint Capital Corp.:		
6.88%, 11/15/28	510	461,550
8.75%, 3/15/32	350	353,500
Sprint Nextel Corp. (a):		
9.00%, 11/15/18	530	625,400
7.00%, 3/01/20	770	843,150
		9,522,383
Total Corporate Bonds 76.1%		310,697,663

Foreign Agency Obligations

Deutsche Bundesrepublik Inflation Linked Bond, 1.75%, 4/15/20	EUR	3,290	4,910,866
Hydro-Quebec, 9.40%, 2/01/21 (d)	USD	390	587,925
Italy Government International Bond, 5.38%, 6/15/33		470	424,175
Kreditanstalt fuer Wiederaufbau, 1.38%, 7/15/13 (d)		655	660,829
Total Foreign Agency Obligations 1.6%			6,583,795

Non-Agency Mortgage-Backed Securities

	Par (000)	Value
Collateralized Mortgage Obligations 2.5%		
Banc of America Funding Corp., Series 2007-2, Class 1A2, 6.00%, 3/25/37	USD 1,048	\$ 870,264
Collateralized Mortgage Obligation Trust, Series 40, Class R, 580.50%, 4/01/18		(h) 42
Countrywide Alternative Loan Trust: Series 2005-64CB, Class 1A15, 5.50%, 12/25/35	1,534	1,311,605
Series 2006-OA21, Class A1, 0.43%, 3/20/47 (b)	849	465,854
Countrywide Home Loan Mortgage Pass-Through Trust:		
Series 2006-OA5, Class 2A1, 0.44%, 4/25/46 (b)	335	201,275
Series 2007-10, Class A22, 6.00%, 7/25/37	612	507,650
Credit Suisse Mortgage Capital Certificates, Series 2011-2R, Class 2A1, 2.61%, 7/27/36 (a)(b)	1,265	1,227,913
GMAC Mortgage Corp. Loan Trust, Series 2005-AR3, Class 5A1, 5.08%, 6/19/35 (b)	1,034	1,021,978
Homebanc Mortgage Trust, Series 2006-2, Class A1, 0.42%, 12/25/36 (b)	611	422,412
IndyMac IMJA Mortgage Loan Trust, Series 2007-A1, Class A4, 6.00%, 8/25/37	874	729,923
Merrill Lynch Mortgage Investors, Inc., Series 2006-A3, Class 3A1, 2.94%, 5/25/36 (b)	692	479,089
Monastery BV, Series 2004-I, Class A2, 1.00%, 3/17/37 (b)	EUR 1,020	986,507
Residential Funding Securities LLC, Series 2003-RM2, Class A15, 8.50%, 5/25/33	USD 1,524	1,620,799
WaMu Mortgage Pass-Through Certificates, Series 2007-OA4, Class 1A, 0.92%, 5/25/47 (b)	366	255,114
Wells Fargo Mortgage-Backed Securities Trust, Series 2007-10, Class 1A21, 6.00%, 7/25/37	52	49,245
		10,149,670

Commercial Mortgage-Backed Securities 12.6%

Banc of America Merrill Lynch Commercial Mortgage, Inc.:		
Series 2006-6, Class A2, 5.31%, 10/10/45	1,419	1,448,874
Series 2007-1, Class A4, 5.45%, 1/15/49	500	572,826
Series 2007-2, Class A4, 5.80%, 4/10/49 (b)	750	869,145
Bear Stearns Commercial Mortgage Securities, Series 2005-PWR9, Class A4A, 4.87%, 9/11/42	800	885,825
Citigroup Commercial Mortgage Trust, Series 2008-C7, Class A4, 6.26%, 12/10/49 (b)	1,200	1,421,371
Citigroup/Deutsche Bank Commercial Mortgage Trust, Series 2006-CD3, Class AM, 5.65%, 10/15/48	1,100	1,154,638
Commercial Mortgage Loan Trust, Series 2008-LS1, Class A4B, 6.20%, 12/10/49 (b)	1,515	1,769,102
Commercial Mortgage Pass-Through Certificates, Series 2006-C7, Class AM, 5.97%, 6/10/46 (b)	1,750	1,851,881

Edgar Filing: - Form

Credit Suisse First Boston Mortgage Securities Corp., Series 2005-C3, Class AJ, 4.77%, 7/15/37	705	698,888
Credit Suisse Mortgage Capital Certificates:		
Series 2006-C3, Class AM, 6.00%, 6/15/38 (b)	1,000	1,080,596
Series 2006-C5, Class AM, 5.34%, 12/15/39	1,750	1,780,425
Series 2010-RR2, Class 2A, 5.95%, 9/15/39 (a)(b)	1,010	1,144,527
DBRR Trust, Series 2011-C32, Class A3A, 5.93%, 6/17/49 (a)(b)	365	419,450
Extended Stay America Trust, Series 2010-ESHA (a):		
Class A, 2.95%, 11/05/27	484	487,693
Class D, 5.50%, 11/05/27	210	213,237
First Union-Lehman Brothers-Bank of America, Series 1998-C2, Class D, 6.78%, 11/18/35	1,658	1,665,708
GMAC Commercial Mortgage Securities, Inc.:		
Series 2002-C3, Class A2, 4.93%, 7/10/39	726	728,412
Series 2004-C3, Class A4, 4.55%, 12/10/41	510	511,148

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Non-Agency Mortgage-Backed Securities		
Commercial Mortgage-Backed Securities		
(concluded)		
Greenwich Capital Commercial Funding Corp., Class A4:		
Series 2006-GG7, 6.06%, 7/10/38 (b)	USD 1,169	\$ 1,349,481
Series 2007-GG9, 5.44%, 3/10/39	2,165	2,450,592
GS Mortgage Securities Corp. II, Series 2007-GG10, Class A4, 5.98%, 8/10/45 (b)	430	486,453
JPMorgan Chase Commercial Mortgage Securities Corp.:		
Series 2004-LN2, Class A2, 5.12%, 7/15/41	820	870,986
Series 2006-CB14, Class AM, 5.64%, 12/12/44 (b)	330	340,388
Series 2006-CB16, Class AJ, 5.62%, 5/12/45	720	614,341
LB-UBS Commercial Mortgage Trust (b):		
Series 2004-C4, Class A3, 5.30%, 6/15/29	1,493	1,502,568
Series 2004-C8, Class C, 4.93%, 12/15/39	1,385	1,461,171
Series 2007-C6, Class A4, 5.86%, 7/15/40	5,225	6,105,115
Series 2007-C7, Class A3, 5.87%, 9/15/45	1,460	1,722,822
Merrill Lynch Mortgage Trust (b):		
Series 2004-BPC1, Class A3, 4.47%, 10/12/41	16	15,571
Series 2004-KEY2, Class A4, 4.86%, 8/12/39	1,000	1,079,590
Morgan Stanley Capital I:		
Series 2007-HQ11, Class A4, 5.45%, 2/12/44 (b)	4,000	4,593,504
Series 2007-XLC1, Class A2, 0.56%, 7/17/17	557	523,351
Morgan Stanley Reremic Trust, Series 2011-IO, Class A, 2.50%, 3/23/51 (a)	831	837,156
Wachovia Bank Commercial Mortgage Trust:		
Series 2006-C28, Class A2, 5.50%, 10/15/48	4,391	4,402,438
Series 2007-C33, Class A4, 6.10%, 2/15/51 (b)	2,285	2,659,361
WF-RBS Commercial Mortgage Trust, Series 2012-C8:		
Class B, 4.31%, 8/15/45	700	706,985
Class C, 5.04%, 8/15/45 (b)	900	877,801
		51,303,420
Interest Only Collateralized Mortgage		
Obligations 0.0%		
GSMPS Mortgage Loan Trust, Series 1998-5, Class IO, 0.10%, 6/19/27 (a)(b)	2,040	43,564
Interest Only Commercial Mortgage-Backed		
Securities 1.0%		
Morgan Stanley Bank of America Merrill Lynch Trust, 2.10%, 8/15/45 (a)(b)	15,980	1,812,247
Morgan Stanley Capital I, Series 2012-C4, Class XA, 2.89%, 3/15/45 (a)(b)	9,617	1,418,400
WF-RBS Commercial Mortgage Trust, Series 2012-C8, Class XA, 2.42%, 8/15/45 (a)(b)	6,115	835,187
		4,065,834
Total Non-Agency Mortgage-Backed		
Securities 16.1%		65,562,488

Preferred Securities**Capital Trusts****Capital Markets 0.0%**

State Street Capital Trust IV, 1.47%, 6/01/67 (b)	70	50,003
---	----	--------

Commercial Banks 0.1%

Fifth Third Capital Trust IV, 6.50%, 4/15/67 (b)	505	505,000
--	-----	---------

Consumer Finance 0.2%

Capital One Capital V, 10.25%, 8/15/39	200	206,000
--	-----	---------

Capital One Capital VI, 8.88%, 5/15/40	690	706,048
--	-----	---------

		912,048
--	--	---------

Capital Trusts	Par (000)	Value
Insurance 1.7%		
The Allstate Corp., 6.50%, 5/15/67 (b)	USD 2,150	\$ 2,254,812
American International Group, Inc., 8.18%, 5/15/68 (b)	195	232,781
Lincoln National Corp., 6.05%, 4/20/67 (b)	750	723,750
MetLife Capital Trust IV, 7.88%, 12/15/67 (a)	645	754,650
MetLife, Inc., 6.40%, 12/15/66	1,000	1,063,398
Swiss Re Capital I LP, 6.85% (a)(b)(g)	1,060	1,049,400
XL Group Plc, Series E, 6.50% (b)(g)	810	738,113
		6,816,904
Total Capital Trusts 2.0%		8,283,955

Preferred Stocks**Shares****Commercial Banks 1.0%**

US Bancorp, Series G, 6.00% (b)	150,000	4,156,500
---------------------------------	---------	-----------

Thriffs & Mortgage Finance 0.1%

Fannie Mae, Series O, 7.00% (c)	40,000	48,000
---------------------------------	--------	--------

Fannie Mae, Series S, 8.25% (c)	10,000	9,000
---------------------------------	--------	-------

Freddie Mac, Series Z, 8.38% (c)	94,539	87,921
----------------------------------	--------	--------

		144,921
--	--	---------

Total Preferred Stocks 1.1%

		4,301,421
--	--	-----------

Trust Preferreds 0.1%**Commercial Banks 0.1%**

Citigroup Capital XIII, 7.88%, 10/30/40 (b)	14,810	405,787
---	--------	---------

Total Preferred Securities 3.2%		12,991,163
--	--	------------

Taxable Municipal Bonds**Par
(000)**

City of Detroit Michigan Capital Improvement, GO, Taxable Capital Improvement, Limited Tax, Series A-2, 8.00%, 4/01/14	USD 1,525	1,454,957
--	-----------	-----------

District of Columbia, Refunding RB, The Howard University Issue, Series B, 7.63%, 10/01/35	1,000	1,246,860
---	-------	-----------

East Bay Municipal Utility District, RB, Build America Bonds, 5.87%, 6/01/40	950	1,304,264
---	-----	-----------

Indianapolis Local Public Improvement Bond Bank, RB, Build America Bonds, 6.12%, 1/15/40	1,260	1,694,713
---	-------	-----------

Metropolitan Transportation Authority, RB, Build America Bonds, 7.34%, 11/15/39	670	1,010,192
--	-----	-----------

Municipal Electric Authority of Georgia Plant Vogtle Units 3 & 4, Refunding RB, Build America Bonds, 7.06%, 4/01/57	1,000	1,085,470
---	-------	-----------

New York City Municipal Water Finance Authority, Refunding RB, Build America Bonds: 5.72%, 6/15/42	690	936,144
--	-----	---------

Second General Resolution, Series EE, 5.38%, 6/15/43	385	451,028
---	-----	---------

Edgar Filing: - Form

Second General Resolution, Series EE, 5.50%, 6/15/43	465	551,983
New York State Dormitory Authority, RB, Build America Bonds:		
5.63%, 3/15/39	550	696,790
5.60%, 3/15/40	950	1,224,958
Port Authority of New York & New Jersey, RB, Consolidated, 159th Series, 6.04%, 12/01/29	395	510,873

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

85

Schedule of Investments (continued)

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

	Par (000)	Value
Taxable Municipal Bonds		
State of California, GO, Build America Bonds: 7.63%, 3/01/40	USD 860	\$ 1,168,043
Various Purpose, 7.55%, 4/01/39	140	188,601
State of Illinois, GO, Pension Funding, 5.10%, 6/01/33	1,000	968,960
University of California, RB, Build America Bonds, 5.95%, 5/15/45	440	554,396
Total Taxable Municipal Bonds 3.7%		15,048,232
US Government Sponsored Agency Securities		
Agency Obligations 4.2%		
Fannie Mae (d):		
1.94%, 10/09/19 (i)	7,305	6,367,243
5.63%, 7/15/37	825	1,202,794
Federal Home Loan Bank (d):		
5.25%, 12/09/22	700	909,790
5.37%, 9/09/24	1,100	1,447,647
Federal Housing Administration, Merrill Projects, Series 42, 7.43%, 9/01/22	36	35,727
Resolution Funding Corp., 2.76%, 4/15/30 (i)	6,055	3,736,825
Tennessee Valley Authority, 5.25%, 9/15/39 (d)	2,405	3,194,109
		16,894,135
Collateralized Mortgage Obligations 0.4%		
Fannie Mae Mortgage-Backed Securities:		
Series 1991-46, Class S, 2,461.75%, 5/25/21 (b)	(h)	2,886
Series 1991-87, Class S, 26.02%, 8/25/21 (b)	19	33,325
Series 2005-5, Class PK, 5.00%, 12/25/34	618	665,899
Series G-7, Class S, 1,116.37%, 3/25/21 (b)	(h)	1,887
Series G-17, Class S, 1,055.17%, 6/25/21 (b)	(h)	2,193
Series G-33, Class PV, 1,078.42%, 10/25/21	(h)	2,071
Series G-49, Class S, 1,008.80%, 12/25/21 (b)	(h)	911
Freddie Mac Mortgage-Backed Securities:		
Series 19, Class R, 16,196.49%, 3/15/20 (b)	(h)	473
Series 75, Class R, 9.50%, 1/15/21	(h)	1
Series 75, Class RS, 28.65%, 1/15/21 (b)	(h)	1
Series 173, Class R, 9.00%, 11/15/21	(h)	5
Series 173, Class RS, 9.27%, 11/15/21 (b)	(h)	5
Series 1057, Class J, 1.01%, 3/15/21	(h)	789
Series K013, Class A2, 3.97%, 1/25/21 (b)	930	1,068,623
		1,779,069
Commercial Mortgage-Backed Securities 0.0%		
Freddie Mac Mortgage-Backed Securities, Series K706, Class C, 4.16%, 11/25/44 (a)(b)	170	157,480
Federal Deposit Insurance Corporation		
Guaranteed 0.1%		
General Electric Capital Corp., 2.13%, 12/21/12 (d)	525	528,020
Interest Only Collateralized Mortgage		
Obligations 3.1%		
Fannie Mae Mortgage-Backed Securities:		
Series 7, Class 2, 8.50%, 4/01/17	2	245

Edgar Filing: - Form

Series 89, Class 2, 8.00%, 10/01/18	3	365
Series 94, Class 2, 9.50%, 8/01/21	1	228
Series 1990-123, Class M, 1,009.50%, 10/25/20	(h)	211
Series 1990-136, Class S, 19.83%, 11/25/20 (b)	5	7,419
Series 1991-99, Class L, 930.00%, 8/25/21	(h)	917
Series 1991-139, Class PT, 648.35%, 10/25/21	(h)	1,560
Series 1997-50, Class SI, 1.20%, 4/25/23 (b)	143	5,162
Series 2003-80, Class DI, 5.50%, 10/25/31	4,942	297,781
Series 2010-126, Class UI, 5.50%, 10/25/40	5,884	939,459

	Par (000)	Value
US Government Sponsored Agency Securities		
Interest Only Collateralized Mortgage Obligations (concluded)		

Fannie Mae Mortgage-Backed Securities (concluded):

Series 2012-47, Class NI, 4.50%, 4/25/42	USD	6,111	\$	1,235,526
Series 2012-96, Class DI, 4.00%, 2/25/27		10,000		1,005,358
Series 2012-M9, Class X1, 4.25%, 12/25/17 (b)		13,450		2,378,780
Series G-10, Class S, 1,080.00%, 5/25/21 (b)		(h)		6,776
Series G-12, Class S, 1,146.44%, 5/25/21 (b)		(h)		4,265
Series G92-5, Class H, 9.00%, 1/25/22		25		3,366
Series K707, Class X1, 1.70%, 12/25/18 (b)		2,522		206,186

Freddie Mac Mortgage-Backed Securities:

Series 176, Class M, 1,010.00%, 7/15/21		(h)		270
Series 200, Class R, 195,955.91%, 12/15/22 (b)		(h)		6
Series 1043, Class H, 43.87%, 2/15/21 (b)		3		7,525
Series 1054, Class I, 859.64%, 3/15/21 (b)		(h)		681
Series 1056, Class KD, 1,084.50%, 3/15/21		(h)		580
Series 1148, Class E, 1,167.37%, 10/15/21 (b)		(h)		1,684
Series 1254, Class Z, 8.50%, 4/15/22		51		11,210
Series 2611, Class QI, 5.50%, 9/15/32		1,546		176,697
Series K710, Class X1, 1.92%, 5/25/19 (b)		8,673		842,130

Ginnie Mae Mortgage-Backed Securities (b):

Series 2009-78, Class SD, 5.96%, 9/20/32		7,736		1,506,590
Series 2011-52, Class NS, 6.43%, 4/16/41		21,186		3,759,998
				12,400,975

Mortgage-Backed Securities 12.9%

Fannie Mae Mortgage-Backed Securities:

3.00%, 9/15/42 (j)		16,300		16,908,704
3.50%, 3/01/42 (d)		1,443		1,530,581
4.00%, 12/01/41 (d)		5,094		5,468,815
4.50%, 7/01/41 (d)		6,883		7,483,245
5.00%, 8/01/34 (d)		4,998		5,498,719
5.50%, 12/01/13 6/01/38 (d)		3,590		3,955,387
6.00%, 3/01/16 9/15/42 (d)(j)		10,611		11,692,692

Ginnie Mae Mortgage-Backed Securities, 8.00%,
7/15/24

(h) 355
52,538,498

**Principal Only Collateralized Mortgage
Obligations 0.0%**

Fannie Mae Mortgage-Backed Securities:

Series 203, Class 1, 2/01/23		8		6,851
Series 228, Class 1, 6/01/23		6		5,030
Series 1993-51, Class E, 2/25/23		25		22,633
Series 1993-70, Class A, 5/25/23		4		3,493

Freddie Mac Mortgage-Backed Securities,

Series 1739, Class B, 2/15/24		2		2,112
				40,119

**Total US Government Sponsored Agency
Securities 20.7%**

84,338,296

US Treasury Obligations

US Treasury Bonds (d):		
8.13%, 8/15/21	1,550	2,442,825
8.00%, 11/15/21	7,065	11,133,444
6.25%, 8/15/23	4,355	6,371,230
5.38%, 2/15/31	375	552,422
3.50%, 2/15/39	2,865	3,377,119
4.25%, 5/15/39	2,770	3,681,937
4.38%, 5/15/40	8,225	11,166,721
4.75%, 2/15/41	1,621	2,331,201
4.38%, 5/15/41	805	1,094,925
3.13%, 11/15/41	20,940	22,948,942
3.13%, 2/15/42	2,368	2,592,590
3.00%, 5/15/42	2,730	2,915,555
2.75%, 8/15/42	10,900	11,046,474

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
US Treasury Obligations		
US Treasury Inflation Indexed Bonds, 0.75%, 2/15/42 (d)	USD 4,260	\$ 4,647,570
US Treasury Notes:		
2.25%, 7/31/18 (d)	2,495	2,705,516
2.63%, 8/15/20 (d)	1,105	1,225,427
2.00%, 2/15/22 (d)	3,932	4,112,628
1.75%, 5/15/22	152	155,088
Total US Treasury Obligations 23.2%		94,501,614
Warrants 0.0% (k)	Shares	
Software 0.0%		
Bankruptcy Management Solutions, Inc. (Expires 9/28/17)	101	
Total Long-Term Investments (Cost \$573,268,297) 150.9%		615,698,482
Short-Term Securities		
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (l)(m)	1,343,014	1,343,014
Total Short-Term Securities (Cost \$1,343,014) 0.3%		1,343,014
Options Purchased	Notional Amount (000)	
Over-the-Counter Interest Rate Call		
Swaptions 0.0%		
Receive a fixed rate of 1.10% and pay a floating rate based on 3-month LIBOR, Expires 7/31/13, Broker JPMorgan Chase & Co.	USD 13,500	160,273
Over-the-Counter Interest Rate Put		
Swaptions 0.1%		
Pay a fixed rate of 3.50% and receive a floating rate based on a 6-month EURIBOR, Expires 11/08/12, Broker Citigroup, Inc.	EUR 4,000	296
Pay a fixed rate of 2.08% and receive a floating rate based on a 3-month LIBOR, Expires 3/26/13, Broker JPMorgan Chase & Co.	USD 45,300	31,932
Pay a fixed rate of 3.25% and receive a floating rate based on a 3-month LIBOR, Expires 6/03/13, Broker JPMorgan Chase & Co.	1,200	24,257
Pay a fixed rate of 3.75% and receive a floating rate based on a 3-month LIBOR, Expires 6/03/13, Broker JPMorgan Chase & Co.	2,400	18,246
Pay a fixed rate of 4.25% and receive a floating rate based on a 3-month LIBOR, Expires 6/03/13, Broker JPMorgan Chase & Co.	4,800	13,214
Pay a fixed rate of 1.50% and receive a floating rate based on a 3-month LIBOR, Expires 7/11/13, Broker JPMorgan Chase & Co.	15,600	78,891

Edgar Filing: - Form

Pay a fixed rate of 1.50% and receive a floating rate based on a 3-month LIBOR, Expires 7/19/13, Broker Deutsche Bank AG	9,700	51,259
Pay a fixed rate of 1.10% and receive a floating rate based on a 3-month LIBOR, Expires 7/31/13, Broker JPMorgan Chase & Co.	13,500	144,667

	Notional Amount (000)	Value
Options Purchased		
Over-the-Counter Interest Rate Put Swaptions (concluded)		
Pay a fixed rate of 4.50% and receive a floating rate based on a 3-month LIBOR, Expires 3/16/17, Broker Deutsche Bank AG	USD 6,300	\$ 164,038
		526,800

	Contracts	
Over-the-Counter Put Options 0.1%		
S&P 500 Index, Strike Price USD 1,375.00, Expires 10/19/12, Broker Deutsche Bank AG	12,000	271,612
Total Options Purchased (Cost \$1,882,435) 0.2%		958,685
Total Investments Before Options Written (Cost \$576,493,746) 151.4%		618,000,181

	Notional Amount (000)	
Options Written		
Over-the-Counter Interest Rate Call Swaptions (1.3)%		
Pay a fixed rate of 2.00% and receive a floating rate based on 3-month LIBOR, Expires 8/28/13, Broker Royal Bank of Scotland Group Plc	USD 14,000	(484,456)
Pay a fixed rate of 2.09% and receive a floating rate based on 3-month LIBOR, Expires 1/03/14, Broker Deutsche Bank AG	4,200	(194,058)
Pay a fixed rate of 2.06% and receive a floating rate based on 3-month LIBOR, Expires 4/09/14, Broker JPMorgan Chase & Co.	16,100	(679,236)
Pay a fixed rate of 1.40% and receive a floating rate based on 3-month LIBOR, Expires 5/08/14, Broker Deutsche Bank AG	9,600	(170,723)
Pay a fixed rate of 1.15% and receive a floating rate based on 3-month LIBOR, Expires 6/09/14, Broker Deutsche Bank AG	9,300	(101,092)
Pay a fixed rate of 1.15% and receive a floating rate based on 3-month LIBOR, Expires 6/09/14, Broker BNP Paribas SA	30,300	(329,364)
Pay a fixed rate of 1.20% and receive a floating rate based on 3-month LIBOR, Expires 6/18/14, Broker Deutsche Bank AG	12,100	(145,492)
Pay a fixed rate of 1.00% and receive a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker Bank of America Corp.	9,000	(68,623)
Pay a fixed rate of 1.00% and receive a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker JPMorgan Chase & Co.	15,600	(118,947)
Pay a fixed rate of 1.00% and receive a floating rate based on 3-month LIBOR, Expires 7/21/14, Broker Deutsche Bank AG	9,700	(73,920)
	10,000	(191,236)

Edgar Filing: - Form

Pay a fixed rate of 1.48% and receive a floating rate based on 3-month LIBOR, Expires 7/31/14, Broker JPMorgan Chase & Co.

Pay a fixed rate of 1.00% and receive a floating rate based on 3-month LIBOR, Expires 8/01/14, Broker Deutsche Bank AG

9,700 (73,630)

Pay a fixed rate of 3.65% and receive a floating rate based on 3-month LIBOR, Expires 3/27/17, Broker JPMorgan Chase & Co.

1,100 (119,428)

Pay a fixed rate of 3.53% and receive a floating rate based on 3-month LIBOR, Expires 3/30/17, Broker Deutsche Bank AG

15,000 (1,522,873)

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

87

Schedule of Investments (continued)

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

	Notional Amount (000)	Value
Options Written		
Over-the-Counter Interest Rate Call Swaptions (concluded)		
Pay a fixed rate of 3.60% and receive a floating rate based on 3-month LIBOR, Expires 4/03/17, Broker Goldman Sachs Group, Inc.	USD 8,200	\$ (866,884)
		(5,139,962)
Over-the-Counter Interest Rate Put Swaptions (0.8)%		
Receive a fixed rate of 1.59% and pay a floating rate based on 3-month LIBOR, Expires 11/30/12, Broker JPMorgan Chase & Co.	11,200	(4,472)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 8/28/13, Broker Royal Bank of Scotland Group Plc	14,000	(407,736)
Receive a fixed rate of 2.09% and pay a floating rate based on 3-month LIBOR, Expires 1/03/14, Broker Deutsche Bank AG	4,200	(21,801)
Receive a fixed rate of 2.06% and pay a floating rate based on 3-month LIBOR, Expires 4/09/14, Broker JPMorgan Chase & Co.	16,100	(125,195)
Receive a fixed rate of 2.40% and pay a floating rate based on 3-month LIBOR, Expires 5/08/14, Broker Deutsche Bank AG	9,600	(59,035)
Receive a fixed rate of 2.15% and pay a floating rate based on 3-month LIBOR, Expires 6/09/14, Broker BNP Paribas SA	30,300	(263,713)
Receive a fixed rate of 2.15% and pay a floating rate based on 3-month LIBOR, Expires 6/09/14, Broker Deutsche Bank AG	9,300	(80,942)
Receive a fixed rate of 2.20% and pay a floating rate based on 3-month LIBOR, Expires 6/18/14, Broker Deutsche Bank AG	12,100	(103,605)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker Bank of America Corp.	9,000	(100,247)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker JPMorgan Chase & Co.	15,600	(173,762)
Receive a fixed rate of 1.95% and pay a floating rate based on 3-month LIBOR, Expires 7/16/14, Broker Deutsche Bank AG	24,800	(292,925)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 7/21/14, Broker Deutsche Bank AG	9,700	(110,702)
Receive a fixed rate of 1.48% and pay a floating rate based on 3-month LIBOR, Expires 7/31/14, Broker JPMorgan Chase & Co.	10,000	(193,489)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 8/01/14, Broker JPMorgan Chase & Co.	11,200	(132,625)

Edgar Filing: - Form

Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 8/01/14, Broker Deutsche Bank AG	9,700	(114,863)
Receive a fixed rate of 6.00% and pay a floating rate based on 3-month LIBOR, Expires 3/16/17, Broker Deutsche Bank AG	12,600	(159,697)
Receive a fixed rate of 3.65% and pay a floating rate based on 3-month LIBOR, Expires 3/27/17, Broker JPMorgan Chase & Co.	1,100	(46,198)
Receive a fixed rate of 3.53% and pay a floating rate based on 3-month LIBOR, Expires 3/30/17, Broker Deutsche Bank AG	15,000	(673,874)
Receive a fixed rate of 3.60% and pay a floating rate based on 3-month LIBOR, Expires 4/03/17, Broker Goldman Sachs Group, Inc.	8,200	(354,828)
		(3,419,709)
Options Written	Contracts	Value
Over-the-Counter Put Options (0.0)%		
S&P 500 Index, Strike Price USD 1,325.00, Expires 10/19/12, Broker Deutsche Bank AG	9,500	\$ (114,598)
Total Options Written		
(Premiums Received \$8,723,514) (2.1)%		(8,674,269)
Total Investments, Net of Options Written 149.3%		609,325,912
Liabilities in Excess of Other Assets (49.3)%		(201,257,538)
Net Assets 100.0%		\$ 408,068,374

- (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) Non-income producing security.
- (d) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (f) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (g) Security is perpetual in nature and has no stated maturity date.
- (h) Amount is less than \$500.
- (i) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (j) Represents or includes a TBA transaction. Unsettled TBA transactions as of August 31, 2012 were as follows:

Counterparty	Value	Unrealized Appreciation (Depreciation)
Credit Suisse Group AG	\$ 4,186,680	\$ (1,930)
Deutsche Bank AG	\$ 3,966,328	\$ (422)
Goldman Sachs Group, Inc.	\$ 16,908,704	\$ 2,548

- (k) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date, if any.

Edgar Filing: - Form

- (l) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

Affiliate	Shares Held at August 31, 2011	Net Activity	Shares Held at August 31, 2012	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	3,706,293	(2,363,279)	1,343,014	\$ 4,026

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

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

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

Reverse repurchase agreements outstanding as of August 31, 2012 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest
UBS Securities LLC	(1.25)%	2/02/12	Open	\$ 440,700	\$ 437,456
Bank of America Merrill Lynch	0.17%	4/18/12	Open	3,115,688	3,117,688
BNP Paribas Securities Corp.	0.14%	4/18/12	Open	1,192,019	1,192,649
Deutsche Bank AG	0.13%	4/24/12	Open	1,381,875	1,382,524
Bank of America Merrill Lynch	0.12%	5/07/12	Open	2,439,313	2,440,264
Bank of America Merrill Lynch	0.22%	5/07/12	Open	895,125	895,710
BNP Paribas Securities Corp.	0.17%	5/09/12	Open	2,212,665	2,213,867
BNP Paribas Securities Corp.	0.18%	5/09/12	Open	1,045,494	1,046,095
BNP Paribas Securities Corp.	0.19%	5/09/12	Open	2,694,600	2,696,235
UBS Securities LLC	0.28%	5/10/12	Open	3,516,450	3,519,568
BNP Paribas Securities Corp.	0.32%	5/14/12	Open	510,100	510,599
Bank of America Merrill Lynch	0.25%	6/05/12	Open	6,017,494	6,021,171
BNP Paribas Securities Corp.	0.23%	6/05/12	Open	23,191,050	23,204,089
UBS Securities LLC	0.32%	6/06/12	Open	5,158,900	5,162,890
Credit Suisse Securities (USA) LLC	0.23%	6/20/12	Open	646,812	647,114
BNP Paribas Securities Corp.	0.20%	6/26/12	Open	1,214,812	1,215,265
UBS Securities LLC	0.32%	6/29/12	Open	1,806,337	1,807,365
BNP Paribas Securities Corp.	0.32%	7/02/12	Open	2,979,000	2,980,615
Deutsche Bank AG	(2.00)%	7/02/12	Open	316,417	315,345
UBS Securities LLC	0.32%	7/02/12	Open	1,477,212	1,478,014
BNP Paribas Securities Corp.	0.27%	7/24/12	Open	573,750	573,918
Credit Suisse Securities (USA) LLC	0.23%	7/25/12	Open	3,228,713	3,229,496
Bank of America Merrill Lynch	0.15%	7/26/12	Open	11,356,988	11,358,738
Bank of America Merrill Lynch	0.17%	7/26/12	Open	6,570,606	6,571,754
Bank of America Merrill Lynch	0.18%	7/26/12	Open	22,898,159	22,902,395
UBS Securities LLC	0.33%	7/27/12	Open	2,604,925	2,605,785
UBS Securities LLC	0.34%	7/27/12	Open	1,006,000	1,006,342
Barclays Capital, Inc.	0.35%	7/31/12	Open	1,603,125	1,603,624
Morgan Stanley & Co. International	0.10%	8/02/12	Open	1,164,152	1,164,634
Credit Suisse Securities (USA) LLC	0.14%	8/07/12	Open	4,138,430	4,138,832
UBS Securities LLC	0.34%	8/07/12	Open	3,420,000	3,420,808
Credit Suisse Securities (USA) LLC	0.35%	8/08/12	Open	11,183,623	11,186,234
Barclays Capital, Inc.	0.35%	8/09/12	Open	3,435,469	3,436,236

Reverse repurchase agreements outstanding as of August 31, 2012 were as follows (concluded):

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest
Credit Suisse Securities (USA) LLC	0.31%	8/10/12	9/13/12	\$ 26,398,356	\$ 26,406,312
UBS Securities LLC	0.34%	8/13/12	Open	553,800	553,899
UBS Securities LLC	0.35%	8/13/12	Open	1,855,000	1,855,343
Credit Suisse Securities (USA) LLC	0.35%	8/15/12	Open	812,000	812,134

Edgar Filing: - Form

Credit Suisse Securities (USA) LLC	0.35%	8/16/12	Open	8,004,324	8,005,570
Barclays Capital, Inc.	0.35%	8/21/12	Open	1,290,812	1,290,951
BNP Paribas Securities Corp.	0.11%	8/21/12	Open	2,791,425	2,791,519
BNP Paribas Securities Corp.	0.17%	8/30/12	9/04/12	10,913,625	10,913,934
Total				\$ 188,055,345	\$ 188,112,981

Financial futures contracts purchased as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration		Notional Value	Unrealized Appreciation
18	5-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	2,243,953	\$ 9,810
246	30-Year US Treasury Bond	Chicago Board of Trade	December 2012	USD	37,245,938	416,919
57	Ultra Long US Treasury Bond	Chicago Board of Trade	December 2012	USD	9,633,000	108,103
Total						\$ 534,832

Financial futures contracts sold as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration		Notional Value	Unrealized Depreciation
15	90-Day Euro-Dollar	Chicago Mercantile	September 2012	USD	3,735,375	\$ (1,126)
440	2-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	97,054,375	(88,686)
446	10-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	59,638,563	(503,783)
15	90-Day Euro-Dollar	Chicago Mercantile	December 2012	USD	3,736,688	(2,926)
15	90-Day Euro-Dollar	Chicago Mercantile	March 2013	USD	3,736,688	(3,788)
12	90-Day Euro-Dollar	Chicago Mercantile	June 2013	USD	2,989,050	(2,130)
12	90-Day Euro-Dollar	Chicago Mercantile	September 2013	USD	2,988,600	(5,559)
16	90-Day Euro-Dollar	Chicago Mercantile	December 2013	USD	3,983,800	(11,342)
12	90-Day Euro-Dollar	Chicago Mercantile	March 2014	USD	2,987,100	(7,854)
9	90-Day Euro-Dollar	Chicago Mercantile	June 2014	USD	2,239,537	(4,335)
9	90-Day Euro-Dollar	Chicago Mercantile	September 2014	USD	2,238,637	(8,113)

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

Financial futures contracts sold as of August 31, 2012 were as follows (concluded):

Contracts	Issue	Exchange	Expiration		Notional Value	Unrealized Depreciation
9	90-Day Euro-Dollar	Chicago Mercantile	December 2014	USD	2,237,287	\$ (9,286)
53	90-Day Euro-Dollar	Chicago Mercantile	March 2015	USD	13,168,513	(66,819)
44	90-Day Euro-Dollar	Chicago Mercantile	June 2015	USD	10,924,100	(58,595)
44	90-Day Euro-Dollar	Chicago Mercantile	September 2015	USD	10,912,550	(67,771)
44	90-Day Euro-Dollar	Chicago Mercantile	December 2015	USD	10,897,700	(69,421)
Total						\$ (911,534)

Foreign currency exchange contracts as of August 31, 2012 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
GBP	1,036,977	USD	1,627,000	UBS AG	10/17/12	\$ 19,323
USD	918,184	GBP	588,000	Credit Suisse Group AG	10/17/12	(15,335)
USD	3,765,332	GBP	2,425,500	UBS AG	10/17/12	(85,433)
USD	938,006	GBP	594,000	UBS AG	10/17/12	(5,038)
EUR	168,000	USD	211,043	Citigroup, Inc.	10/22/12	376
EUR	91,952	USD	113,000	UBS AG	10/22/12	2,717
USD	7,433,238	EUR	6,063,000	Citigroup, Inc.	10/22/12	(196,736)
USD	56,776	EUR	46,000	Citigroup, Inc.	10/22/12	(1,112)
Total						\$ (281,238)

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2012 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Radian Group, Inc.	5.00%	Citigroup, Inc.	6/20/15	USD 1,400	\$ 232,792
The New York Times Co.	1.00%	Barclays Plc	12/20/16	USD 1,800	(5,281)
DE Master Blenders, Inc.	1.00%	JPMorgan Chase & Co.	3/20/17	USD 208	(4,055)
Hillshire Brands Co.	1.00%	JPMorgan Chase & Co.	3/20/17	USD 208	7,539
XL Group Plc	1.00%	JPMorgan Chase & Co.	6/20/17	USD 1,600	(26,877)
Australia & New Zealand Banking Group Ltd.	1.00%	Deutsche Bank AG	9/20/17	USD 1,020	(4,785)
Commonwealth Bank of Australia	1.00%	Deutsche Bank AG	9/20/17	USD 2,000	(9,400)
National Australia Bank Ltd.	1.00%	Deutsche Bank AG	9/20/17	USD 2,000	(6,587)
Westpac Banking Corp.	1.00%	Deutsche Bank AG	9/20/17	USD 1,020	(6,188)
Total					\$ 177,158

Edgar Filing: - Form

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration Date	Credit Rating ¹	Notional Amount (000) ²	Unrealized Appreciation
MetLife, Inc.	1.00%	Credit Suisse Group AG	9/20/16	A	USD 545	\$ 19,635
MetLife, Inc.	1.00%	Deutsche Bank AG	9/20/16	A	USD 730	21,665
MetLife, Inc.	1.00%	Goldman Sachs Group, Inc.	9/20/16	A	USD 500	13,927
MetLife, Inc.	1.00%	Morgan Stanley	9/20/16	A	USD 910	25,810
MetLife, Inc.	1.00%	Morgan Stanley	9/20/16	A	USD 275	5,819
MetLife, Inc.	1.00%	Citigroup, Inc.	12/20/16	A	USD 298	5,859
MetLife, Inc.	1.00%	Citigroup, Inc.	12/20/16	A	USD 290	7,292
Total						\$ 100,007

¹ Using S&P's rating.

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

Credit default swaps on traded indexes sold protection outstanding as of August 31, 2012 were as follows:

Index	Receive Fixed Rate	Counterparty	Expiration Date	Credit Rating ³	Notional Amount (000) ⁴	Unrealized Appreciation
Markit CMBX North America AAA Index Series 3	0.08%	Morgan Stanley	12/13/49	A+	USD 530	\$ 28,033
Markit CMBX North America AAA Index Series 4	0.35%	Morgan Stanley	2/17/51	A	USD 530	24,651
Total						\$ 52,684

³ Using S&P's rating of the underlying securities.

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

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

Interest rate swaps outstanding as of August 31, 2012 were as follows:

Fixed Rate	Floating Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
1.26% ¹	3-month CBA	JPMorgan Chase & Co.	6/25/14	CAD 29,600	\$ (54,648)
1.27% ¹	3-month CBA	Deutsche Bank AG	7/03/14	CAD 13,600	(24,083)
1.33% ¹	3-month CBA	Deutsche Bank AG	7/05/14	CAD 13,600	(15,890)
1.22% ¹	3-month CBA	Deutsche Bank AG	7/09/14	CAD 13,600	(30,755)
1.24% ¹	3-month CBA	Deutsche Bank AG	7/11/14	CAD 13,600	(28,174)
1.66% ²	3-month CBA	JPMorgan Chase & Co.	6/25/16	CAD 15,000	15,753
1.64% ²	3-month CBA	Deutsche Bank AG	7/03/16	CAD 13,600	19,878
1.70% ²	3-month CBA	Deutsche Bank AG	7/05/16	CAD 13,600	4,354
0.87% ²	3-month LIBOR	Royal Bank of Scotland Group Plc	7/31/17	USD 7,000	(38,740)
1.74% ¹	3-month LIBOR	Deutsche Bank AG	3/30/18	USD 1,000	38,661
1.20% ¹	3-month LIBOR	JPMorgan Chase & Co.	8/30/18	USD 7,900	35,996
1.51% ¹	3-month LIBOR	Deutsche Bank AG	7/13/19	USD 5,900	14,969
3.27% ²	3-month LIBOR	Deutsche Bank AG	5/16/21	USD 910	(134,713)
2.08% ¹	3-month LIBOR	Morgan Stanley	4/26/22	USD 6,400	268,975
2.04% ¹	3-month LIBOR	Morgan Stanley	5/04/22	USD 11,500	434,771
1.94% ¹	3-month LIBOR	Citigroup, Inc.	5/16/22	USD 2,100	58,597
1.89% ¹	6-month EURIBOR	Citigroup, Inc.	6/27/22	EUR 1,800	38,016
1.60% ¹	3-month LIBOR	Credit Suisse Group AG	8/02/22	USD 2,100	(12,156)
1.61% ¹	3-month LIBOR	Deutsche Bank AG	8/06/22	USD 1,700	(8,139)
1.74% ²	3-month LIBOR	Credit Suisse Group AG	8/07/22	USD 6,000	(42,635)
1.79% ²	3-month LIBOR	Credit Suisse Group AG	8/10/22	USD 1,000	(11,721)
1.91% ¹	3-month LIBOR	Deutsche Bank AG	8/21/22	USD 3,800	88,431
1.93% ²	3-month LIBOR	JPMorgan Chase & Co.	8/21/22	USD 2,000	(48,609)
2.58% ²	6-month EURIBOR	Deutsche Bank AG	11/11/41	EUR 350	(37,911)
2.68% ²	6-month EURIBOR	Deutsche Bank AG	11/18/41	EUR 750	(102,306)
3.07% ²	3-month LIBOR	Barclays Plc	3/21/42	USD 8,200	(1,060,280)
2.15% ²	6-month EURIBOR	Citigroup, Inc.	6/27/42	EUR 770	8,297
2.41% ²	3-month LIBOR	JPMorgan Chase & Co.	7/02/42	USD 3,400	51,292
2.48% ²	3-month LIBOR	Deutsche Bank AG	7/05/42	USD 4,500	(7,362)
2.52% ²	3-month LIBOR	Citigroup, Inc.	9/04/42	USD 5,100	(59,408)
2.52% ²	3-month LIBOR	Goldman Sachs Group, Inc.	9/04/42	USD 5,100	(57,332)
Total					\$ (696,872)

¹ Trust pays the floating rate and receives the fixed rate.² Trust pays the fixed rate and receives the floating rate.

Total return swaps outstanding as of August 31, 2012 were as follows:

Reference Entity	Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Depreciation
Change in Return of the Consumer Price Index for All	2.18% ³	Bank of America Corp.	10/06/21	USD 1,885	\$ (43,387)

Edgar Filing: - Form

Urban Consumers

³ Trust pays the total return of the reference entity and receives the fixed rate. Net payment made at termination.

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 and liabilities

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

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

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 and other significant accounting policies, please refer to Note 1 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, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Asset-Backed Securities		\$ 24,347,936	\$ 1,537,590	\$ 25,885,526
Common Stocks	\$ 89,704		1	89,705
Corporate Bonds		308,740,663	1,957,000	310,697,663
Foreign Agency Obligations		6,583,795		6,583,795
Non-Agency Mortgage-Backed Securities		65,039,095	523,393	65,562,488
Preferred Securities	4,707,208	8,283,955		12,991,163
Taxable Municipal Bonds		15,048,232		15,048,232
US Government Sponsored Agency Securities		84,302,078	36,218	84,338,296
US Treasury Obligations		94,501,614		94,501,614
Short-Term Securities	1,343,014			1,343,014
Total	\$ 6,139,926	\$ 606,847,368	\$ 4,054,202	\$ 617,041,496

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments ¹				
Assets:				
Credit contracts		\$ 393,022		\$ 393,022
Equity contracts		271,612		271,612
Foreign currency exchange contracts		22,416		22,416
Interest rate contracts	\$ 534,832	1,765,063		2,299,895
Liabilities:				
Credit contracts		(63,173)		(63,173)
Equity contracts		(114,598)		(114,598)
Foreign currency exchange contracts		(303,654)		(303,654)
Interest rate contracts	(911,534)	(10,334,533)		(11,246,067)
Other contracts		(43,387)		(43,387)
Total	\$ (376,702)	\$ (8,407,232)		\$ (8,783,934)

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

Certain of the Trust's assets and liabilities are held at carrying or face value amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 325,000			\$ 325,000
Foreign currency at value	548,136			548,136
Cash pledged as collateral for financial futures contracts	1,344,000			1,344,000
Cash pledged as collateral for reverse repurchase agreements	752,000			752,000
Cash pledged as collateral for swaps	7,320,000			7,320,000
Liabilities:				
Cash received as collateral for swaps		\$ (1,200,000)		(1,200,000)
Cash received as collateral for reverse repurchase agreements		(127,000)		(127,000)
Reverse repurchase agreements		(188,055,345)		(188,055,345)
Total	\$ 10,289,136	\$ (189,382,345)		\$ (179,093,209)

There were no transfers between Level 1 and Level 2 during the year ended August 31, 2012.

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

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 to determine fair value:

Asset-Backed Securities	Common Stocks	Corporate Bonds	Non-Agency Mortgage-Backed Securities	Other Interests	Preferred Securities	US Government Sponsored Agency Securities	Warrants	Total
-------------------------	---------------	-----------------	---------------------------------------	-----------------	----------------------	---	----------	-------

Edgar Filing: - Form

Assets:									
Opening balance, as of August 31, 2011	\$ 6,157,600		\$ 2,004,500	\$ 1,957,342	\$ 190	\$ 109,421	\$ 80,827	\$ 83,088	\$ 10,392,968
Transfers into Level 3 ²		\$ 1							1
Transfers out of Level 3 ³	(4,220,557)			(352,670)					(4,573,227)
Accrued discounts/premiums	(408,000)		199	4,535			(133)		(403,399)
Net realized gain (loss)	21	(1)	18,672	67,431	364	128,730	(1,523)		213,694
Net change in unrealized appreciation/depreciation ⁴	310,836	1	(11,371)	8,053	(190)	(109,421)	748	(83,088)	115,568
Purchases				579,724					579,724
Sales	(302,310)		(55,000)	(1,741,022)	(364)	(128,730)	(43,701)		(2,271,127)
Closing Balance, as of August 31, 2012	\$ 1,537,590	\$ 1	\$ 1,957,000	\$ 523,393			\$ 36,218		\$ 4,054,202

² As of August 31, 2011, the Trust used observable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used significant unobservable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$1 transferred from Level 2 to Level 3 in the disclosure hierarchy.

³ As of August 31, 2011, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used observable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$4,573,227 transferred from Level 3 to Level 2 in the disclosure hierarchy.

⁴ Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$2,271,976.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Income Opportunity Trust, Inc. (BNA)

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

	Credit Contracts
Liabilities:	
Opening balance, as of August 31, 2011	\$ (941)
Transfers into Level 3 ¹	
Transfers out of Level 3 ¹	
Accrued discounts/premiums	
Net realized gain (loss)	
Net change in unrealized appreciation/depreciation ²	941
Purchases	
Issues ³	
Sales	
Settlements ⁴	
Closing Balance, as of August 31, 2012	

¹ Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

² Included in the related net change in unrealized appreciation/depreciation in the Statement of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$0.

³ Issues represent upfront cash received on certain derivative financial instruments.

⁴ Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Financial Statements.

Schedule of Investments August 31, 2012

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

	Par (000)	Value
Asset-Backed Securities		
Asset-Backed Securities 1.4%		
First Franklin Mortgage Loan Asset-Backed Certificates, Series 2005-FF2, Class M2, 0.68%, 3/25/35 (a)	\$ 5,214	\$ 4,946,311
Securitized Asset-Backed Receivables LLC Trust, Series 2005-OP2, Class M1, 0.67%, 10/25/35 (a)	1,875	1,204,526
Small Business Administration Participation Certificates, Class 1:		
Series 1996-20E, 1, 7.60%, 5/01/16	112	118,718
Series 1996-20G, 7.70%, 7/01/16	120	128,910
Series 1996-20H, 7.25%, 8/01/16	177	188,875
Series 1996-20K, 6.95%, 11/01/16	307	328,201
Series 1997-20C, 7.15%, 3/01/17	133	143,533
		7,059,074
Interest Only Asset-Backed Securities 0.2%		
Small Business Administration, Series 1, 2.00%, 4/01/15	1,438	12,582
Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (b)	4,301	340,073
Sterling Coofs Trust, Series 1, 2.36%, 4/15/29	7,404	564,541
		917,196
Total Asset-Backed Securities 1.6%		7,976,270
Non-Agency Mortgage-Backed Securities		
Collateralized Mortgage Obligations 1.4%		
Collateralized Mortgage Obligation Trust, Series 40, Class R, 580.50%, 4/01/18	(c)	90
Deutsche ALT-A Securities, Inc. Alternate Loan Trust, Series 2006-AR5, Class 22A, 5.50%, 10/25/21	814	830,451
Homebanc Mortgage Trust, Series 2005-4, Class A1, 0.51%, 10/25/35 (a)	2,912	2,190,760
JPMorgan Mortgage Trust, Series 2006-A7, Class 2A2, 2.71%, 1/25/37 (a)	333	251,518
Kidder Peabody Acceptance Corp., Series 1993-1, Class A6, 16.18%, 8/25/23 (a)	50	57,187
Residential Funding Securities LLC, Series 2003-RM2, Class AI5, 8.50%, 5/25/33	2,134	2,269,118
Structured Adjustable Rate Mortgage Loan Trust, Series 2004-11, Class A, 2.88%, 8/25/34 (a)	1,385	1,319,463
		6,918,587
Commercial Mortgage-Backed Securities 0.5%		
Credit Suisse Mortgage Capital Certificates, Series 2007-C2, Class A3, 5.54%, 1/15/49 (a)	2,420	2,700,856
Interest Only Collateralized Mortgage Obligations 1.0%		
Bank of America Mortgage Securities, Inc., Series 2003-3, Class 1A, 0.28%, 5/25/33 (a)	55,752	357,984
CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37	894	222,099
Collateralized Mortgage Obligation Trust, Series 42, Class R, 6.000%, 10/01/14	(c)	1

Edgar Filing: - Form

First Boston Mortgage Securities Corp., Series C, 10.97%, 4/25/17	16	2,087
GSMPS Mortgage Loan Trust, Series 1998-5, Class IO, 0.10%, 6/19/27 (a)(b)	4,056	86,601
IndyMac INDX Mortgage Loan Trust, Series 2006-AR33, Class 4AX, 0.17%, 1/25/37	90,589	452,944
MASTR Adjustable Rate Mortgages Trust, Series 2004-3, Class 3AX, 0.98%, 4/25/34	11,266	124,984
MASTR Alternative Loans Trust, Series 2003-9, Class 15X2, 6.00%, 1/25/19	429	53,343

	Par (000)	Value
Non-Agency Mortgage-Backed Securities		
Interest Only Collateralized Mortgage Obligations (concluded)		
Morgan Stanley Mortgage Loan Trust, Series 2004-3, Class 1AX, 5.00%, 5/25/19	\$ 476	\$ 43,288
Sequoia Mortgage Trust, Series 2005-2, Class XA, 1.09%, 3/20/35 (a)	37,750	607,538
Structured Adjustable Rate Mortgage Loan Trust, Series 2006-7, Class 3AS, 5.17%, 8/25/36 (a)	24,498	2,882,341
Vendee Mortgage Trust, Series 1999-2, Class 1, 0.04%, 5/15/29 (a)	50,603	86,957
		4,920,167

Interest Only Commercial Mortgage-Backed Securities 0.0%		
Credit Suisse First Boston Mortgage Securities Corp., Series 1997-C1, Class AX, 1.31%, 6/20/29 (a)(b)	2,401	45,646

Principal Only Collateralized Mortgage Obligations 0.5%		
Countrywide Home Loan Mortgage Pass-Through Trust:		
Series 2003-26, 8/25/33	1,190	1,147,015
Series 2003-J4, 6/25/33	245	233,340
Series 2003-J5, 7/25/33	374	356,681
Series 2003-J8, 9/25/23	281	276,632
Drexel Burnham Lambert CMO Trust, Class 1:		
Series K, 9/23/17	7	7,206
Series V, 9/01/18	17	17,001
MASTR Asset Securitization Trust, Series 2004-3, Class 4A15, 3/25/34	53	46,358
Residential Asset Securitization Trust, Series 2005-A15, Class 1A8, 2/25/36	756	443,892
Structured Mortgage Asset Residential Trust, Series 1993-3C, Class CX, 4/25/24	7	5,426
Washington Mutual Alternative Mortgage Pass-Through Certificates, Series 2005-9, Class CP, 11/25/35	484	303,068
		2,836,619
Total Non-Agency Mortgage-Backed Securities 3.4%		17,421,875

US Government Sponsored Agency Securities		
Agency Obligations 2.5%		
Federal Housing Administration:		
General Motors Acceptance Corp. Projects,		
Series 56, 7.43%, 11/01/22	200	196,383
Merrill Projects, Series 54, 7.43%, 5/15/23	2	1,822
Reilly Projects, Series 41, 8.28%, 3/01/20	199	198,368
USGI Projects, Series 87, 7.43%, 12/01/22	63	61,392
USGI Projects, Series 99, 7.43%, 6/01/21	4,097	4,014,908
USGI Projects, Series 99, 7.43%, 10/01/23	38	37,687

Edgar Filing: - Form

USGI Projects, Series 99, 7.43%, 10/01/23	114	111,349
Resolution Funding Corp., 2.76%, 4/15/30 (d)	13,000	8,022,911
		12,644,820

Collateralized Mortgage Obligations 11.1%

Fannie Mae Mortgage-Backed Securities:

Series 1991-46, Class S, 2,461.75%, 5/25/21 (a)	(c)	6,195
Series 1991-87, Class S, 26.02%, 8/25/21 (a)	42	72,815
Series 1993-247, Class SN, 10.00%, 12/25/23 (a)	327	425,650
Series 2003-135, Class PB, 6.00%, 1/25/34	12,264	14,358,274
Series 2004-31, Class ZG, 7.50%, 5/25/34	3,418	4,435,092
Series 2005-73, Class DS, 16.94%, 8/25/35 (a)	2,511	3,491,851
Series G-7, Class S, 1,116.37%, 3/25/21 (a)	(c)	4,051
Series G-17, Class S, 1,055.17%, 6/25/21 (a)	(c)	4,709
Series G-33, Class PV, 1,078.42%, 10/25/21	(c)	4,446
Series G-49, Class S, 1,008.80%, 12/25/21 (a)	(c)	1,954

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
US Government Sponsored Agency Securities		
Collateralized Mortgage Obligations (concluded)		
Freddie Mac Mortgage-Backed Securities:		
Series 19, Class F, 8.50%, 3/15/20	\$ 64	\$ 69,958
Series 19, Class R, 16,196.49%, 3/15/20 (a)	(c)	1,017
Series 40, Class K, 6.50%, 8/17/24	295	339,336
Series 75, Class R, 9.50%, 1/15/21	(c)	2
Series 75, Class RS, 28.70%, 1/15/21 (a)	(c)	2
Series 173, Class R, 9.00%, 11/15/21	(c)	11
Series 173, Class RS, 9.27%, 11/15/21 (a)	(c)	11
Series 192, Class U, 1,009.03%, 2/15/22 (a)	(c)	51
Series 1057, Class J, 1,008.00%, 3/15/21	(c)	1,694
Series 1160, Class F, 39.10%, 10/15/21 (a)	16	35,429
Series 2218, Class Z, 8.50%, 3/15/30	4,622	5,381,068
Series 2542, Class UC, 6.00%, 12/15/22	6,120	6,856,413
Series 2758, Class KV, 5.50%, 5/15/23	8,870	9,993,286
Series 2861, Class AX, 10.44%, 9/15/34 (a)	152	170,056
Series 2927, Class BZ, 5.50%, 2/15/35	3,132	3,926,475
Series T-11, Class A9, 2.68%, 1/25/28 (a)	1,975	1,874,505
Ginnie Mae Mortgage-Backed Securities:		
Series 1996-5, Class Z, 7.00%, 5/16/26	458	492,933
Series 2001-33, Class PB, 6.50%, 7/20/31	792	915,620
Series 2004-89, Class PE, 6.00%, 10/20/34	3,392	3,622,628
		56,485,532
Federal Deposit Insurance Corporation		
Guaranteed 0.8%		
Citigroup Funding, Inc., 1.88%, 10/22/12	3,800	3,809,291
Interest Only Collateralized Mortgage Obligations 5.7%		
Fannie Mae Mortgage-Backed Securities:		
Series 7, Class 2, 8.50%, 4/01/17	4	526
Series 89, Class 2, 8.00%, 10/01/18	6	783
Series 94, Class 2, 9.50%, 8/01/21	2	490
Series 1990-123, Class M, 1,009.50%, 10/25/20	(c)	454
Series 1990-136, Class S, 19.83%, 11/25/20 (a)	10	15,928
Series 1991-99, Class L, 930.00%, 8/25/21	(c)	1,970
Series 1991-139, Class PT, 648.35%, 10/25/21	(c)	3,348
Series 1993-199, Class SB, 7.25%, 10/25/23 (a)	512	57,739
Series 1996-68, Class SC, 7.85%, 1/25/24 (a)	153	3,210
Series 1997-50, Class SI, 1.20%, 4/25/23 (a)	285	10,325
Series 1997-90, Class M, 6.00%, 1/25/28	4,666	821,845
Series 1999-W4, 6.50%, 12/25/28	290	64,695
Series 2003-80, Class DI, 5.50%, 10/25/31	6,401	385,742
Series 2010-74, Class DI, 5.00%, 12/25/39	39,429	3,667,405
Series 2010-75, Class PI, 4.50%, 12/25/36	10,632	289,362
Series 2010-126, Class UI, 5.50%, 10/25/40	18,255	2,914,501
Series 2012-96, Class DI, 4.00%, 2/25/27	12,695	1,276,264
Series G-10, Class S, 1,080.00%, 5/25/21 (a)	(c)	14,548
Series G-12, Class S, 1,146.44%, 5/25/21 (a)	(c)	9,156
Series G92-5, Class H, 9.00%, 1/25/22	64	8,656
Series G92-12, Class C, 1,016.90%, 2/25/22	(c)	3,744
Series G92-60, Class SB, 1.60%, 10/25/22	200	8,395

Edgar Filing: - Form

Freddie Mac Mortgage-Backed Securities:

Series 176, Class M, 1,010.00%, 7/15/21	(c)	581
Series 200, Class R, 195.955.91%, 12/15/22 (a)	(c)	12
Series 1043, Class H, 43.87%, 2/15/21 (a)	7	16,155
Series 1054, Class I, 859.64%, 3/15/21 (a)	(c)	1,462
Series 1056, Class KD, 1,084.50%, 3/15/21	(c)	1,245
Series 1148, Class E, 1,167.37%, 10/15/21 (a)	(c)	3,615
Series 2559, 0.50%, 8/15/30 (a)	158	1,679
Series 2611, Class QI, 5.50%, 9/15/32	2,823	322,495
Series 2949, 5.50%, 3/15/35	464	33,357
Series 3744, Class PI, 4.00%, 6/15/39	19,412	2,863,283
Series 3745, Class IN, 4.00%, 1/15/35	42,529	4,316,801
Series 4026, 4.50%, 4/15/32	6,967	1,115,231

**US Government Sponsored Agency Securities
Interest Only Collateralized Mortgage
Obligations (concluded)**

Ginnie Mae Mortgage-Backed Securities:

	Par (000)	Value
Series 2010-101, Class YT, 2.00%, 8/16/13	\$ 48,814	\$ 757,144
Series 2011-52, Class MJ, 6.41%, 4/20/41 (a)	26,384	5,125,269
Series 2011-52, Class NS, 6.43%, 4/16/41 (a)	27,941	4,959,035
		29,076,450

Mortgage-Backed Securities 125.5%

Fannie Mae Mortgage-Backed Securities:

3.00%, 9/15/42 (e)	24,300	25,207,454
3.50%, 9/15/44 (e)	7,000	7,421,093
4.00%, 1/01/41 9/15/42 (e)	54,532	58,543,009
4.50%, 9/15/42 (e)(f)	189,700	208,930,119
5.00%, 1/01/23 9/15/42 (e)(g)	176,536	194,122,033
5.50%, 9/15/27 10/01/39 (e)(f)	69,319	76,431,230
5.97%, 8/01/16	3,016	3,458,688
6.00%, 9/15/42 (e)	21,800	24,018,320
6.50%, 12/01/37 10/01/39	33,154	37,794,277
7.50%, 2/01/22	(c)	107
9.50%, 1/01/19 9/01/19	3	2,572

Freddie Mac Mortgage-Backed Securities:

2.48%, 1/01/35 (a)	197	201,526
2.55%, 10/01/34 (a)	297	307,009
2.73%, 11/01/17 (a)	13	13,481
5.00%, 2/01/22 4/01/22	742	805,650
9.00%, 9/01/20	40	44,849

Ginnie Mae Mortgage-Backed Securities:

7.50%, 8/15/21 12/15/23	169	180,423
8.00%, 10/15/22 8/15/27	66	74,402
9.00%, 6/15/18 9/15/21	7	7,731
		637,563,973

**Principal Only Collateralized Mortgage
Obligations 0.4%**

Fannie Mae Mortgage-Backed Securities:

Series 203, Class 1, 2/01/23	16	14,709
Series 228, Class 1, 6/01/23	13	10,799
Series 1991-7, Class J, 2/25/21	17	15,589
Series 1993-51, Class E, 2/25/23	54	48,592
Series 1993-70, Class A, 5/25/23	8	7,500
Series 1999-W4, Class PO, 2/25/29	146	139,937
Series 2002-13, Class PR, 3/25/32	310	267,855
Series G93-2, Class KB, 1/25/23	142	131,518

Freddie Mac Mortgage-Backed Securities:

Series 1418, Class M, 11/15/22	58	52,373
Series 1571, Class G, 8/15/23	366	354,008

Edgar Filing: - Form

Series 1691, Class B, 3/15/24	735	629,492
Series 1739, Class B, 2/15/24	5	4,734
Series T-8, Class A10, 11/15/28	122	110,689
		1,787,795
Total US Government Sponsored Agency Securities 146.0%		741,367,861
US Treasury Obligations		
US Treasury Bonds, 2.75%, 8/15/42 (g)	72,295	73,266,500
US Treasury Notes:		
0.50%, 7/31/17	1,090	1,085,487
0.63%, 8/31/17 (g)	18,690	18,716,278
0.88%, 7/31/19 (g)	1,715	1,701,736
1.00%, 8/31/19	1,365	1,364,466
1.63%, 8/15/22 (g)	2,525	2,539,597
Total US Treasury Obligations 19.4%		98,674,064
Total Long-Term Investments		
(Cost \$840,915,743) 170.4%		865,440,070

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

95

Schedule of Investments (continued)

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

	Par (000)	Value
Short-Term Securities		
Borrowed Bond Agreements 3.8%		
BNP Paribas SA:		
0.13%, Open	\$ 7,264	\$ 7,264,256
0.14%, Open	938	938,400
Credit Suisse Securities (USA) LLC:		
0.00%, Open	101	100,750
0.11%, Open	438	437,800
0.15%, Open	6,508	6,508,450
0.18%, Open	3,859	3,859,125
		19,108,781
	Shares	
Money Market Funds 0.4%		
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (h)(i)	2,187,808	2,187,808
Total Short-Term Securities (Cost \$21,296,589) 4.2%		21,296,589
Total Investments Before Borrowed Bonds and TBA Sale Commitments (Cost \$862,212,332) 174.6%		886,736,659
	Par (000)	
Borrowed Bonds		
US Treasury Notes:		
1.25%, 2/15/14	\$ 920	(933,728)
2.13%, 2/29/16	6,845	(7,264,790)
1.00%, 10/31/16	3,765	(3,848,538)
0.88%, 12/31/16	6,460	(6,565,479)
0.88%, 2/28/17	440	(447,116)
1.00%, 3/31/17	100	(102,101)
Total Borrowed Bonds (Proceeds \$18,489,219) (3.8)%		(19,161,752)
TBA Sale Commitments (e)		
Fannie Mae Mortgage-Backed Securities:		
4.00%, 1/01/41 9/15/42	3,000	(3,216,094)
4.50%, 9/15/27 9/15/42	43,200	(46,711,998)
5.00%, 9/15/27 9/15/42	71,800	(78,401,965)
Total TBA Sale Commitments (Proceeds \$128,007,914) (25.2)%		(128,330,057)
Total Investments, Net of Borrowed Bonds and TBA Sale Commitments 145.6%		739,244,850
Liabilities in Excess of Other Assets (45.6)%		(231,393,030)
Net Assets 100.0%		\$ 507,851,820

Edgar Filing: - Form

- (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) Amount is less than \$500.
- (d) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (e) Represents or includes a TBA transaction. Unsettled TBA transactions as of August 31, 2012 were as follows:

Counterparty	Value	Unrealized Appreciation (Depreciation)
Bank of America Corp.	\$ (4,112,890)	\$ (33,859)
Credit Suisse Group AG	\$ 56,971,711	\$ 205,875
Deutsche Bank AG	\$ 2,983,937	\$ (187,742)
Goldman Sachs Group, Inc.	\$ 21,058,079	\$ 79,298
JPMorgan Chase & Co.	\$ 8,251,312	\$ 12,882
Morgan Stanley	\$ (13,710,046)	\$ 26,790

- (f) All or a portion of security has been pledged as collateral in connection with swaps.
- (g) All or a portion of security has been pledged as collateral in connection with open reverse repurchase agreements.
- (h) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

Affiliate	Shares Held at August 31, 2011	Net Activity	Shares Held at August 31, 2012	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	3,958,025	(1,770,217)	2,187,808	\$9,117

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

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

Reverse repurchase agreements outstanding as of August 31, 2012 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest
Credit Suisse Securities (USA) LLC	0.31%	8/10/12	9/13/12	\$ 39,738,879	\$ 39,750,856
Bank of America Merrill Lynch	0.23%	8/30/12	9/04/12	2,996,250	2,996,365
BNP Paribas Securities Corp.	0.17%	8/30/12	9/04/12	72,385,369	72,387,420
BNP Paribas Securities Corp.	0.19%	8/30/12	9/04/12	2,057,425	2,057,490
Credit Suisse Securities (USA) LLC	(0.02)%	8/30/12	9/04/12	2,528,156	2,528,148
Total				\$ 119,706,079	\$ 119,720,279

See Notes to Financial Statements.

96

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (continued)

BlackRock Income Trust, Inc. (BKT)

Financial futures contracts purchased as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Appreciation
123	90-Day Euro-Dollar	Chicago Mercantile	September 2012	\$ 30,630,075	\$ 38,666
52	90-Day Euro-Dollar	Chicago Mercantile	December 2012	\$ 12,953,850	20,141
43	Ultra Long US Treasury Bond	Chicago Board of Trade	December 2012	\$ 7,267,000	81,551
24	90-Day Euro-Dollar	Chicago Mercantile	March 2013	\$ 5,978,700	5,717
63	90-Day Euro-Dollar	Chicago Mercantile	June 2013	\$ 15,692,513	31,349
57	90-Day Euro-Dollar	Chicago Mercantile	September 2013	\$ 14,195,850	28,871
18	90-Day Euro-Dollar	Chicago Mercantile	December 2013	\$ 4,481,775	6,018
Total					\$ 212,313

Financial futures contracts sold as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
125	2-Year US Treasury Note	Chicago Board of Trade	December 2012	\$ 27,572,266	\$ (21,104)
743	5-Year US Treasury Note	Chicago Board of Trade	December 2012	\$ 92,625,398	(340,959)
1,519	10-Year US Treasury Note	Chicago Board of Trade	December 2012	\$ 203,118,781	(1,553,324)
36	30-Year US Treasury Bond	Chicago Board of Trade	December 2012	\$ 5,450,625	(59,778)
7	90-Day Euro-Dollar	Chicago Mercantile	March 2014	\$ 1,742,475	(2,118)
25	90-Day Euro-Dollar	Chicago Mercantile	June 2014	\$ 6,220,938	(15,678)
25	90-Day Euro-Dollar	Chicago Mercantile	September 2014	\$ 6,218,438	(18,509)
25	90-Day Euro-Dollar	Chicago Mercantile	December 2014	\$ 6,214,687	(20,590)
25	90-Day Euro-Dollar	Chicago Mercantile	March 2015	\$ 6,211,562	(20,578)
Total					\$ (2,052,638)

Interest rate swaps outstanding as of August 31, 2012 were as follows:

Counterparty

Edgar Filing: - Form

Fixed Rate	Floating Rate		Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
4.88% ¹	3-month LIBOR	UBS AG	3/21/15	\$ 25,000	\$ 2,813,523
4.87% ¹	3-month LIBOR	Goldman Sachs Group, Inc.	1/25/16	\$ 5,500	806,208
2.81% ¹	3-month LIBOR	Citigroup, Inc.	2/06/16	\$ 20,000	1,562,956
5.72% ¹	3-month LIBOR	JPMorgan Chase & Co.	7/14/16	\$ 5,400	1,062,683
4.31% ²	3-month LIBOR	Deutsche Bank AG	10/01/18	\$ 60,000	(11,773,298)
3.43% ¹	3-month LIBOR	JPMorgan Chase & Co.	3/28/21	\$ 6,000	1,202,883
5.41% ¹	3-month LIBOR	JPMorgan Chase & Co.	8/15/22	\$ 9,565	3,359,900
Total					\$ (965,145)

¹ Trust pays the floating rate and receives the fixed rate.

² Trust pays the fixed interest rate and receives the floating rate.

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 and liabilities

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

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

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 and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

See Notes to Financial Statements.

Schedule of Investments (concluded)

BlackRock Income Trust, Inc. (BKT)

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Asset-Backed Securities		\$ 7,059,074	\$ 917,196	\$ 7,976,270
Non-Agency Mortgage-Backed Securities		13,353,977	4,067,898	17,421,875
US Government Sponsored Agency Securities		736,744,897	4,622,964	741,367,861
US Treasury Obligations		98,674,064		98,674,064
Short-Term Securities:				
Borrowed Bond Agreements		19,108,781		19,108,781
Money Market Funds	\$ 2,187,808			2,187,808
Liabilities:				
Investments:				
Long-Term Investments:				
Borrowed Bonds		(19,161,752)		(19,161,752)
TBA Sale Commitments		(128,330,057)		(128,330,057)
Total	\$ 2,187,808	\$ 727,448,984	\$ 9,608,058	\$ 739,244,850
Derivative Financial Instruments¹				
Assets:				
Interest rate contracts	\$ 212,313	\$ 10,808,153		\$ 11,020,466
Liabilities:				
Interest rate contracts	(2,052,638)	(11,773,298)		(13,825,936)
Total	\$ (1,840,325)	\$ (965,145)		\$ (2,805,470)

¹ Derivative financial instruments are swaps and financial futures contracts. Swaps and financial futures contracts are valued at the unrealized appreciation/depreciation on the instrument.

Certain of the Trust's assets and liabilities are held at carrying or face value amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash pledged as collateral for financial futures contracts	\$ 2,464,000			\$ 2,464,000
Cash pledged as collateral for swaps	3,300,000			3,300,000
Cash pledged as collateral for reverse repurchase agreements	50,000			50,000
Liabilities:				
Cash received as collateral for swaps		\$ (4,100,000)		(4,100,000)
Reverse repurchase agreements		(119,706,079)		(119,706,079)
Total	\$ 5,814,000	\$ (123,806,079)		\$ (117,992,079)

There were no transfers between Level 1 and Level 2 during the year ended August 31, 2012.

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

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

Edgar Filing: - Form

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

	Asset-Backed Securities	Non-Agency Mortgage-Backed Securities	US Government Sponsored Agency Securities	Total
Assets:				
Opening balance, as of August 31, 2011	\$ 1,038,628	\$ 4,432,527	\$ 5,096,285	\$ 10,567,440
Transfers into Level 3 ²				
Transfers out of Level 3 ²				
Accrued discounts/premiums	(429,565)	44,402	(13,872)	(399,035)
Net realized loss			(14,027)	(14,027)
Net change in unrealized appreciation/depreciation ³	331,765	(282,172)	(63,757)	(14,164)
Purchases				
Sales	(23,632)	(126,859)	(381,665)	(532,156)
Closing Balance, as of August 31, 2012	\$ 917,196	\$ 4,067,898	\$ 4,622,964	\$ 9,608,058

² Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

³ Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$19,455.

See Notes to Financial Statements.

Schedule of Investments August 31, 2012

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

Common Stocks	Shares	Value
Auto Components 1.6%		
Delphi Automotive Plc (a)	53,804	\$ 1,629,723
Media 0.1%		
Adelphia Recovery Trust	396,568	793
Cumulus Media, Inc., Class A (a)	23,466	65,001
		65,794
Software 0.0%		
Bankruptcy Management Solutions, Inc. (a)	84	1
Total Common Stocks 1.7%		1,695,518

Corporate Bonds	Par (000)	
Aerospace & Defense 0.2%		
Meccanica Holdings USA, Inc., 6.25%, 7/15/19 (b)	USD 200	180,969
Airlines 0.4%		
Delta Air Lines, Inc.:		
Series 2002-1, Class G-1, 6.72%, 7/02/24	143	155,110
Series 2009-1-B, 9.75%, 6/17/18	37	40,327
US Airways Pass-Through Trust, Series 2011-1, Class C, 10.88%, 10/22/14	246	252,126
		447,563
Auto Components 1.2%		
Dana Holding Corp., 6.75%, 2/15/21	180	193,950
Icahn Enterprises LP, 8.00%, 1/15/18	670	713,550
Jaguar Land Rover Plc, 8.25%, 3/15/20	GBP 177	296,440
		1,203,940
Beverages 0.3%		
Crown European Holdings SA:		
7.13%, 8/15/18	EUR 50	69,179
7.13%, 8/15/18 (b)	142	196,468
		265,647
Biotechnology 0.0%		
QHP Royalty Sub LLC, 10.25%, 3/15/15 (b)	USD 20	20,488
Building Products 0.3%		
Building Materials Corp. of America, 7.00%, 2/15/20 (b)	210	227,325
Momentive Performance Materials, Inc., 11.50%, 12/01/16	135	82,350
		309,675
Capital Markets 2.4%		
E*Trade Financial Corp.:		
12.50%, 11/30/17 (c)	390	445,087
Series A, 2.25%, 8/31/19 (d)(e)	100	85,500
The Goldman Sachs Group, Inc.:		
5.38%, 3/15/20	225	242,475
6.00%, 6/15/20	250	279,709
5.75%, 1/24/22	525	579,318
KKR Group Finance Co. LLC, 6.38%, 9/29/20 (b)	170	192,432
Merrill Lynch & Co., Inc., 6.05%, 5/16/16	325	350,241
Morgan Stanley, 5.50%, 7/28/21	265	271,689
		2,446,451

Edgar Filing: - Form

Chemicals 3.1%			
Celanese US Holdings LLC, 5.88%, 6/15/21		650	718,250
Chemtura Corp., 7.88%, 9/01/18		115	123,913
Hexion US Finance Corp.:			
6.63%, 4/15/20		95	95,950
9.00%, 11/15/20		115	98,325
Huntsman International LLC, 8.63%, 3/15/21		65	74,425
Corporate Bonds			
Chemicals (concluded)			
INEOS Finance Plc (b):			
8.38%, 2/15/19	USD	300	\$ 315,750
7.50%, 5/01/20		155	158,100
Kinove German Bondco GmbH, 10.00%, 6/15/18	EUR	98	134,495
Kraton Polymers LLC, 6.75%, 3/01/19	USD	45	46,125
LyondellBasell Industries NV, 5.75%, 4/15/24		664	751,980
Nexo Solutions LLC, 8.38%, 3/01/18		65	63,538
PolyOne Corp., 7.38%, 9/15/20		80	87,400
TPC Group LLC, 8.25%, 10/01/17		125	137,187
Tronox Finance LLC, 6.38%, 8/15/20 (b)		325	328,250
			3,133,688
Commercial Banks 2.5%			
Amsouth Bank, Series AI, 4.85%, 4/01/13		650	654,875
Barclays Bank Plc, 5.14%, 10/14/20		100	100,839
CIT Group, Inc.:			
7.00%, 5/02/16 (b)		480	481,633
7.00%, 5/02/17 (b)		520	520,719
5.25%, 3/15/18		110	114,675
5.50%, 2/15/19 (b)		120	125,100
5.00%, 8/15/22		110	110,833
HSBC Bank Plc, 7.65%, 5/01/25		350	395,260
			2,503,934
Commercial Services & Supplies 1.2%			
AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (b)		193	204,096
Brickman Group Holdings, Inc., 9.13%, 11/01/18 (b)		11	11,110
Clean Harbors, Inc., 5.25%, 8/01/20 (b)		96	98,520
Covanta Holding Corp., 6.38%, 10/01/22		85	92,937
Mobile Mini, Inc., 7.88%, 12/01/20		135	144,788
RSC Equipment Rental, Inc., 8.25%, 2/01/21		310	339,450
Verisure Holding AB:			
8.75%, 9/01/18	EUR	100	125,780
8.75%, 12/01/18		100	111,315
West Corp., 8.63%, 10/01/18	USD	50	50,750
			1,178,746
Communications Equipment 1.1%			
Brocade Communications Systems, Inc., 6.88%, 1/15/20		175	189,000
Zayo Group LLC/Zayo Capital, Inc.:			
8.13%, 1/01/20		708	752,250
10.13%, 7/01/20		186	199,485
			1,140,735
Construction & Engineering 0.1%			
Bort Longyear Management Property Ltd., 7.00%, 4/01/21 (b)		75	77,813
Construction Materials 0.6%			
HD Supply, Inc., 8.13%, 4/15/19 (b)		452	490,420
Xefin Lux SCA, 8.00%, 6/01/18 (b)	EUR	100	122,635
			613,055
Consumer Finance 1.5%			
Credit Acceptance Corp., 9.13%, 2/01/17	USD	185	203,500
Ford Motor Credit Co. LLC, 2.75%, 5/15/15		500	506,477

Edgar Filing: - Form

SLM Corp., 5.38%, 5/15/14	675	706,033
Toll Brothers Finance Corp., 5.88%, 2/15/22	85	92,655
		1,508,665

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

99

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Containers & Packaging 0.8%		
Ardagh Packaging Finance Plc, 7.38%, 10/15/17 (b)	EUR 260	\$ 345,832
Berry Plastics Corp., 8.25%, 11/15/15	USD 45	47,362
Beverage Packaging Holdings Luxembourg II SA, 8.00%, 12/15/16	EUR 54	66,563
GCL Holdings SCA, 9.38%, 4/15/18 (b)	100	122,007
Graphic Packaging International, Inc., 7.88%, 10/01/18	USD 135	150,525
Sealed Air Corp., 8.38%, 9/15/21 (b)	65	73,125
		805,414
Diversified Financial Services 6.1%		
Ally Financial, Inc.:		
8.30%, 2/12/15	400	444,000
6.25%, 12/01/17	30	32,415
8.00%, 3/15/20	60	70,200
7.50%, 9/15/20	550	629,750
8.00%, 11/01/31	740	875,050
8.00%, 11/01/31	400	474,798
Bank of America Corp.:		
4.50%, 4/01/15	375	398,915
6.50%, 8/01/16	410	467,559
5.63%, 10/14/16	100	111,144
5.75%, 12/01/17	240	268,343
Citigroup, Inc., 8.13%, 7/15/39	55	80,601
DPL, Inc., 7.25%, 10/15/21 (b)	425	484,500
Gala Group Finance Plc, 8.88%, 9/01/18	GBP 100	148,067
Itau Unibanco Holding SA, 5.75%, 1/22/21 (b)	USD 225	236,250
JPMorgan Chase & Co.:		
5.50%, 10/15/40	175	209,801
5.60%, 7/15/41	175	214,497
Macquarie Bank Ltd., 5.00%, 2/22/17 (b)	200	208,920
Reynolds Group Issuer, Inc.:		
7.75%, 10/15/16	EUR 100	129,868
7.88%, 8/15/19	USD 180	200,250
9.88%, 8/15/19	200	211,500
6.88%, 2/15/21	125	135,313
WMG Acquisition Corp.:		
9.50%, 6/15/16	45	49,163
11.50%, 10/01/18	151	165,722
		6,246,626
Diversified Telecommunication Services 2.6%		
Broadview Networks Holdings, Inc., 11.38%, 9/01/12 (a)(f)		
	155	104,625
Level 3 Communications, Inc., 8.88%, 6/01/19 (b)	150	153,000
Level 3 Financing, Inc.:		
8.13%, 7/01/19	1,310	1,372,225
8.63%, 7/15/20	188	201,160
OTE Plc, 5.00%, 8/05/13	EUR 40	43,607
Qwest Corp., 7.25%, 10/15/35	USD 200	205,010
Telefonica Emisiones SAU, 5.46%, 2/16/21	250	230,000

Edgar Filing: - Form

Telenet Finance V Luxembourg SCA:

6.25%, 8/15/22	EUR	100	126,409
6.75%, 8/15/24		100	127,667

Windstream Corp.:

8.13%, 8/01/13	USD	45	47,475
7.88%, 11/01/17		65	70,687

2,681,865

Electric Utilities 2.6%

Nisource Finance Corp., 3.85%, 2/15/23		400	414,592
Oncor Electric Delivery Co. LLC, 4.10%, 6/01/22		325	339,261
Progress Energy, Inc., 7.75%, 3/01/31		1,000	1,418,099
The Tokyo Electric Power Co., Inc., 4.50%, 3/24/14	EUR	400	500,755

2,672,707

		Par (000)	Value
--	--	--------------	-------

Corporate Bonds

Electronic Equipment, Instruments & Components 0.1%

Jabil Circuit, Inc., 8.25%, 3/15/18	USD	45	\$ 54,000
-------------------------------------	-----	----	-----------

Energy Equipment & Services 4.4%

Calfrac Holdings LP, 7.50%, 12/01/20 (b)		145	142,100
--	--	-----	---------

Compagnie Générale de Géophysique, Veritas:

7.75%, 5/15/17		55	57,475
----------------	--	----	--------

6.50%, 6/01/21		200	208,250
----------------	--	-----	---------

Energy Transfer Partners LP, 5.20%, 2/01/22		600	660,434
---	--	-----	---------

EnSCO Plc, 4.70%, 3/15/21		425	476,883
---------------------------	--	-----	---------

Forbes Energy Services Ltd., 9.00%, 6/15/19		130	126,100
---	--	-----	---------

Frac Tech Services LLC, 8.13%, 11/15/18 (b)		640	660,800
---	--	-----	---------

Key Energy Services, Inc., 6.75%, 3/01/21		160	162,800
---	--	-----	---------

MEG Energy Corp. (b):

6.50%, 3/15/21		330	347,325
----------------	--	-----	---------

6.38%, 1/30/23		45	46,913
----------------	--	----	--------

Oil States International, Inc., 6.50%, 6/01/19		115	122,188
--	--	-----	---------

Peabody Energy Corp., 6.25%, 11/15/21 (b)		655	666,462
---	--	-----	---------

Precision Drilling Corp., 6.50%, 12/15/21		105	110,250
---	--	-----	---------

Transocean, Inc., 6.50%, 11/15/20		550	657,421
-----------------------------------	--	-----	---------

4,445,401

Food Products 1.1%

Darling International, Inc., 8.50%, 12/15/18		90	101,925
--	--	----	---------

Kraft Foods, Inc.:

6.50%, 8/11/17		600	737,694
----------------	--	-----	---------

6.13%, 8/23/18		250	309,192
----------------	--	-----	---------

1,148,811

Gas Utilities 0.2%

El Paso Natural Gas Co., 8.63%, 1/15/22		145	191,410
---	--	-----	---------

Health Care Equipment & Supplies 0.8%

DJO Finance LLC:

10.88%, 11/15/14		201	209,794
------------------	--	-----	---------

7.75%, 4/15/18		40	36,600
----------------	--	----	--------

Fresenius Medical Care US Finance, Inc., 6.50%, 9/15/18 (b)		38	42,608
---	--	----	--------

Fresenius US Finance II, Inc., 9.00%, 7/15/15 (b)		410	472,012
---	--	-----	---------

Teleflex, Inc., 6.88%, 6/01/19		105	112,350
--------------------------------	--	-----	---------

873,364

Health Care Providers & Services 6.1%

Aviv Healthcare Properties LP, 7.75%, 2/15/19		150	156,000
---	--	-----	---------

CHS/Community Health Systems, Inc., 5.13%, 8/15/18		100	103,125
--	--	-----	---------

ConvaTec Healthcare E SA, 7.38%, 12/15/17 (b)	EUR	200	269,169
---	-----	-----	---------

Crown Newco 3 Plc, 7.00%, 2/15/18 (b)	GBP	200	319,952
---------------------------------------	-----	-----	---------

HCA, Inc.:

8.50%, 4/15/19	USD	40	45,100
----------------	-----	----	--------

Edgar Filing: - Form

6.50%, 2/15/20	730	802,087
7.88%, 2/15/20	35	39,069
7.25%, 9/15/20	805	892,041
5.88%, 3/15/22	183	194,666
Hologic, Inc., 6.25%, 8/01/20 (b)	190	201,163
IASIS Healthcare LLC, 8.38%, 5/15/19	270	257,512
INC Research LLC, 11.50%, 7/15/19 (b)	145	142,100
inVentiv Health, Inc. (b):		
10.00%, 8/15/18	50	42,125
10.25%, 8/15/18	10	8,425
Omnicare, Inc., 7.75%, 6/01/20	260	286,650
Symbion, Inc., 8.00%, 6/15/16	125	126,328
Tenet Healthcare Corp.:		
10.00%, 5/01/18	665	764,750
6.25%, 11/01/18	120	130,275
8.88%, 7/01/19	195	221,813
WellPoint, Inc., 5.95%, 12/15/34	1,000	1,191,989
		6,194,339

See Notes to Financial Statements.

Schedule of Investments (continued)

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

		Par (000)	Value
Corporate Bonds			
Health Care Technology 0.8%			
IMS Health, Inc., 12.50%, 3/01/18 (b)	USD	660	\$ 775,500
Hotels, Restaurants & Leisure 2.5%			
Caesars Entertainment Operating Co., Inc.:			
11.25%, 6/01/17		140	150,850
10.00%, 12/15/18		996	627,480
Caesars Operating Escrow LLC, 9.00%, 2/15/20 (b)		303	301,485
Cirsa Funding Luxembourg SA, 8.75%, 5/15/18	EUR	51	56,290
Diamond Resorts Corp., 12.00%, 8/15/18	USD	310	329,762
El Dorado Resorts LLC, 8.63%, 6/15/19 (b)		50	48,750
Gategroup Finance Luxembourg SA, 6.75%, 3/01/19	EUR	100	128,610
MGM Resorts International:			
10.38%, 5/15/14	USD	750	851,250
11.13%, 11/15/17		65	72,313
Tropicana Entertainment LLC, 9.63%, 12/15/14 (a)(f)		50	
			2,566,790
Household Durables 1.3%			
Beazer Homes USA, Inc., 6.63%, 4/15/18 (b)		145	148,263
Ryland Group, Inc., 6.63%, 5/01/20		130	137,150
Spie BondCo 3 SCA, 11.00%, 8/15/19	EUR	109	139,157
Standard Pacific Corp.:			
10.75%, 9/15/16	USD	565	682,237
8.38%, 1/15/21		200	223,000
			1,329,807
Household Products 0.1%			
Ontex IV SA, 7.50%, 4/15/18 (b)	EUR	100	127,667
Independent Power Producers & Energy Traders 2.5%			
The AES Corp., 7.38%, 7/01/21	USD	95	108,775
Calpine Corp. (b):			
7.25%, 10/15/17		80	85,600
7.50%, 2/15/21		80	88,800
7.88%, 1/15/23		70	79,100
Energy Future Holdings Corp., 10.00%, 1/15/20		945	1,041,862
Energy Future Intermediate Holding Co. LLC, 10.00%, 12/01/20		450	505,125
Exelon Generation Co. LLC, 4.25%, 6/15/22 (b)		357	371,124
Laredo Petroleum, Inc.:			
9.50%, 2/15/19		115	130,525
7.38%, 5/01/22		50	53,750
QEP Resources, Inc., 5.38%, 10/01/22		75	76,875
			2,541,536
Industrial Conglomerates 1.9%			
The ADT Corp. (b):			
3.50%, 7/15/22		300	311,616
4.88%, 7/15/42		200	217,551
Sequa Corp. (b):			
11.75%, 12/01/15		460	483,000
13.50%, 12/01/15		854	905,514

1,917,681

Insurance 3.3%

American International Group, Inc., 6.40%, 12/15/20	1,130	1,342,859
CNO Financial Group, Inc., 9.00%, 1/15/18 (b)	130	142,187
Genworth Financial, Inc., 7.63%, 9/24/21	150	153,270
Lincoln National Corp., 8.75%, 7/01/19	575	744,045
MetLife Capital Trust X, 9.25%, 4/08/68 (b)	150	191,250
Metropolitan Life Global Funding I, 5.13%, 6/10/14 (b)	250	268,740
MPL 2 Acquisition Canco, Inc., 9.88%, 8/15/18 (b)	90	80,550
Prudential Financial, Inc., 5.38%, 6/21/20	400	462,184
		3,385,085

Corporate Bonds**IT Services 2.3%**

	Par (000)	Value
Ceridian Corp., 8.88%, 7/15/19 (b)	USD 370	\$ 396,825
First Data Corp.:		
7.38%, 6/15/19 (b)	481	496,633
8.88%, 8/15/20 (b)	195	212,550
8.25%, 1/15/21 (b)	145	143,731
12.63%, 1/15/21	525	531,562
SunGard Data Systems, Inc.:		
7.38%, 11/15/18	280	297,500
7.63%, 11/15/20	220	235,950
		2,314,751

Machinery 0.8%

SPX Corp., 6.88%, 9/01/17	65	72,150
UR Financing Escrow Corp. (b):		
5.75%, 7/15/18	50	52,875
7.38%, 5/15/20	125	132,500
7.63%, 4/15/22	550	594,000
		851,525

Media 14.6%

Affinion Group, Inc., 7.88%, 12/15/18	290	207,350
AMC Networks, Inc., 7.75%, 7/15/21	80	90,600
CCH II LLC, 13.50%, 11/30/16	289	316,925
CCO Holdings LLC:		
6.50%, 4/30/21	520	557,700
5.25%, 9/30/22	203	200,970
Checkout Holding Corp., 16.03%, 11/15/15 (b)(d)	245	149,450
Cinemark USA, Inc., 8.63%, 6/15/19	60	67,200
Clear Channel Communications, Inc., 9.00%, 3/01/21	276	236,670
Clear Channel Worldwide Holdings, Inc.:		
Series A, 9.25%, 12/15/17	374	404,855
Series B, 9.25%, 12/15/17	1,899	2,062,789
DIRECTV Holdings LLC:		
3.80%, 3/15/22	250	258,241
6.00%, 8/15/40	175	197,832
DISH DBS Corp., 7.00%, 10/01/13	201	212,306
Intelsat Jackson Holdings SA, 7.25%, 10/15/20 (b)	184	198,260
Intelsat Luxembourg SA:		
11.25%, 2/04/17	440	462,000
11.50%, 2/04/17 (c)	480	504,000
Interactive Data Corp., 10.25%, 8/01/18	340	383,350
The Interpublic Group of Cos., Inc., 10.00%, 7/15/17	45	50,287
Kabel Deutschland Vertrieb und Service GmbH & Co. KG, 6.50%, 6/29/18 (b)	EUR 125	169,410
	USD 150	160,500

Edgar Filing: - Form

Live Nation Entertainment, Inc., 8.13%, 5/15/18 (b)			
NAI Entertainment Holdings LLC, 8.25%, 12/15/17 (b)		243	270,945
NBC Universal Media LLC, 6.40%, 4/30/40		530	686,647
The New York Times Co., 6.63%, 12/15/16		500	542,500
News America, Inc., 6.20%, 12/15/34		825	993,774
Nielsen Finance LLC, 7.75%, 10/15/18		765	860,625
Odeon & UCI Finco Plc, 9.00%, 8/01/18 (b)	GBP	100	157,594
ProQuest LLC, 9.00%, 10/15/18 (b)	USD	130	119,275
TCI Communications, Inc., 7.88%, 2/15/26		1,000	1,404,726
Time Warner Cable, Inc., 5.88%, 11/15/40		410	486,462
Unitymedia GmbH:			
9.63%, 12/01/19	EUR	50	70,673
9.63%, 12/01/19 (b)		190	268,556
9.50%, 3/15/21		150	215,320

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

101

Schedule of Investments (continued)

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

		Par (000)	Value
Corporate Bonds			
Media (concluded)			
Unitymedia Hessen GmbH & Co. KG:			
8.13%, 12/01/17 (b)	USD	309	\$ 334,492
7.50%, 3/15/19	EUR	337	464,147
UPC Holding BV, 9.88%, 4/15/18 (b)	USD	100	112,250
UPCB Finance II Ltd., 6.38%, 7/01/20 (b)	EUR	292	383,805
Virgin Media Secured Finance Plc, 6.50%, 1/15/18	USD	200	218,000
Ziggo Bond Co. BV, 8.00%, 5/15/18 (b)	EUR	165	227,772
Ziggo Finance BV, 6.13%, 11/15/17 (b)		88	118,158
			14,826,416
Metals & Mining 3.4%			
Barrick Gold Corp., 2.90%, 5/30/16	USD	225	236,794
Barrick North America Finance LLC, 5.70%, 5/30/41		250	287,564
Eco-Bat Finance Plc, 7.75%, 2/15/17	EUR	100	127,038
FMG Resources August 2006 Property Ltd. (b):			
6.88%, 2/01/18	USD	15	14,288
6.88%, 4/01/22		20	18,400
Goldcorp, Inc., 2.00%, 8/01/14 (e)		220	253,550
New Gold, Inc., 7.00%, 4/15/20 (b)		30	31,575
New World Resources NV:			
7.88%, 5/01/18	EUR	65	81,348
7.88%, 5/01/18 (b)		76	95,115
Newmont Mining Corp.:			
5.13%, 10/01/19	USD	225	257,375
Series A, 1.25%, 7/15/14 (e)		200	254,250
Novelis, Inc., 8.75%, 12/15/20		1,195	1,335,412
Schmolz + Bickenbach Luxembourg SA, 9.88%, 5/15/19	EUR	115	116,802
Taseko Mines Ltd., 7.75%, 4/15/19	USD	150	142,875
Vedanta Resources Plc, 8.25%, 6/07/21 (b)		200	191,000
			3,443,386
Oil, Gas & Consumable Fuels 10.7%			
Access Midstream Partners LP, 6.13%, 7/15/22		100	103,750
Alpha Natural Resources, Inc.:			
6.00%, 6/01/19		20	18,000
6.25%, 6/01/21		30	26,850
Anadarko Petroleum Corp.:			
5.95%, 9/15/16		365	422,080
6.38%, 9/15/17		75	89,676
6.95%, 6/15/19		150	186,780
Berry Petroleum Co., 6.38%, 9/15/22		90	95,850
Chesapeake Energy Corp.:			
7.25%, 12/15/18		10	10,475
6.63%, 8/15/20		90	92,475
6.13%, 2/15/21		95	94,288
Coffeyville Resources LLC, 9.00%, 4/01/15 (b)		44	46,860
Concho Resources, Inc.:			
7.00%, 1/15/21		80	89,200
6.50%, 1/15/22		50	54,000
CONSOL Energy, Inc., 8.25%, 4/01/20		710	765,025
Continental Resources, Inc.:			

Edgar Filing: - Form

7.13%, 4/01/21	135	151,200
5.00%, 9/15/22	145	151,525
Copano Energy LLC, 7.13%, 4/01/21	105	109,725
Crosstex Energy LP, 8.88%, 2/15/18	65	69,388
Denbury Resources, Inc., 8.25%, 2/15/20	19	21,565
El Paso Pipeline Partners Operating Co. LLC, 5.00%, 10/01/21	500	546,102
Energy XXI Gulf Coast, Inc.:		
9.25%, 12/15/17	145	161,675
7.75%, 6/15/19	320	340,000
Enterprise Products Operating LLC, 3.70%, 6/01/15	500	533,777
EP Energy LLC/EP Energy Finance, Inc., 6.88%, 5/01/19 (b)	60	64,350
EV Energy Partners LP, 8.00%, 4/15/19	55	56,788
Hilcorp Energy I LP, 7.63%, 4/15/21 (b)	195	214,500

Corporate Bonds	Par (000)	Value
Oil, Gas & Consumable Fuels (concluded)		
Kinder Morgan Energy Partners LP, 3.95%, 9/01/22	USD 475	\$ 504,122
Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (b)	100	106,250
Linn Energy LLC:		
6.50%, 5/15/19 (b)	35	34,825
6.25%, 11/01/19 (b)	497	490,787
7.75%, 2/01/21	170	177,225
MarkWest Energy Partners LP:		
6.25%, 6/15/22	30	31,875
5.50%, 2/15/23	40	40,900
Newfield Exploration Co., 5.63%, 7/01/24	85	92,225
Nexen, Inc., 6.40%, 5/15/37	150	187,020
Oasis Petroleum, Inc.:		
7.25%, 2/01/19	90	94,950
6.50%, 11/01/21	110	112,200
Offshore Group Investments Ltd., 11.50%, 8/01/15 (b)	90	99,450
OGX Petroleo e Gas Participações SA, 8.50%, 6/01/18 (b)	1,105	980,687
Petrobras International Finance Co.:		
3.88%, 1/27/16	1,100	1,154,873
5.88%, 3/01/18	200	226,336
7.88%, 3/15/19	100	123,992
6.88%, 1/20/40	25	31,174
Petroleum Geo-Services ASA, 7.38%, 12/15/18 (b)	210	224,175
Pioneer Natural Resources Co.:		
6.88%, 5/01/18	35	42,374
7.50%, 1/15/20	55	68,787
Range Resources Corp.:		
8.00%, 5/15/19	45	49,725
5.75%, 6/01/21	350	372,313
Sabine Pass Liquefied Natural Gas LP, 7.50%, 11/30/16	235	251,450
Samson Investment Co., 9.75%, 2/15/20 (b)	7	7,210
SandRidge Energy, Inc.:		
7.50%, 3/15/21 (b)	65	65,813
7.50%, 3/15/21	90	91,125
8.13%, 10/15/22 (b)	45	47,025
7.50%, 2/15/23 (b)	55	55,275
SM Energy Co., 6.63%, 2/15/19	45	47,025
Western Gas Partners LP, 5.38%, 6/01/21	325	360,955
The Williams Cos., Inc., 8.75%, 3/15/32	124	170,627
		10,858,674
Paper & Forest Products 1.5%		

Edgar Filing: - Form

Boise Paper Holdings LLC:		
9.00%, 11/01/17	45	49,838
8.00%, 4/01/20	50	55,250
Clearwater Paper Corp.:		
10.63%, 6/15/16	160	178,800
7.13%, 11/01/18	215	234,888
International Paper Co.:		
7.95%, 6/15/18	220	283,871
7.30%, 11/15/39	5	6,638
Longview Fibre Paper & Packaging, Inc., 8.00%, 6/01/16 (b)	120	124,200
NewPage Corp., 11.38%, 12/31/14 (a)(f)	845	572,487
Sappi Papier Holding GmbH, 6.63%, 4/15/21 (b)	50	46,250
		1,552,222

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Par (000)	Value
Corporate Bonds		
Pharmaceuticals 1.5%		
Capsugel Finance Co. SCA, 9.88%, 8/01/19 (b)	EUR 100	\$ 140,559
Pharmaceutical Product Development, Inc., 9.50%, 12/01/19 (b)	USD 125	139,375
Valeant Pharmaceuticals International, 6.50%, 7/15/16 (b)	470	495,850
Wyeth LLC, 6.50%, 2/01/34	500	713,472
		1,489,256
Professional Services 0.3%		
FTI Consulting, Inc., 6.75%, 10/01/20	265	282,888
Real Estate Investment Trusts (REITs) 0.8%		
Felcor Lodging LP, 6.75%, 6/01/19	345	370,012
HCP, Inc., 5.38%, 2/01/21	225	257,554
The Rouse Co. LP, 6.75%, 11/09/15	145	152,794
		780,360
Real Estate Management & Development 1.8%		
CBRE Services, Inc., 6.63%, 10/15/20	90	98,325
Realogy Corp.:		
11.50%, 4/15/17	110	116,875
12.00%, 4/15/17	35	36,663
7.88%, 2/15/19 (b)	951	979,530
7.63%, 1/15/20 (b)	130	141,700
Shea Homes LP, 8.63%, 5/15/19	445	495,062
		1,868,155
Road & Rail 1.4%		
Canadian National Railway Co., 6.90%, 7/15/28	500	701,980
The Hertz Corp.:		
7.50%, 10/15/18	285	307,444
7.38%, 1/15/21	360	391,500
		1,400,924
Software 1.1%		
Infor US, Inc., 9.38%, 4/01/19 (b)	630	681,975
Nuance Communications, Inc., 5.38%, 8/15/20 (b)	210	214,725
Oracle Corp., 5.38%, 7/15/40	210	269,223
		1,165,923
Specialty Retail 1.5%		
Asbury Automotive Group, Inc., 8.38%, 11/15/20	130	143,650
Claire s Stores, Inc., 9.00%, 3/15/19 (b)	85	88,188
House of Fraser Funding Plc:		
8.88%, 8/15/18	GBP 125	176,400
8.88%, 8/15/18 (b)	100	141,120
Limited Brands, Inc., 8.50%, 6/15/19	USD 320	384,000
Phones4u Finance Plc, 9.50%, 4/01/18 (b)	GBP 100	153,228
QVC, Inc. (b):		
7.13%, 4/15/17	USD 80	84,618
7.50%, 10/01/19	135	149,582
7.38%, 10/15/20	95	105,856
Sonic Automotive, Inc., 9.00%, 3/15/18	115	125,637
		1,552,279
Tobacco 0.1%		
Altria Group, Inc., 9.95%, 11/10/38	50	85,392

Wireless Telecommunication Services 6.0%

America Movil SAB de CV:		
2.38%, 9/08/16	200	207,681
5.00%, 3/30/20	400	464,893
American Tower Corp.:		
4.50%, 1/15/18	375	410,295
4.70%, 3/15/22	380	411,156
Cricket Communications, Inc., 7.75%, 5/15/16	480	506,400
Crown Castle Towers LLC, 6.11%, 1/15/20 (b)	375	443,509

	Par (000)	Value
Corporate Bonds		
Wireless Telecommunication Services (concluded)		
Digicel Group Ltd. (b):		
9.13%, 1/15/15	USD 439	\$ 443,390
8.25%, 9/01/17	365	386,900
10.50%, 4/15/18	90	97,200
SBA Tower Trust, 4.25%, 4/15/40 (b)	325	342,614
Sprint Capital Corp., 6.88%, 11/15/28	830	751,150
Sprint Nextel Corp. (b):		
9.00%, 11/15/18	880	1,038,400
7.00%, 3/01/20	560	613,200
		6,116,788
Total Corporate Bonds 99.9%		101,578,311

Floating Rate Loan Interests (g)**Airlines 0.2%**

Delta Air Lines, Inc., Term Loan B, 5.50%, 4/20/17	163	163,947
--	-----	---------

Auto Components 0.1%

Schaeffler AG, Term Loan C2, 6.00%, 1/27/17	145	145,423
---	-----	---------

Building Products 0.2%

Goodman Global, Inc., Term Loan (Second Lien), 9.00%, 10/30/17	191	193,416
---	-----	---------

Capital Markets 0.3%

American Capital Holdings, Term Loan, 5.50%, 7/19/16	298	299,118
---	-----	---------

Chemicals 0.5%

Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19	60	60,563
---	----	--------

INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18	419	419,561
---	-----	---------

		480,124
--	--	---------

Commercial Services & Supplies 0.7%

AWAS Finance Luxembourg Sarl, Term Loan B, 5.25%, 6/10/16	145	144,766
--	-----	---------

Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16	225	227,250
--	-----	---------

Volume Services America, Inc., Term Loan B, 10.50% 10.75%, 9/16/16	354	353,700
---	-----	---------

		725,716
--	--	---------

Communications Equipment 0.8%

Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19	755	766,091
--	-----	---------

Construction & Engineering 0.7%

Safway Services LLC, Mezzanine Loan, 15.63%, 12/16/17	750	750,000
---	-----	---------

Construction Materials 0.4%

HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17	410	418,885
---	-----	---------

Consumer Finance 1.7%

Springleaf Financial Funding Co. (FKA AGFS Funding Co.), Term Loan, 5.50%, 5/10/17	1,750	1,690,063
---	-------	-----------

Diversified Consumer Services 0.5%

Laureate Education, Inc., Extended Term Loan, 5.25%, 6/18/18	488	475,578
---	-----	---------

ServiceMaster Co.:		
--------------------	--	--

Edgar Filing: - Form

Delayed Draw Term Loan, 2.74%, 7/24/14	3	3,104
Term Loan, 2.75% - 2.97%, 7/24/14	31	31,172
		509,854
Diversified Financial Services 0.5%		
Residential Capital LLC:		
DIP Term Loan A1, 5.00%, 11/18/13	455	456,137
DIP Term Loan A2, 6.75%, 11/18/13	65	65,759
		521,896

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

103

Schedule of Investments (continued)

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

	Par (000)	Value
Floating Rate Loan Interests (g)		
Diversified Telecommunication Services 0.6%		
Level 3 Financing, Inc.:		
2016 Term Loan B, 4.75%, 2/01/16	USD 135	\$ 135,270
2019 Term Loan B, 5.25%, 8/01/19	110	110,161
Term Loan B3, 5.75%, 8/31/18	350	350,924
		596,355
Energy Equipment & Services 2.0%		
Dynergy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16		
	701	727,521
Dynergy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16		
	1,284	1,343,694
		2,071,215
Food Products 0.3%		
Advance Pierre Foods, Inc., Term Loan (Second Lien), 11.25%, 9/29/17		
	300	301,800
Health Care Equipment & Supplies 0.5%		
Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19		
	135	135,450
Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19		
	279	280,347
LHP Hospital Group, Inc., Term Loan, 9.00%, 7/03/18		
	105	105,787
		521,584
Health Care Providers & Services 0.5%		
Harden Healthcare LLC:		
Add on Term Loan A, 7.75%, 3/02/15		
	148	143,051
Term Loan A, 8.50%, 3/02/15		
	147	144,003
inVentiv Health, Inc., Combined Term Loan, 6.50%, 8/04/16		
	200	185,701
		472,755
Hotels, Restaurants & Leisure 1.1%		
Caesars Entertainment Operating Co., Inc.:		
Extended Term Loan B6, 5.49%, 1/26/18		
	75	65,930
Incremental Term Loan B4, 9.50%, 10/31/16		
	80	81,161
Term Loan B1, 3.24%, 1/28/15		
	144	136,477
Term Loan B2, 3.24%, 1/28/15		
	159	151,101
Term Loan B3, 3.24% 3.46%, 1/28/15		
	349	330,496
OSI Restaurant Partners LLC:		
Revolver, 2.49% 2.56%, 6/14/13		
	4	3,563
Term Loan B, 2.56%, 6/14/14		
	36	35,914
Station Casinos, Inc., Term Loan B1, 3.23%, 6/17/16		
	310	294,518
		1,099,160
Industrial Conglomerates 0.1%		
Sequa Corp., Incremental Term Loan, 6.25%, 12/03/14		
	64	64,599
IT Services 0.3%		
First Data Corp., Extended 2018 Term Loan B, 4.24%, 3/23/18		
	285	269,088
Leisure Equipment & Products 0.2%		
Eastman Kodak Co., DIP Term Loan B, 8.50%, 7/19/13		
	240	237,827
Machinery 0.5%		
	240	241,582

Edgar Filing: - Form

Navistar International Corp., Term Loan B, 7.00%, 8/17/17		
Rexnord Corp., Term Loan B, 5.00%, 4/02/18	214	214,766
		456,348

	Par (000)	Value
Floating Rate Loan Interests (g)		
Media 4.1%		
Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15	USD 20	\$ 16,835
Cengage Learning Acquisitions, Inc.:		
Non-Extended Term Loan, 2.49%, 7/03/14	40	36,633
Tranche 1 Incremental, 7.50%, 7/03/14	480	462,000
Clear Channel Communications, Inc.:		
Term Loan B, 3.88%, 1/28/16	541	419,253
Term Loan C, 3.88%, 1/28/16	54	41,178
EMI Music Publishing Ltd., Term Loan B, 5.50%, 6/29/18	105	105,709
Intelsat Jackson Holdings SA, Tranche B Term Loan, 5.25%, 4/02/18	2,379	2,386,709
Interactive Data Corp., Term Loan B, 4.50%, 2/12/18	150	149,840
Newsday LLC, Fixed Rate Term Loan, 10.50%, 8/01/13	550	552,981
		4,171,138
Metals & Mining 0.1%		
Constellium Holdco BV, Term Loan B, 9.25%, 5/25/18	150	147,000
Oil, Gas & Consumable Fuels 0.5%		
Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17	120	120,258
Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15	374	373,794
		494,052
Paper & Forest Products 0.2%		
NewPage Corp., DIP Term Loan, 8.00%, 3/07/13	250	252,345
Pharmaceuticals 0.1%		
Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18	109	110,570
Professional Services 0.1%		
Truven Health Analytics, Term Loan B, 6.75%, 6/06/19	135	135,956
Real Estate Investment Trusts (REITs) 0.3%		
iStar Financial, Inc., Term Loan A1, 5.00%, 6/28/13	289	289,679
Real Estate Management & Development 0.5%		
Realogy Corp.:		
Extended Letter of Credit Loan, 4.50%, 10/10/16	60	58,017
Extended Term Loan, 4.49%, 10/10/16	426	411,008
Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17	65	64,675
		533,700
Software 0.4%		
Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18	444	448,451
Specialty Retail 0.1%		
Claire s Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14	142	139,792
Textiles, Apparel & Luxury Goods 0.4%		
Ascend Performance Materials LLC, Term Loan B, 6.75%, 4/10/18	404	400,283
Wireless Telecommunication Services 1.3%		
Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19	20	19,738

Edgar Filing: - Form

Vodafone Americas Finance 2, Inc. (c):

Term Loan, 6.88%, 8/11/15	831	863,872
Term Loan B, 6.25%, 7/11/16	413	420,750
		1,304,360
Total Floating Rate Loan Interests 20.8%		21,182,590

See Notes to Financial Statements.

104

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (continued)

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

	Par (000)	Value
Foreign Agency Obligations 0.2% Qatar Government International Bond, 4.00%, 1/20/15 (b)	USD 200	\$ 211,500
Other Interests 0.0% (h) Adelphia Communications Corp., Class A	Beneficial Interest (000) 400	3,200
Preferred Securities		
Capital Trusts	Par (000)	
Capital Markets 0.1% State Street Capital Trust IV, 1.39%, 6/01/67 (g)	200	142,865
Insurance 0.5% Genworth Financial, Inc., 6.15%, 11/15/66 (g)	305	183,000
XL Group Plc, Series E, 6.50% (g)(i)	338	308,003
		491,003
Total Capital Trusts 0.6%		633,868
Preferred Stocks		
Diversified Financial Services 0.9% Ally Financial, Inc., 7.00% (b)	1,030	937,912
Real Estate Investment Trusts (REITs) 0.1% MPG Office Trust, Inc., Series A, 7.63% (a)	3,277	75,305
Total Preferred Stocks 1.0%		1,013,217
Trust Preferreds 0.2%		
Diversified Financial Services 0.2% GMAC Capital Trust I, Series 2, 8.13%, 2/15/40 (g)	6,840	169,036
Total Preferred Securities 1.8%		1,816,121
Taxable Municipal Bonds 0.4%		
Metropolitan Transportation Authority, RB, Build America Bonds, Series TR, 6.81%, 11/15/40	300	408,474
US Government Sponsored Agency Securities 0.2%		
Collateralized Mortgage Obligations 0.2% Ginnie Mae Mortgage-Backed Securities, Series 2006-68, Class B, 5.16%, 6/16/31 (g)	236	240,216
US Treasury Obligations		
US Treasury Bonds, 3.00%, 5/15/42	Par (000) USD 700	Value \$ 747,578
US Treasury Notes: 2.00%, 2/15/22	70	73,216
1.75%, 5/15/22	200	204,062

Total US Treasury Obligations	1.0%			1,024,856
Warrants (j)				
Software 0.0%				
Bankruptcy Management Solutions, Inc. (Expires 9/28/17)			56	
Total Warrants	0.0%			
Total Long-Term Investments				
(Cost \$120,547,836)	126.0%			128,160,786
Options Purchased				
Over-the-Counter Call Options 0.0%				
Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman Sachs Group, Inc.			6	
Over-the-Counter Interest Rate Call Swaptions 0.1%				
Receive a fixed rate of 2.36% and pay a floating rate based on 3-month LIBOR, Expires 10/17/12, Broker Barclays Plc		USD	100	1,503
Receive a fixed rate of 2.40% and pay a floating rate based on 3-month LIBOR, Expires 11/20/12, Broker Citigroup, Inc.			1,100	28,202
Receive a fixed rate of 0.71% and pay a floating rate based on 3-month LIBOR, Expires 7/01/13, Broker Credit Suisse Group AG			4,525	26,998
Receive a fixed rate of 1.16% and pay a floating rate based on 3-month LIBOR, Expires 7/11/13, Broker Citigroup, Inc.			1,700	23,806
				80,509
Over-the-Counter Interest Rate Put Swaptions 0.0%				
Pay a fixed rate of 2.80% and receive a floating rate based on 3-month LIBOR, Expires 10/17/12, Broker Barclays Plc			100	620
Pay a fixed rate of 0.71% and receive a floating rate based on 3-month LIBOR, Expires 7/01/13, Broker Credit Suisse Group AG			4,525	6,144
Pay a fixed rate of 1.16% and receive a floating rate based on 3-month LIBOR, Expires 7/11/13, Broker Citigroup, Inc.			1,700	15,158
Pay a fixed rate of 4.50% and receive a floating rate based on 6-month EURIBOR, Expires 9/16/13, Broker Credit Suisse Group AG		EUR	600	1,625
Pay a fixed rate of 4.50% and receive a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG		USD	1,000	25,174
				48,721
Total Options Purchased (Cost \$150,733)	0.1%			129,230
Total Investments Before Options Written				
(Cost \$120,698,569)	126.1%			128,290,016

See Notes to Financial Statements.

Schedule of Investments (continued)

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

	Notional Amount (000)	Value
Options Written		
Over-the-Counter Interest Rate Call		
Swaptions (0.0)%		
Pay a fixed rate of 1.40% and receive a floating rate based on 3-month LIBOR, Expires 5/08/14, Broker Citigroup, Inc.	USD 600	\$ (10,670)
Pay a fixed rate of 1.00% and receive a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker Credit Suisse Group AG	1,700	(12,962)
		(23,632)
Over-the-Counter Interest Rate Put		
Swaptions (0.1)%		
Receive a fixed rate of 2.40% and pay a floating rate based on 3-month LIBOR, Expires 5/08/14, Broker Citigroup, Inc.	600	(3,690)
Receive a fixed rate of 2.00% and pay a floating rate based on 3-month LIBOR, Expires 7/11/14, Broker Credit Suisse Group AG	1,700	(18,936)
Receive a fixed rate of 6.00% and pay a floating rate based on 3-month LIBOR, Expires 2/02/17, Broker Deutsche Bank AG	2,000	(24,372)
		(46,998)
Total Options Written		
(Premiums Received \$87,070) (0.1)%		(70,630)
Total Investments, Net of Options Written 126.0%		128,219,386
Liabilities in Excess of Other Assets (26.0)%		(26,494,899)
Net Assets 100.0%		\$ 101,724,487

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

Edgar Filing: - Form

Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, as amended, were as follows:

Affiliate	Shares Held at August 31, 2011	Net Activity	Shares Held at August 31, 2012	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	891,719	(891,719)		\$ 612

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

Financial futures contracts purchased as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value		Unrealized Appreciation
66	2-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	14,558,156	\$ 13,633
29	5-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	3,615,258	18,563
8	Ultra Long US Treasury Bond	Chicago Board of Trade	December 2012	USD	1,352,000	15,172
Total						\$ 47,368

Financial futures contracts sold as of August 31, 2012 were as follows:

Contracts	Issue	Exchange	Expiration	Notional Value		Unrealized Depreciation
29	10-Year US Treasury Note	Chicago Board of Trade	December 2012	USD	3,877,844	\$ (30,343)
30	30-Year US Treasury Bond	Chicago Board of Trade	December 2012	USD	4,542,187	(49,788)
Total						\$ (80,131)

Foreign currency exchange contracts as of August 31, 2012 were as follows:

Currency Purchased			Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD	1,294,697	GBP	834,000	UBS AG	10/17/12	\$ (29,376)
USD	117,809	GBP	75,000	UBS AG	10/17/12	(1,262)
EUR	165,000	USD	204,471	Citigroup, Inc.	10/22/12	3,173
EUR	169,000	USD	206,923	Citigroup, Inc.	10/22/12	5,755
EUR	123,000	USD	151,958	UBS AG	10/22/12	2,831
USD	155,305	EUR	125,000	Citigroup, Inc.	10/22/12	(2,001)
USD	5,303,064	EUR	4,320,000	UBS AG	10/22/12	(133,434)
USD	246,900	EUR	200,000	UBS AG	10/22/12	(4,790)
USD	154,428	EUR	125,000	UBS AG	10/22/12	(2,878)
USD	31,960	EUR	26,000	UBS AG	10/22/12	(760)
Total						\$ (162,742)

Edgar Filing: - Form

Credit default swaps on single-name issues buy protection outstanding as of August 31, 2012 were as follows:

Issuer	Pay Fixed Rate	Counterparty	Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
Republic of Hungary	1.00%	Deutsche Bank AG	12/20/15	USD 110	\$ 2,001
The New York Times Co.	1.00%	Barclays Plc	12/20/16	USD 500	(1,467)
Total					\$ 534

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Strategic Bond Trust (BHD)

Credit default swaps on single-name issues sold protection outstanding as of August 31, 2012 were as follows:

Issuer	Receive Fixed Rate	Counterparty	Expiration Date	Issuer Credit Rating ¹	Notional Amount (000) ²	Unrealized Appreciation
MetLife, Inc.	5.00%	Deutsche Bank AG	6/20/15	A	USD 150	\$ 7,535
MetLife, Inc.	1.00%	UBS AG	9/20/15	A	USD 175	3,686
ARAMARK Corp.	5.00%	Goldman Sachs & Co.	6/20/16	B	USD 150	12,669
ARAMARK Corp.	5.00%	Goldman Sachs & Co.	6/20/16	B	USD 150	13,500
ARAMARK Corp.	5.00%	JPMorgan Chase & Co.	6/20/16	B	USD 50	4,391
ARAMARK Corp.	5.00%	JPMorgan Chase & Co.	6/20/16	B	USD 100	8,782
ARAMARK Corp.	5.00%	Goldman Sachs & Co.	9/20/16	B	USD 150	13,143
Total						\$ 63,706

¹ Using S&P's rating.

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

Interest rate swaps outstanding as of August 31, 2012 were as follows:

Fixed Rate	Floating Rate	Counterparty/Exchange	Expiration Date	Notional Amount (000)	Unrealized Appreciation (Depreciation)
0.44% ³	3-month LIBOR	Chicago Mercantile	8/29/14	USD 2,900	\$ (2,261)
0.44% ³	3-month LIBOR	Chicago Mercantile	8/30/14	USD 2,900	(2,187)
2.48% ³	3-month LIBOR	Credit Suisse Group AG	7/05/42	USD 500	(469)
2.26% ³	3-month LIBOR	Goldman Sachs Group, Inc.	7/26/42	USD 200	9,689
2.46% ³	3-month LIBOR	Deutsche Bank AG	8/07/42	USD 500	1,532
2.51% ³	3-month LIBOR	Credit Suisse Group AG	8/10/42	USD 300	(1,760)
2.71% ³	3-month LIBOR	Credit Suisse Group AG	8/21/42	USD 100	(4,952)
2.69% ³	3-month LIBOR	Citigroup, Inc.	8/22/42	USD 100	(4,623)
Total					\$ (5,031)

Edgar Filing: - Form

³ Trust pays the fixed rate and receives the floating rate.

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 and liabilities

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

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

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 and other significant accounting policies, please refer to Note 1 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, 2012:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks	\$ 1,695,517		\$ 1	\$ 1,695,518
Corporate Bonds		\$ 101,578,311		101,578,311
Floating Rate Loan Interests		16,969,977	4,212,613	21,182,590
Foreign Agency Obligations		211,500		211,500
Other Interest		3,200		3,200
Preferred Securities	244,341	1,571,780		1,816,121
Taxable Municipal Bonds		408,474		408,474
US Government Sponsored Agency Securities		240,216		240,216
US Treasury Obligations		1,024,856		1,024,856
Total	\$ 1,939,858	\$ 122,008,314	\$ 4,212,614	\$ 128,160,786

	Level 1	Level 2	Level 3	Total
Derivative Financial Instruments⁴				
Assets:				
Credit contracts		\$ 65,707		\$ 65,707
Foreign currency exchange contracts.		11,759		11,759
Interest rate contracts	\$ 47,368	140,451		187,819

Edgar Filing: - Form

Liabilities:

Credit contracts		(1,467)		(1,467)
Foreign currency exchange contracts		(174,501)		(174,501)
Interest rate contracts	(80,131)	(86,882)		(167,013)
Total	\$ (32,763)	\$ (44,933)	\$	(77,696)

⁴ Derivative financial instruments are swaps, financial futures contracts, foreign currency exchange contracts and options. Swaps, financial futures contracts and foreign currency exchange contracts are valued at the unrealized appreciation/ depreciation on the instrument and options are shown at value.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

107

Schedule of Investments (continued)

BlackRock Strategic Bond Trust (BHD)

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2012, such assets and liabilities are categorized within the disclosure hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Foreign currency at value	\$ 323,966			\$ 323,966
Cash	1,569,975			1,569,975
Cash pledged as collateral for financial futures contracts	98,660			98,660
Cash pledged as collateral for swaps	30,000			30,000
Liabilities:				
Loan payable		\$ (30,000,000)		(30,000,000)
Total	\$ 2,022,601	\$ (30,000,000)		\$ (27,977,399)

Prior to February 29, 2012, only significant transfers between Level 1 and Level 2 were required to be disclosed. There were no significant transfers from the beginning of the period to February 29, 2012. For the interim period March 1, 2012 through August 31, 2012, all transfers between Level 1 and Level 2 are required to be disclosed. As of February 29, 2012, the Trust used observable inputs in determining the value of certain equity securities. During the year, the Trust began valuing these securities using unadjusted price quotations from an exchange. As a result, investments with a beginning of period value of \$1,892,938 transferred from Level 2 to Level 1 in the disclosure hierarchy.

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 as of August 31, 2012:

	Value	Valuation Techniques	Unobservable Inputs ¹	Range of Unobservable Inputs	Weighted Average Inputs ²
Assets:					
Floating Rate Loan Interests	\$ 1,037,054	Market Comparable Companies Cost	Yield N/A ³	9.65%	9.65%
Total⁴	\$ 1,037,054				

¹ A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Yield	Decrease	Increase

² Unobservable inputs are weighted based on the value of the investments included in the range.

³ The Trust fair values certain of its Level 3 investments using prior transaction prices (acquisition cost), although the transaction may not have occurred during the current reporting period. In such cases, 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.

⁴ Does not include Level 3 investments with values derived utilizing prices from recent prior transactions or third party pricing information without adjustment for which such inputs are unobservable. See above valuation input table for values of such Level 3 investments. A significant change in third party pricing information could result in a significantly lower or higher value in such

Level 3 investments.

See Notes to Financial Statements.

108

ANNUAL REPORT

AUGUST 31, 2012

Schedule of Investments (concluded)

BlackRock Strategic Bond Trust (BHD)

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 to determine fair value:

	Common Stocks	Corporate Bonds	Floating Rate Loans	Other Interests	Preferred Securities	Warrants	Total
Assets:							
Opening balance, as of August 31, 2011		\$ 38,005	\$ 3,592,743	\$ 95	\$ 79,288	\$ 60,209	\$ 3,770,340
Transfers into Level 3 ¹	\$ 1		341,818				341,819
Transfers out of Level 3 ²			(567,875)				(567,875)
Accrued discounts/premiums		156	10,379				10,535
Net realized gain		13,618	11,300	182	93,280		118,380
Net change in unrealized appreciation/depreciation ³		(11,779)	79,045	(95)	(79,288)	(60,209)	(72,326)
Purchases			1,226,866				1,226,866
Sales		(40,000)	(481,663)	(182)	(93,280)		(615,125)
Closing Balance, as of August 31, 2012	\$ 1		\$ 4,212,613				\$ 4,212,614

¹ As of August 31, 2011, the Trust used observable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used significant unobservable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$341,819 transferred from Level 2 to Level 3 in the disclosure hierarchy.

² As of August 31, 2011, the Trust used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Trust used observable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$567,875 transferred from Level 3 to Level 2 in the disclosure hierarchy.

³ Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$79,039.

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

	Credit Contracts
Liabilities:	
Opening balance, as of August 31, 2011	\$ (307)
Transfers into Level 3 ⁴	
Transfers out of Level 3 ⁴	
Accrued discounts/premiums	
Net realized gain (loss)	
Net change in unrealized appreciation/depreciation ⁵	307
Purchases	
Issues ⁶	
Sales	
Settlements ⁷	
Closing Balance, as of August 31, 2012	

⁴ Transfers into and transfers out of Level 3 represent the values as of the beginning of the reporting period.

⁵ Included in the related net change in unrealized appreciation/depreciation in the Statement of Operations. The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$0.

⁶ Issues represent upfront cash received on certain derivative financial instruments.

Edgar Filing: - Form

⁷ Settlements represent periodic contractual cash flows and/or cash flows to terminate certain derivative financial instruments.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

109

Statements of Assets and Liabilities

	BlackRock Core Bond Trust (BHK)	BlackRock Corporate High Yield Fund V, Inc. (HYV)*	BlackRock Corporate High Yield Fund VI, Inc. (HYT)*	BlackRock High Income Shares (HIS)
August 31, 2012				
Assets				
Investments at value unaffiliated	\$ 613,875,621	\$ 584,232,874	\$ 608,749,814	\$ 163,218,554
Investments at value affiliated	534,025			
Foreign currency at value ³	1,439,246	285,748	550,512	40,712
Cash	340,000	1,539,537	1,867,598	1,172,455
Cash pledged as collateral for financial futures contracts	459,000	731,000	765,000	208,000
Cash pledged as collateral for reverse repurchase agreements	1,643,000			
Cash pledged as collateral for swaps	7,390,000	400,000	400,000	
Investments sold receivable	314,519	1,558,106	1,481,013	172,293
Interest receivable	6,028,570	8,832,788	9,283,824	2,553,640
Unrealized appreciation on swaps	1,427,167	1,271,142	1,310,916	
Swaps receivable	181,272	188,897	193,367	
Swap premiums paid	372,072	380,380	389,874	
Unrealized appreciation on foreign currency exchange contracts	17,221	44,136	56,409	5,847
Options written receivable	44,800			
Dividends receivable		8,034	2,907	
Variation margin receivable	10,830			
Prepaid expenses	2,203	6,691	7,376	3,314
Total assets	634,079,546	599,479,333	625,058,610	167,374,815
Liabilities				
Reverse repurchase agreements	182,678,820			
Loan payable		175,000,000	181,000,000	42,000,000
Cash received as collateral for swaps	1,200,000	600,000	600,000	
Cash received as collateral for reverse repurchase agreements	590,475			
Investments purchased payable	26,166,838	4,563,945	4,763,688	1,230,320
Options written at value ⁴	8,683,021			
Unrealized depreciation on swaps	1,866,252	93,281	97,701	
Unrealized depreciation on foreign currency exchange contracts	354,755	1,091,099	1,148,537	145,138
Swap premiums received	359,367	531,355	561,438	
Swaps payable	257,298	81,834	87,264	
Investment advisory fees payable	260,263	295,294	358,885	103,299
Variation margin payable		69,600	72,800	21,600
Interest expense payable	55,630	55,861	59,740	8,087
Officers and Trustees fees payable	45,304	90,922	93,042	10,956
Other liabilities	240,760			
Other accrued expenses payable	184,920	305,125	260,492	110,058
Total liabilities	222,943,703	182,778,316	189,103,587	43,629,458
Net Assets	\$ 411,135,843	\$ 416,701,017	\$ 435,955,023	\$ 123,745,357
¹ Investments at cost unaffiliated	\$ 574,106,023	\$ 569,171,553	\$ 594,142,867	\$ 160,473,519
² Investments at cost affiliated	\$ 534,025			
³ Foreign currency at cost	\$ 1,416,037	\$ 285,309	\$ 549,656	\$ 40,113
⁴ Premiums received	\$ 8,732,899			

* Consolidated Statement of Assets and Liabilities.

See Notes to Financial Statements.

110

ANNUAL REPORT

AUGUST 31, 2012

Statements of Assets and Liabilities (concluded)

August 31, 2012	BlackRock Core Bond Trust (BHK)	BlackRock Corporate High Yield Fund V, Inc. (HYV)*	BlackRock Corporate High Yield Fund VI, Inc. (HYT)*	BlackRock High Income Shares (HIS)
Net Assets Consist of				
Paid-in capital ^{5,6,7}	\$ 378,738,969	\$ 470,538,334	\$ 506,124,330	\$ 158,451,460
Undistributed net investment income	7,384,327	7,780,357	8,725,988	2,289,115
Accumulated net realized loss	(13,829,793)	(75,970,806)	(92,746,584)	(39,341,657)
Net unrealized appreciation/depreciation	38,842,340	14,353,132	13,851,289	2,346,439
Net Assets	\$ 411,135,843	\$ 416,701,017	\$ 435,955,023	\$ 123,745,357
Net asset value per share	\$ 15.21	\$ 12.63	\$ 12.32	\$ 2.26
⁵ Par value per share	\$ 0.001	\$ 0.100	\$ 0.100	
⁶ Shares outstanding	27,027,431	33,003,376	35,379,189	54,745,077
⁷ Shares authorized	unlimited	200 million	200 million	unlimited

* Consolidated Statement of Assets and Liabilities.

See Notes to Financial Statements.

Statements of Assets and Liabilities

August 31, 2012	BlackRock High Yield Trust (BHY)	BlackRock Income Opportunity Trust, Inc. (BNA)	BlackRock Income Trust, Inc. (BKT)	BlackRock Strategic Bond Trust (BHD)
Assets				
Investments at value unaffiliated	\$ 64,039,715	\$ 616,657,167	\$ 884,548,851	\$ 128,290,016
Investments at value affiliated	1,204,968	1,343,014	2,187,808	
Foreign currency at value ³	24,065	548,136		323,966
Cash		325,000		1,569,975
Cash pledged as collateral for financial futures contracts	71,000	1,344,000	2,464,000	98,660
Cash pledged as collateral for reverse repurchase agreements		752,000	50,000	
Cash pledged as collateral for swaps		7,320,000	3,300,000	30,000
TBA sale commitments receivable			128,007,914	
Investments sold receivable	128,885	6,175	37,890,812	318,804
Interest receivable	1,004,480	6,218,544	2,931,497	1,859,414
Unrealized appreciation on swaps	109,733	1,471,012	10,808,153	76,928
Swaps receivable	14,767	191,535	854,256	9,446
Swap premiums paid	36,862	371,913		62,233
Unrealized appreciation on foreign currency exchange contracts	1,806	22,416		11,759
Options written receivable		44,800		
Variation margin receivable				1,092
Prepaid expenses	983	17,047	18,646	883
Total assets	66,637,264	636,632,759	1,073,061,937	132,653,176
Liabilities				
Reverse repurchase agreements		188,055,345	119,706,079	
Loan payable	19,000,000			30,000,000
Cash received as collateral for swaps		1,200,000	4,100,000	
Cash received as collateral for reverse repurchase agreements		127,000		
Investments purchased payable	467,845	26,166,838	278,873,448	449,909
TBA sale commitments at value ⁴			128,330,057	
Borrowed bonds ⁵			19,161,752	
Options written at value ⁶		8,674,269		70,630
Unrealized depreciation on swaps	11,189	1,881,422	11,773,298	17,719
Unrealized depreciation on foreign currency exchange contracts	52,731	303,654		174,501
Swap premiums received	40,060	362,366	239,519	7,731
Swaps payable	20,916	260,171	1,158,670	5,961
Investment advisory fees payable	48,532	205,038	279,712	80,266
Variation margin payable	7,200	36,766	1,087,279	14,398
Interest expense payable	4,984	55,196	32,728	1,090
Officers and Trustees fees payable	11,753	89,626	100,045	10,227
Income dividends payable		54,222	123,245	
Administration fees payable	5,394	34,185	64,589	
Other liabilities		879,346		
Other accrued expenses payable	90,267	178,941	179,696	96,257
Total liabilities	19,760,871	228,564,385	565,210,117	30,928,689
Net Assets	\$ 46,876,393	\$ 408,068,374	\$ 507,851,820	\$ 101,724,487
¹ Investments at cost unaffiliated	\$ 61,524,834	\$ 575,150,732	\$ 860,024,524	\$ 120,698,569
² Investments at cost affiliated	\$ 1,204,968	\$ 1,343,014	\$ 2,187,808	

Edgar Filing: - Form

³ Foreign currency at cost	\$	23,652	\$	541,509	\$	323,690
⁴ Proceeds from TBA sale commitments				\$	128,007,914	
⁵ Proceeds from borrowed bonds cost				\$	18,489,219	
⁶ Premiums received			\$	8,723,514	\$	87,070

See Notes to Financial Statements.

112

ANNUAL REPORT

AUGUST 31, 2012

Statements of Assets and Liabilities (concluded)

August 31, 2012	BlackRock High Yield Trust (BHY)	BlackRock Income Opportunity Trust, Inc. (BNA)	BlackRock Income Trust, Inc. (BKT)	BlackRock Strategic Bond Trust (BHD)
Net Assets Consist of				
Paid-in capital ^{7,8,9}	\$ 58,171,175	\$ 402,924,496	\$ 478,542,248	\$ 98,500,895
Cost of shares held in treasury ¹⁰		(17,377,850)		
Undistributed net investment income	177,267	5,436,734	8,050,320	810,526
Undistributed net realized gain (accumulated net realized loss)	(13,948,050)	(23,410,788)	535,070	(5,057,691)
Net unrealized appreciation/depreciation	2,476,001	40,495,782	20,724,182	7,470,757
Net Assets	\$ 46,876,393	\$ 408,068,374	\$ 507,851,820	\$ 101,724,487
Net asset value per share	\$ 7.29	\$ 11.84	\$ 7.94	\$ 14.40
⁷ Par value per share	\$ 0.001	\$ 0.01	\$ 0.01	\$ 0.001
⁸ Shares outstanding	6,429,525	34,456,370	63,942,535	7,061,947
⁹ Shares authorized	unlimited	200 million	200 million	unlimited
¹⁰ Shares held in treasury		1,757,400		

See Notes to Financial Statements.

Statements of Operations

Year Ended August 31, 2012	BlackRock Core Bond Trust (BHK)	BlackRock Corporate High Yield Fund V, Inc. (HYV) ¹	BlackRock Corporate High Yield Fund VI, Inc. (HYT) ¹	BlackRock High Income Shares (HIS)
Investment Income				
Interest	\$ 27,485,309	\$ 39,987,875	\$ 41,868,358	\$ 12,659,707
Dividends unaffiliated	32,376	1,049,825	1,070,266	179,155
Dividends affiliated	6,723	4,747	4,892	994
Foreign taxes withheld				(1,463)
Total income	27,524,408	41,042,447	42,943,516	12,838,393
Expenses				
Investment advisory	2,925,460	3,211,029	3,897,072	1,127,906
Professional	135,343	265,967	184,598	92,659
Borrowing costs ²		370,048	397,967	118,126
Accounting services	101,734	129,713	130,214	61,370
Custodian	66,257	90,349	80,023	35,593
Transfer agent	48,629	63,229	68,455	48,261
Officer and Trustees	42,604	44,348	46,621	11,950
Printing	21,960	48,913	49,695	14,233
Registration	9,215	11,499	12,124	18,609
Miscellaneous	54,200	36,929	64,012	18,983
Total expenses excluding interest expense	3,405,402	4,272,024	4,930,781	1,547,690
Interest expense	301,470	1,326,244	1,347,964	291,095
Total expenses	3,706,872	5,598,268	6,278,745	1,838,785
Less fees waived by Manager	(45,192)	(560)	(605)	(358)
Total expenses after fees waived	3,661,680	5,597,708	6,278,140	1,838,427
Net investment income	23,862,728	35,444,739	36,665,376	10,999,966
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from:				
Investments	5,920,218	(5,270,906)	(6,310,905)	(2,351,206)
Financial futures contracts	2,615,703	(4,013,355)	(4,139,883)	(351,168)
Foreign currency transactions	2,216,632	5,558,443	5,140,695	992,071
Option written	1,817,806	1,382,809	1,474,047	161,669
Swaps	39,402	174,098	153,327	
Borrowed bonds	115,785			
	12,725,546	(2,168,911)	(3,682,719)	(1,548,634)
Net change in unrealized appreciation/depreciation on:				
Investments	25,476,224	29,923,258	30,681,531	6,560,115
Financial futures contracts	230,875	1,527,880	1,445,117	(74,201)
Foreign currency translations	(302,092)	(862,166)	(943,832)	(104,185)
Option written	2,569,518	429,812	434,133	
Swaps	(3,576,515)	1,209,400	1,243,028	
	24,398,010	32,228,184	32,859,977	6,381,729
Total realized and unrealized gain	37,123,556	30,059,273	29,177,258	4,833,095
Net Increase in Net Assets Resulting from Operations	\$ 60,986,284	\$ 65,504,012	\$ 65,842,634	\$ 15,833,061

¹ Consolidated Statement of Operations.

² See Note 6 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

114

ANNUAL REPORT

AUGUST 31, 2012

Statements of Operations

Year Ended August 31, 2012	BlackRock High Yield Trust (BHY)	BlackRock Income Opportunity Trust, Inc. (BNA)	BlackRock Income Trust, Inc. (BKT)	BlackRock Strategic Bond Trust (BHD)
Investment Income				
Interest	\$ 4,238,856	\$ 26,557,003	\$ 29,693,193	\$ 8,316,370
Dividends unaffiliated	57,375	34,997		85,876
Dividends affiliated	946	7,184	13,271	985
Total income	4,297,177	26,599,184	29,706,464	8,403,231
Expenses				
Investment advisory	498,163	2,321,863	3,310,770	897,234
Administration	55,351	386,977	764,024	
Professional	79,508	122,304	124,247	59,988
Borrowing costs ¹	42,678			93,212
Accounting services	44,620	121,076	97,824	69,736
Custodian	25,815	58,940	44,478	24,314
Transfer agent	21,126	51,941	109,741	20,964
Officer and Trustees	5,842	53,483	61,662	10,465
Printing	13,745	16,229	27,088	12,797
Registration	9,152	11,746	21,789	9,162
Miscellaneous	4,086	39,496	46,469	13,380
Total expenses excluding interest expense	800,086	3,184,055	4,608,092	1,211,252
Interest expense	100,150	304,952	329,238	209,087
Total expenses	900,236	3,489,007	4,937,330	1,420,339
Less fees waived by Manager	(274)	(2,194)	(5,174)	(317)
Total expenses after fees waived	899,962	3,486,813	4,932,156	1,420,022
Net investment income	3,397,215	23,112,371	24,774,308	6,983,209
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from:				
Investments	208,240	4,559,265	21,609,950	607,584
Financial futures contracts	8,944	2,458,482	(9,831,831)	(279,204)
Foreign currency transactions	137,430	1,695,796		900,102
Option written	2,850	2,489,977	(726,486)	10,049
Swaps	435,717	(414,174)	1,830,628	90,966
Borrowed bonds		106,583	297,676	
Interest rate floors			440,833	
	793,181	10,895,929	13,620,770	1,329,497
Net change in unrealized appreciation/depreciation on:				
Investments	2,582,364	26,629,370	(1,310,586)	6,044,986
Financial futures contracts	(87,001)	(138,050)	(4,582,177)	(39,016)
Foreign currency translations	(50,424)	(251,022)		(137,403)
Option written		2,390,038	825,854	16,440
Swaps	(42,673)	(3,486,766)	(3,606,318)	1,971
Borrowed bonds			(193,669)	
Interest rate floors			(132,104)	
	2,402,266	25,143,570	(8,999,000)	5,886,978
Total realized and unrealized gain	3,195,447	36,039,499	4,621,770	7,216,475
Net Increase in Net Assets Resulting from Operations	\$ 6,592,662	\$ 59,151,870	\$ 29,396,078	\$ 14,199,684

Edgar Filing: - Form

¹ See Note 6 of the Notes to Financial Statements for details of short-term borrowings.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

115

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:	BlackRock Core Bond Trust (BHK) Year Ended August 31,		BlackRock Corporate High Yield Fund V, Inc. (HYV) Year Ended August 31,	
	2012	2011	2012 ¹	2011
Operations				
Net investment income	\$ 23,862,728	\$ 22,314,162	\$ 35,444,739	\$ 35,857,110
Net realized gain (loss)	12,725,546	(647,293)	(2,168,911)	14,918,241
Net change in unrealized appreciation/depreciation	24,398,010	(9,184,462)	32,228,184	(12,682,377)
Net increase in net assets resulting from operations	60,986,284	12,482,407	65,504,012	38,092,974
Dividends to Shareholders From				
Net investment income	(22,212,928)	(23,726,515)	(35,208,709)	(35,008,792)
Capital Share Transactions				
Reinvestment of dividends	67,030		718,285	
Net Assets				
Total increase (decrease) in net assets	38,840,386	(11,244,108)	31,013,588	3,084,182
Beginning of year	372,295,457	383,539,565	385,687,429	382,603,247
End of year	\$ 411,135,843	\$ 372,295,457	\$ 416,701,017	\$ 385,687,429
Undistributed net investment income	\$ 7,384,327	\$ 3,484,685	\$ 7,780,357	\$ 2,797,479
Increase (Decrease) in Net Assets:	BlackRock Corporate High Yield Fund VI, Inc. (HYT) Year Ended August 31,		BlackRock High Income Shares (HIS) Year Ended August 31,	
	2012 ¹	2011	2012	2011
Operations				
Net investment income	\$ 36,665,376	\$ 37,473,827	\$ 10,999,966	\$ 10,833,774
Net realized gain (loss)	(3,682,719)	14,913,681	(1,548,634)	2,844,466
Net change in unrealized appreciation/depreciation	32,859,977	(13,209,144)	6,381,729	(3,103,981)
Net increase in net assets resulting from operations	65,842,634	39,178,364	15,833,061	10,574,259
Dividends to Shareholders From				
Net investment income	(36,599,844)	(35,241,068)	(11,172,280)	(11,407,404)
Capital Share Transactions				
Refund of offering costs previously charged to paid-in capital	8,495		2,126	
Reinvestment of dividends	1,006,632		273,904	
Net increase in net assets resulting from capital share transactions	1,015,127		276,030	
Net Assets				
Total increase (decrease) in net assets	30,257,917	3,937,296	4,936,811	(833,145)
Beginning of year	405,697,106	401,759,810	118,808,546	119,641,691
End of year	\$ 435,955,023	\$ 405,697,106	\$ 123,745,357	\$ 118,808,546
Undistributed net investment income	\$ 8,725,988	\$ 4,335,509	\$ 2,289,115	\$ 2,031,075

¹ Consolidated Statement of Changes in Net Assets.

See Notes to Financial Statements.

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets:	BlackRock High Yield Trust (BHY) Year Ended August 31,		BlackRock Income Opportunity Trust, Inc. (BNA) Year Ended August 31,	
	2012	2011	2012	2011
Operations				
Net investment income	\$ 3,397,215	\$ 3,268,780	\$ 23,112,371	\$ 21,766,357
Net realized gain (loss)	793,181	(862,713)	10,895,929	2,874,735
Net change in unrealized appreciation/depreciation	2,402,266	1,613,207	25,143,570	(12,557,938)
Net increase in net assets resulting from operations	6,592,662	4,019,274	59,151,870	12,083,154
Dividends and Distributions to Shareholders From				
Net investment income	(3,374,830)	(3,278,764)	(22,258,816)	(22,287,310)
Tax return of capital		(76,404)		
Decrease in net assets resulting from dividends and distributions to shareholders	(3,374,830)	(3,355,168)	(22,258,816)	(22,287,310)
Capital Share Transactions				
Reinvestment of dividends	14,323			
Net Assets				
Total increase (decrease) in net assets	3,232,155	664,106	36,893,054	(10,204,156)
Beginning of year	43,644,238	42,980,132	371,175,320	381,379,476
End of year	\$ 46,876,393	\$ 43,644,238	\$ 408,068,374	\$ 371,175,320
Undistributed (distribution in excess of) net investment income	\$ 177,267	\$ (107,518)	\$ 5,436,734	\$ 4,312,166
Increase (Decrease) in Net Assets:	BlackRock Income Trust, Inc. (BKT) Year Ended August 31,		BlackRock Strategic Bond Trust (BHD) Year Ended August 31,	
	2012	2011	2012	2011
Operations				
Net investment income	\$ 24,774,308	\$ 22,089,670	\$ 6,983,209	\$ 7,484,893
Net realized gain (loss)	13,620,770	(866,088)	1,329,497	1,355,512
Net change in unrealized appreciation/depreciation	(8,999,000)	13,053,505	5,886,978	(1,662,468)
Net increase in net assets resulting from operations	29,396,078	34,277,087	14,199,684	7,177,937
Dividends and Distributions to Shareholders From				
Net investment income	(17,586,939)	(21,772,433)	(7,652,086)	(7,845,469)
Net realized gain	(12,721,826)			
Decrease in net assets resulting from dividends and distributions to shareholders	(30,308,765)	(21,772,433)	(7,652,086)	(7,845,469)
Capital Share Transactions				
Reinvestment of dividends			50,250	
Net Assets				
Total increase (decrease) in net assets	(912,687)	12,504,654	6,597,848	(667,532)
Beginning of year	508,764,507	496,259,853	95,126,639	95,794,171
End of year	\$ 507,851,820	\$ 508,764,507	\$ 101,724,487	\$ 95,126,639
Undistributed (distribution in excess of) net investment income	\$ 8,050,320	\$ (33,473)	\$ 810,526	\$ 774,363

See Notes to Financial Statements.

Statements of Cash Flows

	BlackRock Core Bond Trust (BHK)	BlackRock Corporate High Yield Fund V, Inc. (HYV) ¹	BlackRock Corporate High Yield Fund VI, Inc. (HYT) ¹	BlackRock High Income Shares (HIS)
Year Ended August 31, 2012				
Cash Used for Operating Activities				
Net increase in net assets resulting from operations	\$ 60,986,284	\$ 65,504,012	\$ 65,842,634	\$ 15,833,061
Adjustments to reconcile net increase in net assets resulting from operations to net cash used for operating activities:				
Increase in interest receivable	(414,454)	(571,838)	(547,544)	(46,031)
(Increase) decrease in swaps receivable	349,048	(11,335)	(16,169)	
Decrease in other assets	43,747	75,109	78,540	8,396
Decrease in prepaid expenses	19,865	56,143	57,792	22,060
Decrease in dividends receivable affiliated	266	392	382	72
Decrease in commitment fees receivable	3,731			
Decrease in dividends receivable unaffiliated	10,384	28,061	14,361	8,706
Increase in variation margin receivable	(10,830)			
Decrease in cash pledged as collateral for financial futures contracts	306,000	2,294,000	2,245,000	378,000
Decrease in cash pledged as collateral for options written		906,360	952,770	
Increase in cash pledged as collateral for swaps	(5,390,000)	(400,000)	(400,000)	
Increase in cash pledged as collateral for reverse repurchase agreements	(1,643,000)			
Increase in cash received as collateral for swaps	500,000	600,000	600,000	
Decrease in cash received as collateral for reverse repurchase agreements	(1,204,525)			
Decrease in deferred income		(21,938)	(23,019)	(6,731)
Increase in investment advisory fees payable	13,981	31,395	38,301	9,317
Decrease in interest expense payable	(53,208)	(69,841)	(66,811)	(36,856)
Increase in other liabilities	148,988			
Increase (decrease) in other accrued expenses payable	(72,839)	3,750	(32,729)	(35,775)
Decrease in variation margin payable	(205,363)	(278,768)	(283,578)	(28,768)
Increase (decrease) in swaps payable	144,013	(422,415)	(410,627)	
Increase (decrease) in Officers and Trustees fees payable	(1,279)	(136)	22,182	73
Net periodic and termination payments of swaps	312,785	985,954	1,013,858	
Net realized and unrealized gain on investments	(32,510,405)	(26,537,265)	(26,703,560)	(4,158,378)
Amortization of premium and accretion of discount on investments	369,974	(146,033)	(305,966)	(927,038)
Premiums received from options written	21,979,476	1,463,221	1,583,542	263,208
Proceeds from sales of long-term investments	1,646,560,835	330,804,178	343,603,187	95,596,182
Purchases of long-term investments	(1,684,133,269)	(384,264,156)	(400,174,317)	(108,486,310)
Proceeds from borrowed bond transactions	35,657,057			
Payments for borrowed bond transactions	(35,543,921)			
Net proceeds from sales (purchases) of short-term securities	4,177,662	1,171,689	941,235	822,452
Premiums paid on closing options written	(15,845,814)	(1,042,046)	(1,158,201)	(101,538)
Cash used for operating activities	(5,444,811)	(9,841,507)	(13,128,737)	(885,898)
Cash Provided by Financing Activities				
Refund of offering costs			8,495	2,126
Cash receipts from borrowings	548,354,808	162,000,000	174,000,000	46,000,000

Edgar Filing: - Form

Cash payments on borrowings	(519,285,954)	(116,000,000)	(123,000,000)	(33,000,000)
Cash dividends paid to shareholders	(22,196,984)	(34,564,809)	(35,688,224)	(10,924,322)
Cash provided by financing activities	6,871,870	11,435,191	15,320,271	2,077,804

Cash Impact from Foreign Exchange Fluctuations

Cash impact from foreign exchange fluctuations	22,404	1,129	2,228	787
--	--------	-------	-------	-----

Cash and Foreign Currency

Net increase in cash and foreign currency	1,449,463	1,594,813	2,193,762	1,192,693
Cash and foreign currency at beginning of year	329,783	230,472	224,348	20,474
Cash and foreign currency at end of year	\$ 1,779,246	\$ 1,825,285	\$ 2,418,110	\$ 1,213,167

Cash Flow Information

Cash paid during the year for interest	\$ 354,678	\$ 1,396,085	\$ 1,414,775	\$ 327,951
--	------------	--------------	--------------	------------

Non-cash Financing Activities

Capital shares issued in reinvestment of dividends	\$ 67,030	\$ 718,285	\$ 1,006,632	\$ 273,904
--	-----------	------------	--------------	------------

¹ Consolidated Statement of Cash Flows.

A Statement of Cash Flows is presented when a Trust had a significant amount of borrowing during the year, based on the average borrowings outstanding in relation to average total assets.

See Notes to Financial Statements.

Statements of Cash Flows

	BlackRock High Yield Trust (BHY)	BlackRock Income Opportunity Trust, Inc. (BNA)	BlackRock Income Trust, Inc. (BKT)	BlackRock Strategic Bond Trust (BHD)
Year Ended August 31, 2012				
Cash Provided by (Used for) Operating Activities				
Net increase in net assets resulting from operations	\$ 6,592,662	\$ 59,151,870	\$ 29,396,078	\$ 14,199,684
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used for) operating activities:				
(Increase) decrease in interest receivable	(187,251)	(359,327)	1,084,854	(43,333)
(Increase) decrease in swaps receivable	244,192	389,714	1,429,363	(727)
Decrease in other assets	9,290	66,856	81,876	7,448
Decrease in prepaid expenses	7,887	5,390	7,276	18,922
Decrease in dividends receivable affiliated	73	564	690	58
Decrease in dividends receivable unaffiliated	2,478			
(Increase) decrease in variation margin receivable			658,258	(1,092)
(Increase) decrease in cash pledged as collateral for financial futures contracts	(71,000)	(999,000)	881,000	(75,000)
Increase in cash pledged as collateral for reverse repurchase agreements		(752,000)	(50,000)	
(Increase) decrease in cash pledged as collateral for swaps		(4,220,000)	3,545,000	(30,000)
Increase in cash received as collateral for reverse repurchase agreements		127,000		
Increase in cash received as collateral for swaps		1,200,000	4,100,000	
Increase in investment advisory fees payable	29,645	76,374	125,803	4,879
Decrease in interest expense payable	(716)	(58,721)	(139,320)	(14,902)
Decrease in other affiliates payable				(2,056)
Increase in other liabilities		879,346		
Decrease in administration fees payable	(16,003)	(58,628)	(126,410)	
Decrease in other accrued expenses payable	(9,041)	(351,251)	(184,029)	(60,081)
Increase (decrease) in variation margin payable	7,200	(164,395)	1,087,279	8,210
Increase (decrease) in swaps payable	18,888	116,676	(2,095,682)	(5,829)
Increase in Officers' and Trustees' fees payable	1,284	17,379	15,904	1,985
Net periodic and termination payments of swaps	241,433	(312,279)	835,969	127,964
Net realized and unrealized gain on investments	(3,136,074)	(33,285,480)	(17,086,909)	(6,574,406)
Amortization of premium and accretion of discount on investments	11,888	1,140,718	8,334,140	40,296
Premiums received from options written	2,850	21,989,997	626,784	98,230
Proceeds from sales of long-term investments	32,860,351	1,637,113,266	3,862,317,810	56,325,369
Purchases of long-term investments	(45,440,411)	(1,679,555,230)	(3,750,248,299)	(61,425,243)
Proceeds from borrowed bond transactions		50,346,459	34,419,626	
Payments for borrowed bond transactions		(50,242,735)	(23,352,669)	
Net proceeds from sales (purchases) of short-term securities	(783,623)	2,363,279	(9,338,958)	891,719
Premiums paid on closing options written		(14,775,630)	(2,155,182)	(1,110)
Cash provided by (used for) operating activities	(9,613,998)	(10,149,788)	144,170,252	3,490,985
Cash Provided by (Used for) Financing Activities				
Cash receipts from borrowings	21,000,000	549,257,071	1,111,266,559	30,494,188
Cash payments on borrowings	(8,000,000)	(516,082,969)	(1,225,222,835)	(24,493,169)
Cash dividends paid to shareholders	(3,362,350)	(22,256,005)	(30,273,756)	(7,612,303)
Decrease in bank overdraft		(3,771)		

Edgar Filing: - Form

Cash provided by (used for) financing activities	9,637,650	10,914,326	(144,230,032)	(1,611,284)
--	-----------	------------	---------------	-------------

Cash Impact from Foreign Exchange Fluctuations

Cash impact from foreign exchange fluctuations	413	4,159		299
--	-----	-------	--	-----

Cash and Foreign Currency

Net increase (decrease) in cash and foreign currency	24,065	768,697	(59,780)	1,880,000
Cash and foreign currency at beginning of year		104,439	59,780	13,941
Cash and foreign currency at end of year	\$ 24,065	\$ 873,136		\$ 1,893,941

Cash Flow Information

Cash paid during the year for interest	\$ 100,866	\$ 363,673	\$ 468,558	\$ 223,989
--	------------	------------	------------	------------

Non-cash Financing Activities

Capital shares issued in reinvestment of dividends	\$ 14,323			\$ 50,250
--	-----------	--	--	-----------

A Statement of Cash Flows is presented when a Trust had a significant amount of borrowing during the year, based on the average borrowings outstanding in relation to average total assets.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

119

Financial Highlights

BlackRock Core Bond Trust (BHK)

	Year Ended August 31,				Period November 1, 2007 to August 31, 2008	Year Ended October 31, 2007
	2012	2011	2010	2009		
Per Share Operating Performance						
Net asset value, beginning of period	\$ 13.78	\$ 14.19	\$ 12.56	\$ 12.81	\$ 13.63	\$ 13.82
Net investment income	0.88 ¹	0.83 ¹	0.87 ¹	0.80 ¹	0.50 ¹	0.74
Net realized and unrealized gain (loss)	1.37	(0.36)	1.76	(0.28)	(0.69)	(0.13)
Net increase (decrease) from investment operations	2.25	0.47	2.63	0.52	(0.19)	0.61
Dividends and distributions from:						
Net investment income	(0.82)	(0.88)	(1.00)	(0.77)	(0.61)	(0.61)
Tax return of capital					(0.02)	(0.19)
Total dividends and distributions	(0.82)	(0.88)	(1.00)	(0.77)	(0.63)	(0.80)
Net asset value, end of period	\$ 15.21	\$ 13.78	\$ 14.19	\$ 12.56	\$ 12.81	\$ 13.63
Market price, end of period	\$ 15.41	\$ 12.69	\$ 13.92	\$ 11.98	\$ 11.51	\$ 12.23

Total Investment Return²

Based on net asset value	17.06%	4.02%	22.44%	5.28%	(1.00)% ³	5.04%
Based on market price	28.78%	(2.35)%	25.93%	11.76%	(0.87)% ³	1.29%

Ratios to Average Net Assets

Total expenses	0.95%	1.02%	1.18%	1.06%	2.29% ⁴	1.60%
Total expenses after fees waived and paid indirectly	0.94%	1.02%	1.18%	1.06%	2.29% ⁴	1.60%
Total expenses after fees waived and paid indirectly and excluding interest expense	0.86%	0.93%	0.95%	0.83%	0.89% ⁴	0.78%
Net investment income	6.13%	6.05%	6.62%	7.09%	4.55% ⁴	5.36%

Supplemental Data

Net assets, end of period (000)	\$ 411,136	\$ 372,295	\$ 383,540	\$ 339,524	\$ 346,177	\$ 368,335
Borrowings outstanding, end of period (000)	\$ 182,679	\$ 152,301	\$ 168,938	\$ 74,572	\$ 107,690	\$ 103,354
Average borrowings outstanding, during the period (000)	\$ 143,234	\$ 151,080	\$ 162,760	\$ 73,467	\$ 134,784	\$ 44,786
Portfolio turnover	290% ⁵	824% ⁶	641% ⁷	315% ⁸	598% ⁹	122%
Asset coverage, end of period per \$1,000	\$ 3,251	\$ 3,444	\$ 3,270	\$ 5,553	\$ 4,215	\$ 4,564

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 237%.

⁶ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 544%.

Edgar Filing: - Form

- ⁷ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 534%.
- ⁸ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 184%.
- ⁹ Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 337%.

See Notes to Financial Statements.

120

ANNUAL REPORT

AUGUST 31, 2012

Financial Highlights

	BlackRock Corporate High Yield Fund V, Inc. (HYV) Year Ended August 31,					BlackRock Corporate High Yield Fund VI, Inc. (HYT) Year Ended August 31,				
	2012 ¹	2011	2010	2009	2008	2012 ¹	2011	2010	2009	2008
Per Share Operating Performance										
Net asset value, beginning of year	\$ 11.71	\$ 11.61	\$ 9.71	\$ 11.94	\$ 13.83	\$ 11.49	\$ 11.38	\$ 9.68	\$ 11.89	\$ 13.81
Net investment income ²	1.08	1.09	1.06	1.07	1.18	1.04	1.06	1.05	1.05	1.16
Net realized and unrealized gain (loss)	0.91	0.07	1.86	(2.10)	(1.85)	0.83	0.05	1.67	(2.07)	(1.87)
Net increase (decrease) from investment operations	1.99	1.16	2.92	(1.03)	(0.67)	1.87	1.11	2.72	(1.02)	(0.71)
Dividends and distributions from:										
Net investment income	(1.07)	(1.06)	(1.02)	(1.20)	(1.17)	(1.04)	(1.00)	(1.02)	(1.19)	(1.21)
Net realized gain					(0.05)					
Total dividends and distributions	(1.07)	(1.06)	(1.02)	(1.20)	(1.22)	(1.04)	(1.00)	(1.02)	(1.19)	(1.21)
Net asset value, end of year	\$ 12.63	\$ 11.71	\$ 11.61	\$ 9.71	\$ 11.94	\$ 12.32	\$ 11.49	\$ 11.38	\$ 9.68	\$ 11.89
Market price, end of year	\$ 13.51	\$ 11.55	\$ 11.40	\$ 9.32	\$ 10.15	\$ 12.96	\$ 11.21	\$ 11.19	\$ 9.47	\$ 10.14
Total Investment Return³										
Based on net asset value	17.92%	10.29%	31.40%	(3.83)%	(3.99)%	17.14%	9.95%	29.26%	(4.03)%	(4.30)%
Based on market price	27.88%	10.79%	34.42%	8.59%	(7.78)%	26.30%	9.09%	29.92%	10.09%	(7.24)%
Ratios to Average Net Assets										
Total expenses	1.42%	1.34%	1.26%	1.84%	2.11%	1.51%	1.41%	1.34%	2.01%	2.24%
Total expenses after fees waived and paid indirectly	1.42%	1.34%	1.26%	1.84%	2.11%	1.51%	1.41%	1.34%	2.01%	2.24%
Total expenses after fees waived and paid indirectly and excluding interest expense	1.08% ⁴	1.02%	0.99%	1.16%	0.97%	1.19% ⁵	1.12%	1.09%	1.28%	1.10%
Net investment income	8.96%	8.82%	9.52%	13.00%	9.16%	8.84%	8.80%	9.52%	12.82%	9.02%
Supplemental Data										
Net assets, end of year (000)	\$ 416,701	\$ 385,687	\$ 382,603	\$ 320,045	\$ 393,389	\$ 435,955	\$ 405,697	\$ 401,760	\$ 341,415	\$ 419,502
Borrowings outstanding, end of year (000)	\$ 175,000	\$ 129,000	\$ 92,000	\$ 54,000	\$ 94,700	\$ 181,000	\$ 130,000	\$ 89,000	\$ 58,000	\$ 110,900
Average borrowings outstanding, during the year (000)	\$ 140,036	\$ 119,652	\$ 79,427	\$ 65,403	\$ 106,140	\$ 142,342	\$ 115,512	\$ 76,356	\$ 73,784	\$ 113,996
Portfolio turnover	61%	87%	90%	65%	46%	61%	87%	85%	60%	45%
Asset coverage, end of year per \$1,000	\$ 3,381	\$ 3,990	\$ 5,159	\$ 6,927	\$ 5,154	\$ 3,409	\$ 4,121	\$ 5,514	\$ 6,886	\$ 4,783

¹ Consolidated Financial Highlights.

² Based on average shares outstanding.

³

Edgar Filing: - Form

Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

- ⁴ 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 0.99%.
- ⁵ 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.

ANNUAL REPORT

AUGUST 31, 2012

121

Financial Highlights

BlackRock High Income Shares (HIS)

	Year Ended August 31,				Period January 1, 2008 to August 31, 2008	Year Ended December 31, 2007
	2012	2011	2010	2009		
Per Share Operating Performance						
Net asset value, beginning of period	\$ 2.18	\$ 2.19	\$ 1.85	\$ 2.23	\$ 2.47	\$ 2.68
Net investment income	0.20 ₁	0.20 ₁	0.20 ₁	0.19 ₁	0.15 ₁	0.24
Net realized and unrealized gain (loss)	0.08		0.31	(0.36)	(0.26)	(0.21)
Net increase (decrease) from investment operations	0.28	0.20	0.51	(0.17)	(0.11)	0.03
Dividends from net investment income	(0.20)	(0.21)	(0.17)	(0.21)	(0.13)	(0.24)
Net asset value, end of period	\$ 2.26	\$ 2.18	\$ 2.19	\$ 1.85	\$ 2.23	\$ 2.47
Market price, end of period	\$ 2.40	\$ 2.10	\$ 2.09	\$ 1.68	\$ 1.88	\$ 2.14
Total Investment Return²						
Based on net asset value	13.91%	9.56%	28.95%	(3.01)%	(4.00)% ³	1.58%
Based on market price	25.58%	10.59%	35.52%	4.47%	(6.59)% ³	(7.51)%
Ratios to Average Net Assets						
Total expenses	1.54%	1.49%	1.49%	2.01%	1.98% ⁴	3.56%
Total expenses after fees waived and paid indirectly	1.54%	1.49%	1.49%	2.01%	1.98% ⁴	3.55%
Total expenses after fees waived and paid indirectly and excluding interest expense ⁵	1.29%	1.25%	1.27%	1.41%	1.05% ⁴	1.27%
Net investment income	9.19%	8.66%	9.34%	12.06%	9.52% ⁴	8.89%
Supplemental Data						
Net assets, end of period (000)	\$ 123,745	\$ 118,809	\$ 119,642	\$ 100,921	\$ 121,808	\$ 135,098
Borrowings outstanding, end of period (000)	\$ 42,000	\$ 29,000	\$ 25,000	\$ 18,000	\$ 27,000	\$ 46,000
Average borrowings outstanding, during the period (000)	\$ 30,746	\$ 26,729	\$ 21,027	\$ 21,220	\$ 27,069	\$ 55,868
Portfolio turnover	63%	90%	85%	55%	25%	69%
Asset coverage, end of period per \$1,000	\$ 3,946	\$ 5,097	\$ 5,786	\$ 6,607	\$ 5,512	\$ 3,937

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ 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 1.19%.

See Notes to Financial Statements.

Financial Highlights

BlackRock High Yield Trust (BHY)

	2012	Year Ended August 31,		2009	Period November 1, 2007 to August 31, 2008	Year Ended October 31, 2007
		2011	2010			
Per Share Operating Performance						
Net asset value, beginning of period	\$ 6.79	\$ 6.69	\$ 5.78	\$ 6.84	\$ 7.91	\$ 7.85
Net investment income	0.53 ¹	0.51 ¹	0.51 ¹	0.51 ¹	0.50 ¹	0.63
Net realized and unrealized gain (loss)	0.50	0.11	0.92	(1.00)	(1.06)	0.04
Net increase (decrease) from investment operations	1.03	0.62	1.43	(0.49)	(0.56)	0.67
Dividends and distributions from:						
Net investment income	(0.53)	(0.51)	(0.50)	(0.55)	(0.51)	(0.61)
Tax return of capital		(0.01)	(0.02)	(0.02)		
Total dividends and distributions	(0.53)	(0.52)	(0.52)	(0.57)	(0.51)	(0.61)
Net asset value, end of period	\$ 7.29	\$ 6.79	\$ 6.69	\$ 5.78	\$ 6.84	\$ 7.91
Market price, end of period	\$ 8.04	\$ 6.60	\$ 6.44	\$ 5.84	\$ 5.96	\$ 6.92

Total Investment Return²

Based on net asset value	15.70%	9.66%	25.70%	(5.30)%	(6.47)% ³	9.03%
Based on market price	31.27%	10.73%	19.76%	9.81%	(6.85)% ³	(3.63)%

Ratios to Average Net Assets

Total expenses	2.01%	2.04%	2.10%	2.61%	2.61% ⁴	4.16%
Total expenses after fees waived and paid indirectly	2.01%	2.04%	2.10%	2.61%	2.61% ⁴	4.14%
Total expenses after fees waived and paid indirectly and excluding interest expense ⁵	1.79%	1.85%	1.91%	2.16%	1.77% ⁴	2.10%
Net investment income	7.59%	7.18%	7.89%	10.22%	8.34% ⁴	7.84%

Supplemental Data

Net assets, end of period (000)	\$ 46,876	\$ 43,644	\$ 42,980	\$ 37,137	\$ 43,897	\$ 50,782
Borrowings outstanding, end of period (000)	\$ 19,000	\$ 6,000	\$ 8,000	\$ 4,000	\$ 6,250	\$ 9,250
Average borrowings outstanding, during the period (000)	\$ 10,615	\$ 7,427	\$ 6,427	\$ 5,223	\$ 7,443	\$ 17,710
Portfolio turnover	59%	81%	80%	54%	34%	69%
Asset coverage, end of period per \$1,000	\$ 3,467	\$ 8,274	\$ 6,373	\$ 10,284	\$ 8,023	\$ 6,490

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ 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 1.69%.

See Notes to Financial Statements.

Financial Highlights

BlackRock Income Opportunity Trust, Inc. (BNA)

	2012	Year Ended August 31,		2009	Period November 1, 2007 to August 31, 2008	Year Ended October 31, 2007
		2011	2010			
Per Share Operating Performance						
Net asset value, beginning of period	\$ 10.77	\$ 11.07	\$ 10.02	\$ 10.35	\$ 11.02	\$ 11.17
Net investment income	0.67 ₁	0.63 ₁	0.59 ₁	0.59 ₁	0.53 ₁	0.62
Net realized and unrealized gain (loss)	1.05	(0.28)	1.25	(0.31)	(0.69)	(0.11)
Net increase (decrease) from investment operations	1.72	0.35	1.84	0.28	(0.16)	0.51
Dividends and distributions from:						
Net investment income	(0.65)	(0.65)	(0.79)	(0.61)	(0.51)	(0.61)
Tax return of capital						(0.05)
Total dividends and distributions	(0.65)	(0.65)	(0.79)	(0.61)	(0.51)	(0.66)
Net asset value, end of period	\$ 11.84	\$ 10.77	\$ 11.07	\$ 10.02	\$ 10.35	\$ 11.02
Market price, end of period	\$ 11.58	\$ 9.85	\$ 10.56	\$ 9.65	\$ 9.82	\$ 10.19

Total Investment Return²

Based on net asset value	16.81%	3.91%	19.83%	3.90%	(1.07)% ³	5.11%
Based on market price	24.92%	(0.37)%	18.69%	5.46%	1.51% ³	2.62%

Ratios to Average Net Assets

Total expenses	0.90%	0.95%	1.09%	0.95%	2.25% ⁴	2.01%
Total expenses after fees waived and paid indirectly	0.90%	0.95%	1.09%	0.95%	2.25% ⁴	2.00%
Total expenses after fees waived and paid indirectly and excluding interest expense	0.82%	0.85%	0.86%	0.85%	0.83% ⁴	0.87%
Net investment income	5.97%	5.94%	5.81%	6.45%	5.89% ⁴	5.68%

Supplemental Data

Net assets, end of period (000)	\$ 408,068	\$ 371,175	\$ 381,379	\$ 345,101	\$ 356,456	\$ 379,605
Borrowings outstanding, end of period (000)	\$ 188,055	\$ 154,883	\$ 157,776	\$ 77,474	\$ 100,740	\$ 105,262
Average borrowings outstanding, during the period (000)	\$ 151,411	\$ 148,617	\$ 151,700	\$ 49,573	\$ 131,462	\$ 68,241
Portfolio turnover	285% ⁵	774% ⁶	720% ⁷	270% ⁸	441% ⁹	196%
Asset coverage, end of period per \$1,000	\$ 3,170	\$ 3,396	\$ 3,417	\$ 5,454	\$ 4,538	\$ 4,606

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 231%.

⁶ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 492%.

Edgar Filing: - Form

- ⁷ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 608%.
- ⁸ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 165%.
- ⁹ Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 168%.

See Notes to Financial Statements.

Financial Highlights

BlackRock Income Trust, Inc. (BKT)

	Year Ended August 31,				Period	Year Ended
	2012	2011	2010	2009	November 1, 2007 to August 31, 2008	October 31, 2007
Per Share Operating Performance						
Net asset value, beginning of period	\$ 7.96	\$ 7.76	\$ 7.12	\$ 6.94	\$ 6.53	\$ 6.48
Net investment income	0.39 ¹	0.35 ¹	0.20 ¹	0.28 ¹	0.26 ¹	0.30
Net realized and unrealized gain	0.06	0.19	0.73	0.19	0.40	0.12
Net increase (decrease) from investment operations	0.45	0.54	0.93	0.47	0.66	0.42
Dividends and distributions from:						
Net investment income	(0.27)	(0.34)	(0.26)	(0.29)	(0.25)	(0.29)
Net realized gain	(0.20)		(0.03)			
Tax return of capital						(0.08)
Total dividends and distributions	(0.47)	(0.34)	(0.29)	(0.29)	(0.25)	(0.37)
Net asset value, end of period	\$ 7.94	\$ 7.96	\$ 7.76	\$ 7.12	\$ 6.94	\$ 6.53
Market price, end of period	\$ 7.63	\$ 7.18	\$ 6.95	\$ 6.53	\$ 6.07	\$ 5.81
Total Investment Return²						
Based on net asset value	6.24%	7.70%	13.86%	7.64%	10.82% ³	7.06%
Based on market price	13.19%	8.47%	11.19%	12.87%	8.94% ³	1.69%
Ratios to Average Net Assets						
Total expenses	0.97%	1.06%	1.05%	1.09%	1.63% ⁴	2.77%
Total expenses after fees waived and before fees paid indirectly	0.97%	1.05%	1.02%	1.08%	1.63% ⁴	2.77%
Total expenses after fees waived and paid indirectly	0.97%	1.05%	1.02%	1.08%	1.63% ⁴	2.76%
Total expenses after fees waived and paid indirectly and excluding interest expense	0.90%	0.94%	0.92%	0.93%	0.91% ⁴	0.98%
Net investment income	4.86%	4.43%	2.72%	4.09%	4.67% ⁴	4.60%
Supplemental Data						
Net assets, end of period (000)	\$ 507,852	\$ 508,765	\$ 496,260	\$ 455,529	\$ 444,054	\$ 417,651
Borrowings outstanding, end of period (000)	\$ 119,706	\$ 233,676	\$ 106,985	\$ 11,815		\$ 33,895
Average borrowings outstanding, during the period (000)	\$ 183,890	\$ 116,771	\$ 23,316	\$ 537	\$ 61,777	\$ 93,325
Portfolio turnover	487% ⁵	899% ⁶	883% ⁷	700% ⁸	263% ⁹	250%
Asset coverage, end of period per \$1,000	\$ 5,242	\$ 3,177	\$ 5,639	\$ 39,555		\$ 13,322

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 230%.

Edgar Filing: - Form

- ⁶ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 387%.
- ⁷ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 207%.
- ⁸ Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 184%.
- ⁹ Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 0%.

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2012

125

Financial Highlights

BlackRock Strategic Bond Trust (BHD)

	Year Ended August 31,				Period November 1, 2007 to August 31, 2008	Year Ended October 31, 2007
	2012	2011	2010	2009		
Per Share Operating Performance						
Net asset value, beginning of period	\$ 13.48	\$ 13.57	\$ 12.12	\$ 12.76	\$ 13.80	\$ 13.83
Net investment income	0.99 ¹	1.06 ¹	1.01 ¹	0.93 ¹	0.76 ¹	0.95
Net realized and unrealized gain (loss)	1.01	(0.04)	1.35	(0.69)	(1.03)	(0.06)
Net increase (decrease) from investment operations	2.00	1.02	2.36	0.24	(0.27)	0.89
Dividends and distributions from net investment income	(1.08)	(1.11)	(0.91)	(0.88)	(0.77)	(0.92)
Net asset value, end of period	\$ 14.40	\$ 13.48	\$ 13.57	\$ 12.12	\$ 12.76	\$ 13.80
Market price, end of period	\$ 14.52	\$ 12.93	\$ 13.17	\$ 11.43	\$ 10.85	\$ 11.88
Total Investment Return²						
Based on net asset value	15.66%	8.09%	20.38%	3.99%	(1.19)% ³	7.26%
Based on market price	21.58%	6.83%	23.88%	15.34%	(2.40)% ³	(0.62)%
Ratios to Average Net Assets						
Total expenses	1.45%	1.52%	1.13%	1.00%	0.93% ⁴	1.45%
Total expenses after fees waived and before fees paid indirectly	1.45%	1.51%	1.11%	0.92%	0.82% ⁴	1.27%
Total expenses after fees waived and paid indirectly	1.45%	1.51%	1.11%	0.92%	0.82% ⁴	1.27%
Total expenses after fees waived and paid indirectly and excluding interest expense ⁵	1.24%	1.26%	1.04%	0.92%	0.81% ⁴	0.87%
Net investment income	7.15%	7.59%	7.77%	8.67%	6.85% ⁴	6.86%
Supplemental Data						
Net assets, end of period (000)	\$ 101,724	\$ 95,127	\$ 95,794	\$ 85,581	\$ 90,092	\$ 97,410
Borrowings outstanding, end of period (000)	\$ 30,000	\$ 24,000	\$ 12,000		\$ 1,571	\$ 413
Average borrowings outstanding during the period (000)	\$ 22,089	\$ 22,696	\$ 5,701	\$ 303	\$ 391	\$ 7,240
Portfolio turnover	47%	72%	83%	61%	27%	34%
Asset coverage, end of period per \$1,000	\$ 4,391	\$ 4,964	\$ 8,983		\$ 58,347	\$ 236,789

¹ Based on average shares outstanding.

² Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and include the reinvestment of dividends and distributions.

³ Aggregate total investment return.

⁴ Annualized.

⁵ 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 1.14%.

See Notes to Financial Statements.

126

ANNUAL REPORT

AUGUST 31, 2012

Notes to Financial Statements

1. Organization and Significant Accounting Policies:

BlackRock Core Bond Trust (BHK), BlackRock Corporate High Yield Fund V, Inc. (HYV), BlackRock Corporate High Yield Fund VI, Inc. (HYT), BlackRock High Income Shares (HIS), BlackRock High Yield Trust (BHY), BlackRock Income Opportunity Trust, Inc. (BNA), BlackRock Income Trust, Inc. (BKT) and BlackRock Strategic Bond Trust (BHD) (collectively, the Trusts) are registered under the 1940 Act, as diversified, closed-end management investment companies. HYV, HYT, BNA and BKT are organized as Maryland corporations. BHK, BHY and BHD are organized as Delaware statutory trusts. HIS is organized as a Massachusetts business trust. The Trusts' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP), which may require management to make estimates and assumptions that affect the reported amounts 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 Boards of Directors and Boards 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.

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

Basis of Consolidation: The accompanying consolidated financial statements of HYV and HYT include the accounts of BLK HYV (Luxembourg) Investments, S.a.r.l. and BLK HYT (Luxembourg) Investments, S.a.r.l. (the Taxable Subsidiaries), a wholly owned taxable subsidiary of each Trust which holds shares of private Canadian companies. 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 Subsidiary may be taxable to such subsidiaries in Luxembourg. An income tax provision for all income, including realized and unrealized gains, if any, is reflected as either a reduction in investment income or as a component of realized and unrealized gain (loss) on the Consolidated Statements of Operations. Intercompany accounts and transactions have been eliminated. The Taxable Subsidiaries are subject to the same investment policies and restrictions that apply to the Trusts.

Valuation: US 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 fair value their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. 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.

The Trusts value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services. Floating rate loan interests are valued at the mean of the bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments and calculated yield measures. Asset-backed and mortgage-backed securities are valued by independent pricing services using models that consider estimated cash flows of each tranche of the security, establish a benchmark yield and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche. Financial futures contracts traded on exchanges are valued at their last sale price. To-be-announced (TBA) commitments are valued on the basis of last available bid prices or current market quotations provided by pricing services. Swap agreements are valued utilizing quotes received daily by the Trusts' pricing service or through brokers, which are derived using daily swap curves and models that incorporate a number of market data factors, such as discounted cash flows, trades and values of the underlying reference instruments. Investments in open-end registered investment companies are valued at NAV each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

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 Global Market System (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. If no bid or ask price is available, the prior day's price will be used, unless it is determined that such prior day's price no longer reflects the fair value of the security.

Edgar Filing: - Form

Securities and other assets and liabilities denominated in foreign currencies are translated into US dollars using exchange rates determined as of the close of business on the New York Stock Exchange (NYSE). Foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of business on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.

ANNUAL REPORT

AUGUST 31, 2012

127

Notes to Financial Statements (continued)

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

In the event that application of these methods of valuation results in a price for an investment 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 arms-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant consistent with the principles of fair value measurement which include the market approach, income approach and/or cost approach, as appropriate. A market approach generally consists of using comparable market transactions. The income approach generally is used to discount future cash flows to present value and 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, a regular review 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 the Trusts' net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to affect the value of such instruments materially, those instruments may be Fair Value Assets and be valued at their fair value, as determined in good faith by the Global Valuation Committee using a pricing service and/or policies approved by the Board.

Foreign Currency: The Trusts' books and records are maintained in US 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 US dollar rises in value against a foreign currency, the Trusts' investments denominated in that currency will lose value because that currency is worth fewer US dollars; the opposite effect occurs if the US dollar falls in relative value.

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 on 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 treated as ordinary income for federal income tax purposes.

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

Edgar Filing: - Form

Certain Trusts may purchase certain mortgage pass-through securities (the Mortgage Assets). There are a number of important differences among the agencies and instrumentalities of the US government that issue mortgage-related securities and among the securities that they issue. For example,

128

ANNUAL REPORT

AUGUST 31, 2012

Notes to Financial Statements (continued)

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 a bankruptcy remote entity which 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, US government agencies or instrumentalities or by trusts formed by private originators of, or investors in, mortgage loans. In general, CMOs are debt obligations of a legal entity that are collateralized by, and multiple class pass-through securities represent direct ownership interests in, a pool of residential or commercial mortgage loans or Mortgage 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 US 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: Certain Trusts may invest in capital trusts. These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for federal income tax purposes. These securities generally are rated below that of the issuing company's senior debt securities.

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

provisions.

Floating Rate Loan Interests: Certain Trusts may invest in floating rate loan interests. The floating rate loan interests the Trusts hold are typically issued to companies (the borrower) by banks, other financial institutions, and privately and publicly offered corporations (the lender). Floating rate loan 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

Notes to Financial Statements (continued)

by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR, the prime rate offered by one or more US banks or the certificate of deposit rate. Floating rate loan interests may involve foreign borrowers, and investments may be denominated in foreign currencies. The Trusts consider these investments to be investments in debt securities for purposes of their investment policies.

When a Trust 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.

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 with the commitment that the security and the cash will be returned to the counterparty and the Trusts, respectively, at a mutually agreed upon rate and 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 Trust 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.

Short Sales: Certain Trusts may enter into short sale transactions in which the Trusts sell a security it does not hold in anticipation of a decline in the market price of that security. When the Trusts make a short sale, it will borrow the security sold short (borrowed bond) and deliver it to the counterparty to which it 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 any interest received on the security sold short, which is shown as interest expense in the Statements of Operations. The Trusts may pay a fee on the assets borrowed from the counterparty, which is shown as stock loan fees in the Statements of Operations. The Trusts maintain a segregated account of securities or deposits cash with the broker-dealer as collateral for the short sales. The Trusts may receive interest on their cash collateral deposited with the broker-dealer. 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 greater or less 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.

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

Edgar Filing: - Form

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 the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedules of Investments.

Notes to Financial Statements (continued)

TBA Commitments: Certain Trusts may enter into TBA commitments. TBA commitments are forward agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must meet specified terms, including issuer, rate and mortgage terms. The Trusts generally enter into TBA commitments with the intent to take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transaction. TBA commitments involve a risk of loss if the value of the security to be purchased or sold declines or increases, respectively, prior to settlement date.

Mortgage Dollar Roll Transactions: Certain Trusts may sell TBA mortgage-backed securities and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date at an agreed upon price. During the period between the sale and repurchase, the Trusts will not be entitled to receive interest and principal payments on the securities sold. The Trusts account for mortgage dollar roll transactions as purchases and sales and realize 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.

Treasury Roll Transactions: Certain Trusts may enter into treasury roll transactions. In a treasury roll transaction, the Trusts sell a Treasury security to a counterparty with a simultaneous agreement to repurchase the same security at an agreed upon price and future settlement date. The Trusts receive cash from the sale of the Treasury security to use for other investment purposes. The difference between the sale price and repurchase price represents net interest income or net interest expense reflective of an agreed upon rate between the Trusts and the counterparty over the term of the borrowing. For US GAAP purposes, a treasury roll transaction is accounted for as a secured borrowing and not as a purchase or sale. During the term of the borrowing, interest income from the Treasury security and the related interest expense on the secured borrowing is recorded by the Trusts on an accrual basis. The Trusts will benefit from the transaction if the income earned on the investment purchased with the cash received in the treasury roll transaction exceeds the interest expense incurred by the Trusts. If the interest expense exceeds the income earned, the Trusts' net investment income and dividends to shareholders may be adversely impacted. Treasury roll transactions involve the risk that the market value of the securities that the Trusts are required to repurchase may decline below the agreed upon repurchase price of those securities.

Reverse Repurchase Agreements: Certain Trusts may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Trusts sell securities to a bank or broker-dealer and agrees to repurchase the same securities at a mutually agreed upon date and price. Securities sold under reverse repurchase agreements are 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. During the term of the reverse repurchase agreement, the Trusts continue to receive the principal and interest payments on these securities. Certain agreements have no stated maturity and can be terminated by either party at any time. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates determined at the time of issuance. The Trusts may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Trusts are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Trusts' use of the proceeds of the agreement may be restricted while the other party, or its trustee or receiver, determines whether or not to enforce the Trusts' obligation to repurchase the securities.

Segregation and Collateralization: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (SEC) require that the Trusts either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, TBA sale commitments, financial futures contracts, foreign currency exchange contracts, swaps, short sales and options written), or certain borrowings (e.g., reverse repurchase agreements, treasury roll transactions and loan payable), the Trusts will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on its books and records cash or liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party to such transactions has requirements to deliver/deposit securities as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Trusts 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

Edgar Filing: - Form

amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis. Consent fees are compensation for agreeing to changes in the terms of debt instruments and are included in interest income in the Statements of Operations.

ANNUAL REPORT

AUGUST 31, 2012

131

Notes to Financial Statements (continued)

Dividends and Distributions: Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. 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. Capital losses carried forward from years beginning before 2011 do not reduce earnings and profits, even if such carried forward losses offset current year realized gains. The portion of dividends and distributions that exceeds a Trust's current and accumulated earnings and profits, which are measured on a tax basis, may be treated as a tax return of capital. The character and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP.

Income Taxes: It is each Trust's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

Each Trust files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Trusts' US federal tax returns remain open for each of the four years ended August 31, 2012. The statutes of limitations on the Trusts' state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

Recent Accounting Standard: In December 2011, the Financial Accounting Standards Board issued guidance that will expand current disclosure requirements on the offsetting of certain assets and liabilities. The new disclosures will be required for investments and derivative financial instruments subject to master netting or similar agreements which are eligible for offset in the Statements of Assets and Liabilities and will require an entity to disclose both gross and net information about such investments and transactions in the financial statements. The guidance is effective for financial statements with fiscal years beginning on or after January 1, 2013, and interim periods within those fiscal years. Management is evaluating the impact of this guidance on the Trusts' financial statement disclosures.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Trust's Board, 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 approximately the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Trust. Prior to March 31, 2012, each Trust elected to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Trustees in order to match its deferred compensation obligations, and dividends and distributions received from the BlackRock Closed-End Fund investments through March 31, 2012 are included in income affiliated in the Statements of Operations.

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

The Trusts have an arrangement with the custodian whereby fees may be reduced by credits earned on uninvested cash balances, which, if applicable, are shown as fees paid indirectly in the Statements of Operations. The custodian imposes fees on overdrawn cash balances, which can be offset by accumulated credits earned or may result in additional custody charges.

2. Derivative Financial Instruments:

The Trusts engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Trusts and/or to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk, or foreign currency exchange rate risk. These contracts may be transacted on an exchange or OTC.

Losses may arise if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument or if the counterparty does not perform under the contract. The Trusts' maximum risk of loss from counterparty credit risk on OTC derivatives is generally the aggregate unrealized gain netted against any collateral pledged by/posted to the counterparty. For OTC options purchased, the Trusts bear the risk of loss in the amount of the premiums paid plus the positive change in market values net of any collateral received on the options should the counterparty fail to perform under the contracts. Options written by the Trusts do not give rise to counterparty credit risk, as options written obligate the Trusts to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts,

Edgar Filing: - Form

options and centrally cleared swaps is deemed to be minimal due to the protection against defaults provided by the exchange on which these contracts trade.

The Trusts may mitigate counterparty risk by procuring collateral and through netting provisions included within an International Swaps and Derivatives Association, Inc. master agreement (ISDA Master Agreement) implemented between a Trust and each of its respective counterparties. An ISDA Master Agreement allows each Trust to offset with each separate counterparty certain derivative financial instrument s payables and/or receivables with collateral held. The amount of collateral moved to/from applicable counterparties is generally based upon minimum transfer amounts of up to \$500,000. To the extent amounts due to the Trusts from their counterparties are not fully collateralized, contractually or otherwise, the Trusts bear the risk of loss from coun-terparty non-performance. See Note 1 Segregation and Collateralization for information with respect to collateral practices. In addition, the Trusts manage counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

Certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Trusts net assets decline by a stated percentage or the Trusts fail to meet the terms of their ISDA Master Agreements, which would cause the Trusts to accelerate payment of any net liability owed to the counterparty.

Notes to Financial Statements (continued)

Financial Futures Contracts: The Trusts purchase or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk), 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 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. 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 and are recorded by the Trusts as unrealized appreciation or depreciation. 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.

Foreign Currency Exchange Contracts: The Trusts enter into foreign currency exchange contracts as an economic hedge against either specific transactions or portfolio instruments or to obtain exposure to foreign currencies (foreign currency exchange rate risk). A foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. Foreign currency exchange contracts, when used by the Trusts, help to manage the overall exposure to the 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 foreign currency exchange contracts involves the risk that the value of a foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies and the risk that the counterparty to the contract does not perform its obligations under the agreement.

Options: The Trusts purchase and write call and put options to increase or decrease their exposure to underlying instruments (including equity risk, foreign currency exchange rate risk and/or interest rate risk) and/or, in the case of options written, to generate gains from options premiums. A call option gives the purchaser (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 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.

Options on swaps (swaptions) are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate or credit default swap agreement (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. Such transactions may be effected with respect to hedges on non-US dollar denominated instruments owned by the Trusts but not yet delivered, or committed or anticipated to be purchased by the Trusts.

In purchasing and writing options, the Trusts bear the risk of an unfavorable change in the value of the underlying instrument or the risk that the Trusts may not be able to enter into a closing transaction due to an illiquid market. Exercise of a written option could result in the Trusts purchasing or selling a security at a price different from the current market value.

Swaps: The Trusts enter into swap agreements, in which the Trust and a counterparty agree to either 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 executed on a registered financial and commodities exchange (centrally cleared swaps). In a centrally cleared swap, the Trusts typically enter into an agreement with a counterparty; however, performance is guaranteed by the central clearing-house reducing or eliminating the Trusts' exposure to

Edgar Filing: - Form

the credit risk of the counterparty. These payments received or made by the Trusts are recorded in the Statements of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps

Notes to Financial Statements (continued)

are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swaps, if any, is recorded as a receivable or payable for variation margin in the Statements of Assets and Liabilities. When the swap is terminated, the Trusts will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trusts' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in interest rates and/or market values associated with these transactions.

Credit default swaps The Trusts enter into credit default swaps to manage their exposure to the market or certain sectors of the market, to reduce their risk exposure to defaults of corporate and/or sovereign issuers or to create exposure to corporate and/or sovereign issuers to which they are not otherwise exposed (credit risk). The Trusts enter into credit default swap agreements to provide a measure of protection against the default of an issuer (as buyer of protection) and/or gain credit exposure to an issuer to which it is not otherwise exposed (as seller of protection). The Trusts may either buy or sell (write) credit default swaps on single-name issuers (corporate or sovereign), a combination or basket of single-name issuers or traded indexes. Credit default swaps on single-name issuers are agreements in which the buyer pays fixed periodic payments to the seller in consideration for a guarantee from the seller to make a specific payment should a negative credit event take place 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 occurs. As a buyer, if an underlying credit event occurs, the Trusts will either receive from the seller an amount equal to the notional amount of the swap and deliver the referenced security or underlying securities comprising the index or receive a net settlement of cash equal to the notional amount of the swap less the recovery value of the security or underlying securities comprising 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) (equity risk and/or interest rate risk). Total return swaps are agreements in which there is an exchange of cash flows whereby one party commits to make payments based on the total return (coupons plus capital gains/losses) of an underlying instrument in exchange for fixed or floating rate interest payments. To the extent the total return of the instrument or index underlying the transaction exceeds or falls short of 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.

Notes to Financial Statements (continued)

Derivative Financial Instruments Categorized by Risk Exposure:

		Fair Values of Derivative Financial Instruments as of August 31, 2012							
		Asset Derivatives							
Statements of Assets and Liabilities Location		BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
		Value							
Interest rate contracts	Net unrealized appreciation/depreciation ¹ ; Unrealized appreciation on swaps; Investments at value unaffiliated ²	\$ 2,270,494					\$ 2,299,895	\$ 11,020,466	\$ 187,819
Foreign currency exchange contracts	Unrealized appreciation on foreign currency exchange contracts	17,221	\$ 44,136	\$ 56,409	\$ 5,847	\$ 1,806	22,416		11,759
Credit contracts	Unrealized appreciation on swaps	391,495	1,271,142	1,310,916		109,733	393,022		65,707
Equity contracts	Investments at value unaffiliated ²	271,612					271,612		
Total		\$ 2,950,822	\$ 1,315,278	\$ 1,367,325	\$ 5,847	\$ 111,539	\$ 2,986,945	\$ 11,020,466	\$ 265,285

		Liability Derivatives							
Statements of Assets and Liabilities Location		BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
		Value							
Interest rate contracts	Net unrealized appreciation/depreciation ¹ ; Unrealized depreciation on swaps ¹ ; Options written at value	\$ 11,103,297					\$ 11,246,067	\$ 13,825,936	\$ 167,013
Foreign currency exchange contracts	Unrealized depreciation on foreign currency exchange contracts	354,755	\$ 1,091,099	\$ 1,148,537	\$ 145,138	\$ 52,731	303,654		174,501
Credit contracts	Unrealized depreciation on swaps	63,087	93,281	97,701		11,189	63,173		1,467
Equity contracts	Net unrealized appreciation/depreciation ¹ ; Options written at value	114,598	840,806	879,524	260,417	87,001	114,598		
Other contracts	Unrealized depreciation on swaps	43,272					43,387		
Total		\$ 11,679,009	\$ 2,025,186	\$ 2,125,762	\$ 405,555	\$ 150,921	\$ 11,770,879	\$ 13,825,936	\$ 342,981

¹ Includes cumulative appreciation/depreciation of financial futures contracts 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.

² Includes options purchased at value as reported in the Schedules of Investments.

Notes to Financial Statements (continued)

The Effect of Derivative Financial Instruments in the Statements of Operations
Year Ended August 31, 2012

	Net Realized Gain (Loss) From							
	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Interest rate contracts:								
Financial futures contracts	\$ 2,535,026					\$ 2,514,467	\$ (9,830,042)	\$ (279,204)
Swaps	(1,008,999)					(1,462,817)	1,830,628	(9,438)
Options ¹	406,239	\$ 567,960	\$ 635,830		\$ 2,850	1,022,589	(42,580)	(7,437)
Floors							440,833	
Foreign currency exchange contracts:								
Foreign currency transactions	1,654,821	4,312,322	3,943,730	\$ 776,629	127,931	1,319,141		651,449
Financial futures contracts	80,677					(55,985)	(1,789)	
Options ¹	(284,070)					(286,514)		
Credit contracts:								
Swaps	1,069,344	26,485	(1,690)		418,010	1,069,799		100,404
Equity contracts:								
Financial futures contracts		(4,013,355)	(4,139,883)	(351,168)	8,944			
Options ¹		(299,690)	(305,960)	(63,085)				
Other contracts:								
Swaps	(20,943)	147,613	155,017		17,707	(21,156)		
Total	\$ 4,432,095	\$ 741,335	\$ 287,044	\$ 362,376	\$ 575,442	\$ 4,099,524	\$ (7,602,950)	\$ 455,774

	Net Change in Unrealized Appreciation/Depreciation on							
	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Interest rate contracts:								
Financial futures contracts	\$ 230,875					\$ (138,050)	\$ (4,582,177)	\$ (39,016)
Swaps	(2,067,599)					(1,981,571)	(3,606,318)	(5,031)
Options ¹	1,186,691					996,263	(45,921)	804
Floors							(132,104)	
Foreign currency exchange contracts:								
Foreign currency translations	(323,912)	\$ (907,433)	\$ (945,166)	\$ (106,696)	\$ (50,925)	(256,118)		(136,448)
Options ¹	135,731					135,962		
Credit contracts:								
Swaps	(1,465,644)	1,285,245	1,322,677		(33,661)	(1,461,808)		7,002
Options ¹		442,786	441,347					
Equity contracts:								
Financial futures contracts		1,527,880	1,445,117	(74,201)	(87,001)			
Options ¹	1,964	138,691	145,791			1,964		
Other contracts:								
Swaps	(43,272)	(75,845)	(79,649)		(9,012)	(43,387)		
Total	\$ (2,345,166)	\$ 2,411,324	\$ 2,330,117	\$ (180,897)	\$ (180,599)	\$ (2,746,745)	\$ (8,366,520)	\$ (172,689)

¹ Options purchased are included in the net realized gain (loss) from investments and net change in unrealized appreciation/depreciation on investments.

Notes to Financial Statements (continued)

For the year ended August 31, 2012, the average quarterly balances of outstanding derivative financial instruments were as follows:

	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Financial futures contracts:								
Average number of contracts purchased	473					417	701	104
Average number of contracts sold	985	251	268	47	105	1,098	2,456	71
Average notional value of contracts purchased	\$ 82,301,499					\$ 75,561,028	\$ 167,816,530	\$ 17,324,354
Average notional value of contracts sold	\$ 173,289,403	\$ 16,326,923	\$ 17,458,743	\$ 3,117,803	\$ 447,068	\$ 190,259,132	\$ 345,297,583	\$ 11,084,828
Foreign currency exchange contracts:								
Average number of contracts US dollars purchased	17	12	12	3	2	17		5
Average number of contracts US dollars sold	13	5	5	2	1	13		2
Average US dollar amounts purchased	\$ 26,325,319	\$ 42,189,090	\$ 44,556,322	\$ 7,453,583	\$ 1,654,551	\$ 23,975,916		\$ 7,374,380
Average US dollar amounts sold	\$ 11,264,688	\$ 2,508,355	\$ 2,424,661	\$ 438,070	\$ 97,708	\$ 9,844,045		\$ 42,529
Options:								
Average number of option contracts purchased	11,327,182	873	903	256	3	11,344,048	184	10
Average number of option contracts written	7,377,659	723	748	214		7,383,241		
Average notional value of option contracts purchased	\$ 18,577,180	\$ 11,372,000	\$ 11,764,500	\$ 3,424,500	\$ 2,829	\$ 18,596,841	\$ 460,625	\$ 9,157
Average notional value of option contracts written	\$ 12,602,655	\$ 8,943,875	\$ 9,253,750	\$ 2,645,250		\$ 12,608,246		
Average number of swaption contracts purchased	7	1	1			7	1	4
Average number of swaption contracts written	20	1	1		1	21	1	3
Average notional value of swaption contracts purchased	\$ 78,870,299	\$ 3,750,000	\$ 3,750,000			\$ 78,995,299	\$ 6,200,000	\$ 5,413,045
Average notional value of swaption contracts written	\$ 322,850,000	\$ 7,668,750	\$ 8,188,750		\$ 47,500	\$ 324,525,000	\$ 11,100,000	\$ 3,550,000
Credit default swaps:								
Average number of contracts buy protection	8	10	10		8	8		4
Average number of contracts sell protection	12	14	14		10	12		8
Average notional value buy protection	\$ 9,598,710	\$ 8,895,674	\$ 9,287,633		\$ 609,250	\$ 9,608,791		\$ 1,053,750
Average notional value sell protection	\$ 5,768,332	\$ 14,707,500	\$ 15,087,500		\$ 1,876,250	\$ 5,803,333		\$ 1,170,680
Interest rate swaps:								
Average number of contracts pays fixed rate	11					10	7	3
Average number of contracts receives fixed rate	9					9	9	1
Average notional value pays fixed rate	\$ 49,032,507					\$ 50,088,970	\$ 169,215,000	\$ 3,825,000
Average notional value receives fixed rate	\$ 73,008,156					\$ 74,953,401	\$ 160,538,300	\$ 4,700,000
Total return swaps:								
Average number of contracts	1					1		
Average notional value	\$ 1,880,000					\$ 1,885,000		

3. Investment Advisory Agreement and Other Transactions with Affiliates:

The PNC Financial Services Group, Inc. (PNC) is the largest stockholder and an affiliate, for 1940 Act purposes, of BlackRock, Inc. (BlackRock).

Each Trust entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager), the Trusts investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory services for each Trust and administration services for BHK, HYV, HYT, HIS and BHD.

Edgar Filing: - Form

The following Trusts' investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of each Trust's average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

BHK	0.55%
HIS	0.75% of the first \$200 million and 0.50% thereafter
BHY	0.90%
BHD	0.75%

The following Trusts' investment advisory fee paid to the Manager is computed daily and payable monthly on an annual rate of each Trust's average total assets (including any assets attributable to borrowings) minus the sum of total liabilities (other than debt representing financial leverage):

HYV	0.60%
HYT	0.70%

The following Trusts' investment advisory fee paid to the Manager is computed weekly and payable monthly based on an annual rate of each Trust's average net assets:

BNA	0.60%
BKT	0.65%

BHY, BNA and BKT each have an Administration Agreement with the Manager. The administration fee paid to the Manager is computed weekly and payable monthly based on an annual rate, 0.10% for BNA, and 0.15% for BKT, of each Trust's average net assets and 0.10% for BHY of the Trust's average weekly total assets.

Notes to Financial Statements (continued)

Effective June 1, 2012, 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, 2012, the Manager waived the following amount, which is included in fees waived by Manager in the Statements of Operations:

BHK \$ 43,292
 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, 2012, the amounts waived were as follows:

BHK	\$ 1,900
HYV	\$ 560
HYT	\$ 605
HIS	\$ 358
BHY	\$ 274
BNA	\$ 2,194
BKT	\$ 5,174
BHD	\$ 317

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, each Trust pays the Manager based on the Trust's net assets which includes the assets of the Taxable Subsidiaries.

The Manager entered into a separate sub-advisory agreement with BlackRock Financial Management, Inc. (BFM), an affiliate of the Manager with respect to BHK, HYV, HYT, HIS, and BHD. The Manager pays BFM, for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Trust to the Manager.

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.

4. Investments:

Purchases and sales of investments including paydowns, mortgage dollar roll and TBA transactions and excluding short-term securities and US government securities for the year ended August 31, 2012 were as follows:

	Purchases	Sales
BHK	\$ 800,256,616	\$ 728,545,394
HYV	\$ 380,608,670	\$ 326,326,484
HYT	\$ 396,858,097	\$ 338,721,092
HIS	\$ 106,749,661	\$ 93,979,209
BHY	\$ 45,550,402	\$ 32,712,501
BNA	\$ 812,428,173	\$ 765,326,104
BKT	\$ 2,796,139,329	\$ 2,896,610,840
BHD	\$ 57,116,026	\$ 53,543,361

Purchases and sales of US government securities, for the year ended August 31, 2012 were as follows:

	Purchases	Sales
BHK	\$ 821,284,505	\$ 853,663,620
BNA	\$ 803,189,252	\$ 806,472,859

Edgar Filing: - Form

BKT	\$ 1,083,252,576	\$ 1,103,958,530
BHD	\$ 3,455,391	\$ 2,438,248

For the year ended August 31, 2012, purchases and sales of mortgage dollar rolls were as follows:

	Purchases	Sales
BHK	\$ 289,098,633	\$ 289,445,908
BNA	\$ 295,719,125	\$ 296,083,283
BKT	\$ 2,045,020,139	\$ 2,047,518,910

Notes to Financial Statements (continued)

Transactions in options written for the year ended August 31, 2012, were as follows:

	Contracts	Calls Notional (000)	Premiums Received	Contracts	Puts Notional (000)	Premiums Received
BHK						
Outstanding options, beginning of year		\$ 63,300	\$ 2,441,442	538	\$ 86,985	\$ 2,818,041
Options written	732	324,957	8,484,362	10,063	1,141,177	13,495,114
Options expired	(256)	(35,376)	(519,405)	(751)	(89,966)	(1,286,801)
Options exercised	(210)	(19,981)	(340,414)		(26,566)	(1,075,649)
Options closed	(266)	(158,600)	(6,307,501)	(350)	(877,530)	(8,976,290)
Outstanding options, end of year		\$ 174,300	\$ 3,758,484	9,500	\$ 234,100	\$ 4,974,415

HYV						
Outstanding options, beginning of year		\$ 24,175	\$ 296,835	664	\$ 26,475	\$ 688,420
Options written	1,350	7,000	422,017	10,665	8,675	1,041,204
Options expired		(17,175)	(72,135)	(2,625)	(21,150)	(546,704)
Options exercised				(664)		(23,620)
Options closed	(1,350)	(14,000)	(646,717)	(8,040)	(14,000)	(1,159,300)
Outstanding options, end of year						

HYT						
Outstanding options, beginning of year		\$ 26,025	\$ 332,505	698	\$ 27,700	\$ 741,030
Options written	1,433	8,000	469,894	11,056	9,755	1,113,648
Options expired		(18,025)	(75,705)	(2,733)	(21,455)	(559,824)
Options exercised				(698)		(24,830)
Options closed	(1,433)	(16,000)	(726,694)	(8,323)	(16,000)	(1,270,024)
Outstanding options, end of year						

HIS						
Outstanding options, beginning of year						
Options written	417		\$ 47,111	3,144		\$ 216,097
Options expired				(772)		(60,723)
Options closed	(417)		(47,111)	(2,372)		(155,374)
Outstanding options, end of year						

BNA						
Outstanding options, beginning of year		\$ 61,300	\$ 2,208,194	539	\$ 85,015	\$ 2,585,615
Options written	732	324,839	8,489,189	10,062	1,141,787	13,500,808
Options expired	(257)	(35,457)	(521,077)	(752)	(93,376)	(1,417,561)
Options exercised	(209)	(23,282)	(469,163)		(26,586)	(1,076,634)
Options closed	(266)	(153,500)	(5,952,916)	(349)	(873,140)	(8,622,941)
Outstanding options, end of year		\$ 173,900	\$ 3,754,227	9,500	\$ 233,700	\$ 4,969,287

BKT						
Outstanding options, beginning of year		\$ 11,100	\$ 353,258	247	\$ 11,100	\$ 448,653
Options written	817		310,819	995		315,965
Options expired	(545)		(165,290)	(333)		(128,259)
Options exercised	(20)		(3,050)			
Options closed	(252)	(11,100)	(495,737)	(909)	(11,100)	(636,359)
Outstanding options, end of year						

BHD						
Outstanding options, beginning of year						
Options written		\$ 2,300	\$ 17,900		\$ 6,700	\$ 80,330

Edgar Filing: - Form

Options expired				
Options exercised				
Options closed			(2,400)	(11,160)
Outstanding options, end of year	\$ 2,300	\$ 17,900	\$ 4,300	\$ 69,170

ANNUAL REPORT

AUGUST 31, 2012

139

Notes to Financial Statements (continued)

5. Income Tax Information:

US GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences as of August 31, 2012 attributable to the accounting for swap agreements, amortization methods on fixed income securities, foreign currency transactions, the expiration of capital loss carryforwards, the classification of settlement proceeds and income recognized from pass-through entities were reclassified to the following accounts:

	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Paid-in capital			\$ 21	\$ (2,339,285)	\$ (359,355)			\$ (7)
Undistributed net investment income	\$ 2,249,842	\$ 4,746,848	\$ 4,324,947	\$ 430,354	\$ 262,400	\$ 271,013	\$ 896,424	\$ 705,040
Undistributed net realized gain (accumulated net realized loss)	\$ (2,249,842)	\$ (4,746,848)	\$ (4,324,968)	\$ 1,908,931	\$ 96,955	\$ (271,013)	\$ (896,424)	\$ (705,033)

The tax character of distributions paid during the fiscal years ended August 31, 2012 and August 31, 2011 was as follows:

		BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Ordinary income	8/31/12	\$ 22,212,928	\$ 35,208,709	\$ 36,599,844	\$ 11,172,280	\$ 3,374,830	\$ 22,258,816	\$ 30,308,765	\$ 7,652,086
	8/31/11	23,726,515	35,008,792	35,241,068	11,407,404	3,278,764	22,287,310	21,772,433	7,845,469
Tax return of capital	8/31/12								
	8/31/11					76,404			
Total	8/31/12	\$ 22,212,928	\$ 35,208,709	\$ 36,599,844	\$ 11,172,280	\$ 3,374,830	\$ 22,258,816	\$ 30,308,765	\$ 7,652,086
	8/31/11	\$ 23,726,515	\$ 35,008,792	\$ 35,241,068	\$ 11,407,404	\$ 3,355,168	\$ 22,287,310	\$ 21,772,433	\$ 7,845,469

As of August 31, 2012, the tax components of accumulated earnings (losses) were as follows:

	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Undistributed ordinary income	\$ 7,179,584	\$ 8,278,405	\$ 8,986,591	\$ 2,167,616	\$ 276,258	\$ 5,282,247	\$ 8,501,259	\$ 915,305
Capital loss carryforwards	(13,142,723)	(77,179,413)	(92,270,895)	(38,740,870)	(14,071,529)	(22,808,791)		(4,815,182)
Net unrealized gains ¹	38,360,013	15,063,691	14,813,038	2,604,619	2,500,489	40,048,272	22,408,942	7,270,283
Qualified late-year losses ²			(1,698,041)	(737,468)			(1,600,629)	(146,814)
Total	\$ 32,396,874	\$ (53,837,317)	\$ (70,169,307)	\$ (34,706,103)	\$ (11,294,782)	\$ 22,521,728	\$ 29,309,572	\$ 3,223,592

¹ The differences between book-basis and tax-basis net unrealized gains was 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 realization for tax purposes of unrealized gains on investments in passive foreign investment companies, the timing and recognition of partnership income, the deferral of compensation to trustees, the classification of settlement proceeds and the accounting for swap agreements.

² The Trusts have elected to defer certain qualified late-year losses and recognize such losses in the year ending August 31, 2013. As of August 31, 2012, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

Expires August 31,	BHK	HYV	HYT	HIS	BHY	BNA	BHD
2014				\$ 7,043,976	\$ 2,060,533		
2015					2,467,772		

Edgar Filing: - Form

2016	\$ 5,726,723			10,829,322	2,039,760	\$ 4,475,065	\$ 49,487
2017	7,416,000	\$ 25,473,528	\$ 31,939,528	3,140,056	916,541	7,369,088	930,008
2018		45,786,653	54,927,764	15,169,557	5,191,260	10,964,638	3,835,687
2019					737,843		
No expiration date ³		5,919,232	5,403,603	2,557,959	657,820		
Total	\$ 13,142,723	\$ 77,179,413	\$ 92,270,895	\$ 38,740,870	\$ 14,071,529	\$ 22,808,791	\$ 4,815,182

³ Must be utilized prior to losses subject to expiration.

During the year ended August 31, 2012, the Trusts listed below utilized the following amounts of their respective capital loss carryforward:

BHK	\$ 11,081,061
BNA	\$ 8,754,212
BHD	\$ 579,124

Notes to Financial Statements (continued)

As of August 31, 2012 gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Tax cost	\$ 575,452,071	\$ 570,814,818	\$ 595,622,184	\$ 160,555,430	\$ 62,860,208	\$ 577,303,603	\$ 862,264,138	\$ 120,940,890
Gross unrealized appreciation	\$ 46,321,109	\$ 33,725,351	\$ 34,004,904	\$ 7,408,411	\$ 3,510,792	\$ 48,090,293	\$ 45,427,525	\$ 9,062,332
Gross unrealized depreciation	(7,363,534)	(20,307,295)	(20,877,274)	(4,745,287)	(1,126,317)	(7,393,715)	(20,955,004)	(1,713,206)
Net unrealized appreciation	\$ 38,957,575	\$ 13,418,056	\$ 13,127,630	\$ 2,663,124	\$ 2,384,475	\$ 40,696,578	\$ 24,472,521	\$ 7,349,126

6. Borrowings:

HYV, HYT, HIS, BHY and BHD entered into a senior committed secured, 364-day revolving line of credit and a separate security agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB). The Trusts have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

	Commitment Amounts
HYV	\$ 204,500,000
HYT	\$ 213,800,000
HIS	\$ 63,600,000
BHY	\$ 23,000,000
BHD	\$ 50,200,000

Prior to March 2, 2012, advances were made by SSB to the Trusts, at the Trusts' 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 the 7-day, 30-day, 60-day or 90-day LIBOR.

Effective March 2, 2012, advances were made by SSB to the Trusts, at the Trusts' option of (a) the higher of (i) 0.75% above the Fed Funds rate and (ii) 0.75% above the Overnight LIBOR or (b) 0.75% above the 7-day, 30-day, 60-day or 90-day LIBOR.

In addition, the Trusts pay a facility fee and a commitment fee based upon SSB's total commitment to the Trusts. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Trusts as of August 31, 2012 are shown in the Statements of Assets and Liabilities as loan 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.

The Trusts may not declare dividends or make other distributions on shares or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding short-term borrowings is less than 300%.

For the year ended August 31, 2012, the daily weighted average interest rates for Trusts with loans under the revolving credit agreements were as follows:

	Daily Weighted Average Interest Rate
HYV	0.94%
HYT	0.94%
HIS	0.94%
BHY	0.94%
BHD ¹	0.94%

Edgar Filing: - Form

¹ Includes treasury roll transactions.

For the year ended August 31, 2012, the daily weighted average interest rates for Trusts with borrowings from reverse repurchase agreements and treasury roll transactions were as follows:

	Daily Weighted Average Interest Rate
BHK	0.21%
BNA	0.20%
BKT	0.18%

7. Commitments:

Certain Trusts may invest in floating rate loan interests. In connection with these investments, the Trusts may also enter into bridge loan commitments (commitments). Bridge loan commitments may obligate the Trusts to furnish temporary financing to a borrower until permanent financing can be arranged. As of August 31, 2012, the Trusts had outstanding bridge loan commitments as follows:

	Commitment Amounts
HYV	\$ 970,000
HYT	\$ 1,015,000
HIS	\$ 285,000
BHY	\$ 110,000
BHD	\$ 235,000

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 on the Statements of Assets and Liabilities as deferred income.

Notes to Financial Statements (concluded)

8. 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.

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.

9. Capital Share Transactions:

BHK, BHY and BHD are 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. HYV and HYT are authorized to issue 200 million shares, par value \$0.10, all of which were initially classified as Common Shares. HIS is authorized to issue an unlimited number of shares, no par value, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued shares without approve of Common Shareholders.

For the years shown, shares issued and outstanding increased by the following amounts as a result of dividend reinvestment:

	Year Ended August 31, 2012	Year Ended August 31, 2011
BHK	4,404	
HYV	59,289	
HYT	85,180	
HIS	124,205	
BHY	2,000	
BHD	3,546	

Shares issued and outstanding remained constant during the year ended August 31, 2012 and the year ended August 31, 2011 for BNA and BKT.

10. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Trusts' financial statements was completed through the date the financial statements were issued and the following item was noted:

The Trusts paid a net investment income dividend in the following amounts per share on September 28, 2012 to shareholders of record on September 14, 2012:

	Common Dividend Per Share
BHK	\$ 0.0730
HYV	\$ 0.0900

Edgar Filing: - Form

HYT	\$	0.0875
HIS	\$	0.0152
BHY	\$	0.0445
BNA	\$	0.0570
BKT	\$	0.0405
BHD	\$	0.0845

Additionally, the Trusts declared a net investment income dividend on October 1, 2012 payable to shareholders of record on October 15, 2012 for the same amounts noted above.

Report of Independent Registered Public Accounting Firm

**To the Shareholders and Board of Trustees/Directors of
BlackRock Core Bond Trust,
BlackRock Corporate High Yield Fund V, Inc.,
BlackRock Corporate High Yield Fund VI, Inc.,
BlackRock High Income Shares,
BlackRock High Yield Trust,
BlackRock Income Opportunity Trust, Inc.,
BlackRock Income Trust, Inc., and
BlackRock Strategic Bond Trust:**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Core Bond Trust, BlackRock High Income Shares, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., BlackRock Income Trust, Inc., and BlackRock Strategic Bond Trust (collectively, the Trusts) as of August 31, 2012, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. We have also audited the consolidated statements of assets and liabilities, including the consolidated schedules of investments of BlackRock Corporate High Yield Fund V, Inc. and BlackRock Corporate High Yield Fund VI, Inc., (collectively, the Trusts) as of August 31, 2012, and the related consolidated statements of operations and consolidated 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 periods presented. These financial statements and financial highlights are the responsibility of the Trusts management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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, 2012, 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 High Income Shares, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., BlackRock Income Trust, Inc., and BlackRock Strategic Bond Trust, 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 of the periods presented, and the consolidated financial positions of BlackRock Corporate High Yield Fund V, Inc. and BlackRock Corporate High Yield Fund VI, Inc., as of August 31, 2012, the consolidated results of their operations and their consolidated cash flows for the year then ended, the consolidated changes in their net assets for each of the two years in the period then ended, and their consolidated financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP
Boston, Massachusetts
October 26, 2012

Important Tax Information (Unaudited)

The following information is provided with respect to the ordinary income distributions paid during the fiscal year ended August 31, 2012.

Edgar Filing: - Form

	Payable Dates	BHK	HYV	HYT	HIS	BHY	BNA	BKT	BHD
Interest-Related Dividends and Qualified Short-Term Capital Gains for Non-US Residents ¹	September 2011								
	January 2012	92.27%	98.58%	100.00%	94.41%	92.40%	94.79%	100.00%	69.80%
	February 2012								
	August 2012	66.03%	61.01%	66.09%	70.48%	73.65%	73.86%	91.88%	77.85%
Federal Obligation Interest ²	September 2011								
	August 2012	9.59%					9.91%	8.95%	

¹ Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

² 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.

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors or Trustees and 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 V, Inc. (HYV), BlackRock Corporate High Yield Fund VI, Inc. (HYT), BlackRock High Income Shares (HIS), BlackRock High Yield Trust (BHY), BlackRock Income Opportunity Trust, Inc. (BNA), BlackRock Income Trust, Inc. (BKT) and BlackRock Strategic Bond Trust (BHD and together with BHK, HYV, HYT, HIS, BHY, BNA and BKT, each a Fund, and, collectively, the Funds) met on April 26, 2012 and May 22 23, 2012 to consider the approval of each Fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Manager), each Fund's investment advisor. The Board of each of HYV, HYT, HIS and BHD also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement) among the Manager, BlackRock Financial Management, Inc. (the Sub-Advisor), and its Fund. The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

Activities and Composition of the Board

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 the 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 Agreements

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. The Boards have four quarterly meetings per year, each extending over two days, and a fifth meeting to consider specific information surrounding the consideration of renewing the 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 investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services, risk oversight, compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, considered 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 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-, three- and five-year periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over performance or underperformance against 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 and fund accounting; (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 objectives, policies and restrictions; (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 ratios 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. In addition, the Boards requested, to the extent reasonably possible, an analysis of the risk and return relative to selected funds in peer groups. BlackRock provides information to the Boards in response to specific questions. These questions covered issues such as profitability, including the impact of BlackRock's upfront costs in sponsoring closed-end funds and the relative profitability of closed-end and open end funds, investment performance and management fee levels. The Boards considered the importance of: (i) managing fixed income assets with a view toward preservation of capital; (ii) portfolio managers' investments in the funds they manage; (iii) BlackRock's controls surrounding the coding of quantitative investment models; and (iv) BlackRock's oversight of relationships with third party service providers.

Board Considerations in Approving the Agreements

Edgar Filing: - Form

The Approval Process: Prior to the April 26, 2012 meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with its independent legal counsel and BlackRock to review periodically the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April meeting included (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses and the investment performance of the Funds as compared with a peer group of funds as determined by Lipper (collectively, Peers), as well as the gross investment performance of each of BHK, BNA, BKT and BHD as compared with its respective custom benchmark; (b) information on the profitability of the Agreements to BlackRock and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees (a combination of the advisory fee and the administration fee, if any) charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as applicable; (d) the existence, impact and sharing of potential economies of scale; (e) a summary of aggregate amounts paid by each Fund to BlackRock

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

and (f) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At an in-person meeting held on April 26, 2012, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April 26, 2012 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 May 22-23, 2012 Board meeting.

At an in-person meeting held on May 22-23, 2012, each Board, including all the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund, and the Board of each of HYV, HYT, HIS and BHD, including all the Independent Board Members, unanimously approved the continuation of the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund, each for a one-year term ending June 30, 2013. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of 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) economies of scale; (e) fall-out benefits to BlackRock as a result of its relationship with the Funds; and (f) 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 controlling, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Funds. Throughout the year, the Boards compared Fund performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, if any. The Boards met with BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing Fund performance and the Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, the number, education and experience of BlackRock's investment personnel generally and their Funds' portfolio management teams, investments by portfolio managers in the funds they manage, BlackRock's portfolio trading capabilities, BlackRock's use of technology, BlackRock's commitment to compliance, BlackRock's credit analysis capabilities, BlackRock's risk analysis and oversight capabilities and BlackRock's 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 their 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 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) assisting with daily accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; and (viii) performing other administrative functions necessary for the operation of 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, accounting, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: The Boards, including the Independent Board Members, also reviewed and considered the performance history of their Funds. In preparation for the April 26, 2012 meeting, the Boards worked with its independent legal counsel, BlackRock and Lipper to develop a template for, and was 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 their review, each Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of its Fund as compared to funds in that Fund's

Edgar Filing: - Form

applicable Lipper category, and with respect to BHK, BNA, BKT and BHD, the gross investment performance of each such 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 their 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.

The Board of BHK noted that BHK's gross performance exceeded its customized benchmark during the three- and five-year periods reported, although performance for the one-year period reported underperformed the customized benchmark. The Board of BHK and BlackRock reviewed and discussed the reasons for BHK's underperformance during the one-year period and will monitor closely BHK's performance in the coming year. Based on its

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)

discussions with BlackRock and the Board's review of BHK's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, BHK's Board noted that BHK's gross investment performance as compared to its customized benchmark provided a more meaningful comparison of BHK's relative performance.

The Board of each of HYV and HIS noted that, in general, its respective Fund performed better than its Peers in that the Fund's performance was at or above the median of its Lipper Performance Universe in the three- and five-year periods reported, although performance for the one-year period reported was below the median. The Boards of HYV and HIS and BlackRock reviewed and discussed the reasons for the Funds' underperformance during the one-year period and will monitor closely the Funds' performance in the coming year.

The Board of BHY noted that, in general, BHY performed better than its Peers in that BHY's performance was at or above the median of its Lipper Performance Universe in each of the one-, three- and five-year periods reported.

The Board of each of BKT and BHD noted that its respective Fund's gross performance exceeded its customized benchmark during each of the one-, three- and five-year periods reported. Based on its discussions with BlackRock and the Board's review of the Fund's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, the Board of each of BKT and BHD noted that its respective Fund's gross investment performance as compared to its customized benchmark provided a more meaningful comparison of the Fund's relative performance.

The Board of HYT noted that HYT performed below the median of its Lipper Performance Universe in the one- and five-year periods reported, but that HYT performed at or above the median of its Lipper Performance Universe in the three-year period reported. The Board of HYT and BlackRock reviewed and discussed the reasons for HYT's underperformance during the one- and five-year periods compared with its Peers. HYT's Board was informed that, among other things, over the one-year period, most of the underperformance came in the fourth quarter as risk markets rebounded from deeply oversold conditions reached in August and September. HYT's five-year period performance was largely led by holding a significant cash position as the market had a significant bounce in December of 2008.

The Board of BNA noted that BNA's gross performance underperformed its customized benchmark in the one- and five-year periods reported, but that BNA's gross performance exceeded its customized benchmark in the three-year period reported. Based on its discussions with BlackRock and the Board's review of BNA's investment performance compared to its Lipper Peer Group, the methodology used by Lipper to select peer funds, and other relevant information provided by BlackRock, the Board of BNA noted that BNA's gross investment performance as compared to its customized benchmark provided a more meaningful comparison of BNA's relative performance. The Board of BNA and BlackRock reviewed and discussed the reasons for BNA's underperformance during the one- and five-year periods compared with its customized benchmark. BNA's Board was informed that, among other things, BNA's performance continues to be impacted by the significant negative performance experienced in 2008 when BNA's overweight in spread assets, including asset-backed securities (ABS), mortgage-backed securities (MBS) and commercial mortgage-backed securities (CMBS) proved to be detrimental. Detracting from performance in the one-year period was an underweight to U.S. Treasuries as they continued to be well bid, even in the face of strong returns in non-government debt securities.

The Boards of HYT and BNA and BlackRock discussed BlackRock's strategy for improving the Funds' performance and BlackRock's commitment to providing the resources necessary to assist the Funds' portfolio managers and to improve the Funds' performance.

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: Each Board, including the Independent Board Members, reviewed its Fund's contractual management fee rate compared with the other funds in its Lipper category. It also compared the Fund's total expense ratio, as well as actual management fee rate, to those of other funds in its Lipper category. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including separately managed institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition and profitability with respect to the services it provided the Funds. 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, 2011 compared to available aggregate profitability data provided for the years ended December 31, 2010, and December 31, 2009. The Boards reviewed BlackRock's profitability with respect to other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, expense allocations and business mix, and the difficulty of comparing profitability as a result of those factors.

Edgar Filing: - Form

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards considered BlackRock's overall operating margin, in general, compared to the operating margin for leading investment management firms whose operations include advising closed-end funds, among other product types. In addition, the Boards considered, among other things, certain third party data comparing BlackRock's operating margin with that of other publicly-traded asset management firms. 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

Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (concluded)

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 Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Board of each of BHK, HYV, HYT, BKT and BHD noted that its respective Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was lower than or equal to the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers.

The Board of BHK noted that after discussions between the Board, including the Independent Board Members, and BlackRock, BHK's Board and BlackRock agreed to a voluntary advisory fee reduction effective June 1, 2012.

The Board of HIS noted that the Fund's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was lower than or equal to the median contractual management fee ratio paid by the Fund's Peers, in each case before taking into account any expense reimbursements or fee waivers. The Board of HIS also noted that HIS has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of HIS increases above certain contractually specified levels.

The Board of BHY noted that BHY's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was above the median contractual management fee ratio paid by BHY's Peers, in each case before taking into account any expense reimbursements or fee waivers. BHY's Board also noted, however, that although BHY's contractual management fee ratio, after giving effect to any expense reimbursement or fee waivers by BlackRock, was above the median contractual management fee ratio of its Peers, the contractual management fee ratio was in the third quartile.

The Board of BNA noted that BNA's contractual management fee ratio (a combination of the advisory fee and the administration fee, if any) was above the median contractual management fee ratio paid by BNA's Peers, in each case before taking into account any expense reimbursements or fee waivers. BNA's Board also noted, however, that BNA's actual total expense ratio, after giving effect to any expense reimbursement or fee waivers by BlackRock, was reasonable relative to the median actual total expense ratio paid by BNA's Peers, after giving effect to any expense reimbursement or fee waivers.

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 such economies and whether there should be changes in the advisory fee rate or structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints, and in the case of HIS, revised breakpoints, in the advisory fee based upon the asset level of 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. The Boards noted that only one closed-end fund in the Fund Complex, HIS, has breakpoints in its advisory fee structure.

E. Other Factors Deemed Relevant by the Board Members: The Boards, including the Independent Board Members, also took into account other ancillary or fall-out benefits that BlackRock or its affiliates 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 they 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 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 the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

Conclusion

Each Board, including all the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2013. The Board of each of HYV, HYT, HIS and BHD, including all the Independent Board Members, unanimously approved the continuation of the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund for a one-year term ending June 30, 2013. Based upon its evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making these determinations. 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.

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 www.computershare.com/investor, or in writing to Computershare, P.O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021.

Edgar Filing: - Form

Officers and Trustees

Name, Address and Year of Birth	Position(s) Held with Trusts	Length of Time Served as a Trustee ²	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios) Overseen	Public Directorships
Independent Trustees¹					
Richard E. Cavanagh 55 East 52nd Street New York, NY 10055 1946	Chairman of the Board and Trustee	Since 1994	Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007.	98 RICs consisting of 94 Portfolios	None
Karen P. Robards 55 East 52nd Street New York, NY 10055 1950	Vice Chairperson of the Board, Chairperson of the Audit Committee and Trustee	Since 2007	Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Investment Banker at Morgan Stanley from 1976 to 1987.	98 RICs consisting of 94 Portfolios	AtriCure, Inc. (medical devices)
Michael J. Castellano 55 East 52nd Street New York, NY 10055 1946	Trustee and Member of the Audit Committee	Since 2011	Managing Director and Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010.	98 RICs consisting of 94 Portfolios	None
Frank J. Fabozzi 55 East 52nd Street New York, NY 10055 1948	Trustee and Member of the Audit Committee	Since 1988	Editor of and Consultant for The Journal of Portfolio Management since 1986; Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.	98 RICs consisting of 94 Portfolios	None
Kathleen F. Feldstein 55 East 52nd Street New York, NY 10055 1941	Trustee	Since 2005	President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners	98 RICs consisting of 94 Portfolios	The McClatchy Company (publishing); BellSouth (telecommunications); Knight Ridder (publishing)

Edgar Filing: - Form

<p>James T. Flynn 55 East 52nd Street New York, NY 10055 1939</p>	<p>Trustee and Member of the Audit Committee</p>	<p>Since 2007</p>	<p>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. Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.</p>	<p>98 RICs consisting of 94 Portfolios</p>	<p>None</p>
<p>Jerrold B. Harris 55 East 52nd Street New York, NY 10055 1942</p>	<p>Trustee</p>	<p>Since 2007</p>	<p>Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.</p>	<p>98 RICs consisting of 94 Portfolios</p>	<p>BlackRock Kelso Capital Corp. (business development company)</p>

Officers and Trustees (continued)

Name, Address and Year of Birth	Position(s) Held with Trusts	Length of Time Served as a Trustee ²	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies (RICs) Consisting of Investment Portfolios (Portfolios)	Public Directorships Overseen
Independent Trustees¹ (concluded)					
R. Glenn Hubbard 55 East 52nd Street New York, NY 10055 1958	Trustee	Since 2004	Dean, Columbia Business School since 2004; Columbia faculty member since 1988; Co-Director, Columbia Business School's Entrepreneurship Program from 1997 to 2004; Chairman, U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003; Chairman, Economic Policy Committee of the OECD from 2001 to 2003.	98 RICs consisting of 94 Portfolios	ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance)
W. Carl Kester 55 East 52nd Street New York, NY 10055 1951	Trustee and Member of the Audit Committee	Since 2007	George Fisher Baker Jr. Professor of Business Administration, Harvard Business School; Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Department, Harvard Business School from 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program of Harvard Business School from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.	98 RICs consisting of 94 Portfolios	None

¹ Trustees 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 good cause thereof. In 2011, the Board of Trustees unanimously approved extending the mandatory retirement age for James T. Flynn by one additional year, which the Board believes would be in the best interest of shareholders.

² 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, each Trustee first became a member of the board of other legacy MLIM or legacy BlackRock Funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995; and Karen P. Robards, 1998.

Interested Trustees³

Paul L. Audet 55 East 52nd Street New York, NY 10055 1953	Trustee	Since 2011	Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Chair of the U.S. Mutual Funds Committee reporting to the Global Executive Committee since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees and of the BlackRock Alternative Investors Executive Committee and Investment Committee for the Private Equity Fund of Funds business since 2008; Head of BlackRock's Global Cash	160 RICs consisting of 278 Portfolios	None
--	---------	------------	--	---------------------------------------	------

Edgar Filing: - Form

<p>Henry Gabbay 55 East 52nd Street New York, NY 10055 1947</p>	<p>Trustee</p>	<p>Since 2007</p>	<p>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. 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 Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.</p>	<p>160 RICs consisting of 278 Portfolios</p>	<p>None</p>
--	----------------	-----------------------	---	--	-------------

³ Mr. Audet is an interested person, as defined in the 1940 Act, of the Trusts based on his position with BlackRock and its affiliates. 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 Trustees of the BlackRock registered open-end funds. Trustees 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 good cause thereof.

Officers and Trustees (concluded)

Name, Address and Year of Birth	Position(s) Held with Trusts	Length of Time Served	Principal Occupation(s) During Past Five Years
Trusts Officers¹			
John M. Perlowski 55 East 52nd Street New York, NY 10055 1964	President and Chief Executive Officer	Since 2011	Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Administration 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.
Anne Ackerley 55 East 52nd Street New York, NY 10055 1962	Vice President	Since 2007 ²	Managing Director of BlackRock since 2000; Chief Marketing Officer of BlackRock since 2012; President and Chief Executive Officer of the BlackRock-advised funds from 2009 to 2011; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group from 2009 to 2012; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006.
Brendan Kyne 55 East 52nd Street New York, NY 10055 1977	Vice President	Since 2009	Managing Director of BlackRock since 2010; Director of BlackRock from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009; and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.
Robert W. Crothers 55 East 52nd Street New York, NY 10055 1981	Vice President	Since 2012	Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010; Associate of BlackRock from 2006 to 2007.
Neal Andrews 55 East 52nd Street New York, NY 10055 1966	Chief Financial Officer	Since 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 55 East 52nd Street New York, NY 10055 1970	Treasurer	Since 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.
Brian Kindelan 55 East 52nd Street New York, NY 10055 1959	Chief Compliance Officer and Anti-Money Laundering Officer	Since 2007	Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock since 2005.
Janey Ahn 55 East 52nd Street New York, NY 10055 1963	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; Associate at Willkie Farr & Gallagher LLP from 2006 to 2008.

¹ Officers of the Trusts serve at the pleasure of the Board.

² Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011.

Investment Advisor

BlackRock Advisors, LLC
Wilmington, DE 19809

Sub-Advisor³

BlackRock Financial
Management, Inc.
New York, NY 10055

Custodian and Accounting Agent

State Street Bank and Trust Company
Boston, MA 02110

Transfer Agent

Computershare Trust Company, N.A.
Canton, MA 02021

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Boston, MA 02116

Legal Counsel

Skadden, Arps, Slate, Meagher & Flom LLP
New York, NY 10036

Address of the Trusts

100 Bellevue Parkway
Wilmington, DE 19809

³ For BHK, HYV, HYT, HIS and BHD.

Effective May 22, 2012, Robert W. Crothers became Vice President of the Trusts.

Effective May 22, 2012, Ira P. Shapiro resigned as Secretary of the Trusts and Janey Ahn became Secretary of the Trusts.

The Funds are managed by a team of investment professionals. Effective March 16, 2012, Tom Musmanno became a co-portfolio manager of BHK, BNA and BKT. Mr. Musmanno joins James Keenan as responsible for the day-to-day management of BHK and BNA, and joins Eric Pellicciaro and Akiva Dickstein as responsible for the day-to-day management of BKT.

Additional Information

Proxy Results

The Annual Meeting of Shareholders was held on July 27, 2012 for shareholders of record on May 31, 2012 to elect trustee nominees for each Trust. There were no broker non-votes with regard to any of the Trusts.

Approved the Class II Trustees as follows:

	Frank J. Fabozzi Votes			James T. Flynn Votes			Karen P. Robards Votes		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
BHK	24,116,290	512,963	0	24,093,367	535,886	0	24,101,393	527,860	0
HIS	47,743,714	1,652,839	0	47,751,621	1,644,932	0	47,713,447	1,683,106	0
BHY	5,660,217	155,795	0	5,658,360	157,652	0	5,663,108	152,904	0
BNA	31,143,773	656,807	0	31,111,055	689,526	0	31,151,127	649,453	0
BKT	55,197,410	3,647,320	0	55,176,579	3,668,151	0	55,196,529	3,648,201	0
BHD	6,167,499	135,726	0	6,149,846	153,379	0	6,163,447	139,778	0

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 Paul L. Audet, Michael J. Castellano, Richard E. Cavanagh, Kathleen F. Feldstein, Henry Gabbay, Jerrold B. Harris, R. Glenn Hubbard and W. Carl Kester.

Approved the Trustees as follows:

	Paul L. Audet Votes			Michael J. Castellano Votes			Richard E. Cavanagh Votes		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
HYV	30,742,612	614,381	0	30,733,249	623,744	0	30,737,746	619,247	0
HYT	32,683,476	419,623	0	32,684,032	419,067	0	32,669,195	433,904	0

	Frank J. Fabozzi Votes			Kathleen F. Feldstein Votes			James T. Flynn Votes		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
HYV	30,730,439	626,554	0	30,732,082	624,911	0	30,718,336	638,657	0
HYT	32,656,438	446,661	0	32,689,502	413,597	0	32,669,306	433,793	0

	Henry Gabbay Votes			Jerrold B. Harris Votes			R. Glenn Hubbard Votes		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
HYV	30,739,016	617,977	0	30,733,534	623,459	0	30,727,308	629,685	0
HYT	32,684,165	418,934	0	32,674,069	429,030	0	32,652,552	450,547	0

	W. Carl Kester Votes			Karen P. Robards Votes		
	Votes For	Withheld	Abstain	Votes For	Withheld	Abstain
HYV	30,742,222	614,771	0	30,743,584	613,409	0
HYT	32,651,612	451,487	0	32,685,823	417,276	0

Additional Information (continued)

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.

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 Trusts may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Trusts during such month. The Trusts' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

Additional Information (continued)

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. Other than as disclosed on page 151, 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 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 web-site 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' web-site or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Trusts' electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

Householding

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Trusts at (800) 441-7762.

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) 441-7762.

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Trusts use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Trusts voted proxies relating to securities held in the Trusts' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

Availability of Trust Updates

Edgar Filing: - Form

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>. 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.

Additional Information (concluded)

Section 19(a) Notices

These reported amounts and sources of distributions are estimates and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon each Trust's investment experience during the year and may be subject to changes based on the tax regulations. Each Trust will provide a Form 1099-DIV each calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

August 31, 2012

	Total Fiscal Year-to-Date Cumulative Distributions by Character				Percent of Fiscal Year-to-Date Cumulative Distributions by Character			
	Net Investment Income	Realized Capital Gains	Return of Capital	Total Per Common Share	Net Investment Income	Realized Capital Gains	Return of Capital	Total Per Common Share
BHY	\$ 0.525000			\$ 0.525000	100%	0%	0%	100%

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.

Edgar Filing: - Form

This report is transmitted to shareholders only. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. The Trusts have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of the Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

#CEF -1-8-8/12-AR

Edgar Filing: - Form

- Item 2 – Code of Ethics – The registrant (or the “Fund”) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant’s principal executive officer, principal financial officer, 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.
- Item 3 – 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:

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.

Edgar Filing: - Form

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:

Entity Name	(a) Audit Fees		(b) Audit-Related Fees ¹		(c) Tax Fees ²		(d) All Other Fees ³	
	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year	Current Fiscal Year	Previous Fiscal Year
	End	End	End	End	End	End	End	End
BlackRock Core Bond Trust	\$65,800	\$60,600	\$0	\$0	\$14,600	\$14,100	\$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”):

	Current Fiscal Year End	Previous Fiscal Year End
(b) Audit-Related Fees ¹	\$0	\$0
(c) Tax Fees ²	\$0	\$0
(d) All Other Fees ³	\$2,970,000	\$3,030,000

¹ 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.

² The nature of the services includes tax compliance, tax advice and tax planning.

³ 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.

Edgar Filing: - Form

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the 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:

Entity Name	Current Fiscal Year End	Previous Fiscal Year End
BlackRock Core Bond Trust	\$14,600	\$14,100

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,970,000 and \$3,030,000, 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

(a) The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

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.

Edgar Filing: - Form

Item 7 – Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies – The board of directors has delegated the voting of proxies for the Fund’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 and (ii) on the SEC’s website at <http://www.sec.gov>.

Item 8 – Portfolio Managers of Closed-End Management Investment Companies – as of August 31, 2012.

(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 and the 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 Musmanno Managing Director of BlackRock since 2010; Director of BlackRock from 2006 to 2009.
 James E. 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, 2012:

(i) Name of Portfolio Manager	(ii) Number of Other Accounts Managed and Assets by Account Type Other			(iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based Other		
	Registered Investment	Other Pooled Investment	Other	Registered Investment	Other Pooled Investment	Other
	Companies	Vehicles	Accounts	Companies	Vehicles	Accounts
Tom Musmanno	8 \$4.58 Billion	4 \$1.8 Billion	60 \$17.5 Billion	0 \$0	1 \$417.8 Million	0 \$0
James E. Keenan	16 \$13.09 Billion	12 \$8.2 Billion	29 \$7.12 Billion	0 \$0	8 \$2.14 Billion	4 \$571.2 Million

(iv) 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, 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, 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's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. 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 Messrs. Musmanno and 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. Messrs. Musmanno and 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 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, 2012:

Portfolio Manager Compensation Overview

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

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 Fund 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 Fund 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 Capital 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 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 each received long-term incentive awards.

Deferred Compensation Program — A portion of the compensation paid to eligible 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. All of the eligible portfolio managers have participated in the deferred compensation program.

Other compensation benefits.

In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following incentive savings plans. BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, 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 IRS limit (\$250,000 for 2012). 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 an index 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. Messrs. Keenan and Musmanno are each eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* – As of August 31, 2012.

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.

Edgar Filing: - Form

(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

Edgar Filing: - Form

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 5, 2012

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 5, 2012

By: /s/ Neal J. Andrews
Neal J. Andrews
Chief Financial Officer (principal financial officer) of
BlackRock Core Bond Trust

Date: November 5, 2012
