

BLACKROCK LTD DURATION INCOME TRUST

Form N-CSR

November 05, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

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

Investment Company Act file number 811-21349

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

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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Date of fiscal year end: 08/31/2012

Date of reporting period: 08/31/2012

Item 1 – Report to Stockholders

August 31, 2012  
Annual Report

BlackRock Defined Opportunity Credit Trust (BHL)

BlackRock Diversified Income Strategies Fund, Inc. (DVF)

BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)

BlackRock Limited Duration Income Trust (BLW)

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

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Dear Shareholder

About this time one year ago, financial markets had been upended by sovereign debt turmoil in the United States and Europe as well as growing concerns about the future of the global economy. Since then, asset prices have waxed and waned in broad strokes as investors reacted to developments in Europe's financial situation, mixed US economic news and global central bank policy action.

After confidence crumbled in the third quarter of 2011, October brought improving economic data and more concerted efforts among European leaders toward stemming the region's debt crisis, gradually drawing investors back to the markets. Improving sentiment carried over into early 2012 as investors felt some relief from the world's financial woes. Volatility abated and risk assets (including stocks, commodities and high yield bonds) moved boldly higher through the first two months of 2012 while climbing Treasury yields pressured higher-quality fixed income assets.

Markets reversed course in the spring when Europe's debt problems boiled over once again. High levels of volatility returned as political instability in Greece threatened the country's membership in the euro zone. Spain faced severe deficit issues while the nation's banks clamored for liquidity. Yields on Spanish and Italian government debt rose to levels deemed unsustainable. European leaders conferred and debated vehemently over the need for fiscal integration among the 17 nations comprising the euro currency bloc as a means to resolve the crisis for the long term.

Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, became particularly worrisome. In the United States, disappointing jobs reports dealt a crushing blow to sentiment. Risk assets sold off in the second quarter as investors again retreated to safe haven assets.

Despite the continuation of heightened market volatility, most asset classes enjoyed a robust summer rally. Global economic data continued to be mixed, but the spate of downside surprises seen in the second quarter began to recede and, outside of Europe, the risk of recession largely subsided. Central bank policy action has been a major driver of market sentiment in 2012. Investors' anticipation for economic stimulus drove asset prices higher over the summer as the European Central Bank stepped up its efforts to support the region's troubled nations and the US Federal Reserve reiterated its readiness to take action if economic conditions warrant.

On the whole, most asset classes advanced during the reporting period. US large cap stocks delivered strong returns for the 12 months ended August 31, 2012, while small cap stocks and high yield bonds also performed well. Despite the risk-asset rally in recent months, higher-quality investments including tax-exempt municipal bonds and US Treasury bonds posted exceptional gains by historical standards and outperformed investment-grade corporate bonds. International and emerging equities, however, lagged other asset classes amid ongoing global uncertainty. Near-zero short term interest rates kept yields on money market securities near their all-time lows.

We know that investors continue to face a world of uncertainty and volatile markets, but we also believe these challenging times present many opportunities. We remain committed to working with you and your financial professional to identify actionable ideas for your portfolio. We encourage you to visit [www.blackrock.com/newworld](http://www.blackrock.com/newworld) for more information.

Sincerely,

**Rob Kapito**

President, BlackRock Advisors, LLC

*We know that investors continue to face a world of uncertainty and volatile markets, but we also believe these challenging times present many opportunities.*

**Rob Kapito**

President, BlackRock Advisors, LLC

**Total Returns as of August 31, 2012**

|  |         |        |
|--|---------|--------|
| US large cap equities<br>(S&P 500® Index)  | 4.14%   | 18.00% |
| US small cap equities<br>(Russell 2000® Index)   | 0.89    | 13.40  |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                | (4.00)  | (0.04) |
| Emerging market equities<br>(MSCI Emerging Markets<br>Index)                           | (10.51) | (5.80) |
| 3-month Treasury bill (BofA<br>Merrill Lynch 3-Month<br>US Treasury Bill Index)        | 0.06    | 0.06   |
| US Treasury securities<br>(BofA Merrill Lynch 10- Year<br>US Treasury Index)           | 5.25    | 9.14   |
| US investment grade bonds<br>(Barclays US Aggregate<br>Bond Index)                     | 2.97    | 5.78   |
| Tax-exempt municipal<br>bonds (S&P Municipal<br>Bond Index )                           | 3.24    | 9.37   |
| US high yield bonds<br>(Barclays US Corporate<br>High Yield 2% Issuer<br>Capped Index) | 4.80    | 13.84  |

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

Fund Summary as of August 31, 2012 **BlackRock Defined Opportunity Credit Trust**

### **Investment Objective**

**BlackRock Defined Opportunity Credit Trust s (BHL) (the Fund )** primary investment objective is to provide high current income, with a secondary objective of long-term capital appreciation. The Fund seeks to achieve its investment objectives by investing substantially all of its assets in loan and debt instruments and loan-related and debt-related instruments (collectively credit securities ). The Fund invests, under normal market conditions, at least 80% of its assets in any combination of the following credit securities: (i) senior secured floating rate and fixed rate loans; (ii) second lien or other subordinated or unsecured floating rate and fixed rate loans or debt; (iii) credit securities that are rated below investment grade quality; and (iv) investment grade corporate bonds. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended August 31, 2012, the Fund returned 17.12% based on market price and 13.94% based on net asset value ( NAV ). For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 22.06% based on market price and 14.37% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

Security selection among loan instruments across the credit quality spectrum had a positive impact on performance, with particular strength from the Fund s higher-quality non-investment grade loan holdings. From a sector perspective, security selection within the consumer services, electric and gaming segments benefited results. The Fund s tactical allocation to high yield bonds also boosted returns as the asset class outperformed loans and higher-duration fixed income instruments.

Conversely, on a sector basis, security selection in non-cable media, metals, and non-captive diversified financials detracted from performance during the period.

#### **Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data along with global policy uncertainty and an overall weak outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. The European Central Bank s long-term refinancing operations, introduced in December 2011, were supportive of risk markets in first half of 2012. However, this development did not have a significant influence on the Fund s view on risk within the loan market. More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macroeconomic risks.

#### **Describe portfolio positioning at period end.**

At period end, the Fund held 90% of its total portfolio in floating rate loan interests (bank loans), 7% in corporate bonds, with the remainder in asset-backed securities and common stocks. The Fund s largest sector exposures included healthcare, technology and wireless. The Fund ended the period with economic leverage at 30% of its total managed

assets.

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

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**BlackRock Defined Opportunity Credit Trust****Fund Information**

|  |                  |
|--|------------------|
| Symbol on New York Stock Exchange (“NYSE”)                                 | BHL              |
| Initial Offering Date  | January 31, 2008 |
| Yield on Closing Market Price as of August 31, 2012 (\$13.94) <sup>1</sup> | 5.90%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0685         |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.8220         |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                       | 30%              |

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

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

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

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

|                 | 8/31/12 | 8/31/11 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$13.94 | \$12.65 | 10.20% | \$13.94 | \$11.59 |
| Net Asset Value | \$14.12 | \$13.17 | 7.21%  | \$14.12 | \$12.93 |

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

**Portfolio Composition**

|                              | 8/31/12 |   | 8/31/11 |   |
|------------------------------|---------|---|---------|---|
| Floating Rate Loan Interests | 90      | % | 86      | % |
| Corporate Bonds              | 7       |   | 11      |   |
| Asset-Backed Securities      | 2       |   | 2       |   |
| Common Stocks                | 1       |   |         |   |
| Other Interests              |         |   | 1       |   |

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

|         | 8/31/12 |   | 8/31/11 |   |
|---------|---------|---|---------|---|
| BBB/Baa | 12      | % | 12      | % |
| BB/Ba   | 40      |   | 33      |   |
| B       | 46      |   | 55      |   |
| CCC/Caa | 2       |   |         |   |

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



Fund Summary as of August 31, 2012 **BlackRock Diversified Income Strategies Fund, Inc.**

### **Investment Objective**

**BlackRock Diversified Income Strategies Fund, Inc. s (DVF) (the Fund )** investment objective is to provide shareholders with high current income. The Fund seeks to achieve its investment objective by investing primarily in floating rate debt securities and instruments, including floating rate loans, bonds, certain preferred securities (including certain convertible preferred securities), notes or other debt securities or instruments which pay a floating or variable rate of interest until maturity. The Fund considers floating rate debt securities to include fixed rate debt securities held by the Fund where the Fund has entered into certain derivative transactions at either the portfolio level or with respect to an individual security held by the Fund, including interest rate swap agreements, in an attempt to convert the fixed rate payments it receives with respect to such securities into floating rate payments. The Fund may invest, under normal market conditions, a substantial portion of its assets in below investment grade quality securities. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

### **Portfolio Management Commentary**

On May 23, 2012, the Board of Directors of DVF approved a plan of reorganization whereby BlackRock Floating Rate Income Strategies Fund, Inc. (FRA) will acquire all of the assets and assume all of the liabilities of DVF in exchange for newly issued shares of FRA in a merger transaction. At a shareholder meeting on September 13, 2012, DVF and FRA shareholders approved the plan of reorganization. The reorganization took place on October 5, 2012.

#### **How did the Fund perform?**

For the 12 months ended August 31, 2012, the Fund returned 14.97% based on market price and 14.08% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 22.06% based on market price and 14.37% based on NAV. All returns reflect reinvestment of dividends. The Fund s discount to NAV, which narrowed slightly during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

Security selection among loan instruments across the credit quality spectrum had a positive impact on performance, with particular strength from the Fund s higher-quality non-investment grade loan holdings. From a sector perspective, security selection within the consumer services, electric and gaming segments benefited results. The Fund s tactical allocation to high yield bonds also boosted returns as the asset class outperformed loans and higher-duration fixed income instruments.

Conversely, on a sector basis, security selection in non-cable media and independent energy detracted from performance during the period.

#### **Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data along with global policy uncertainty and an overall weak outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. The European Central Bank s long-term refinancing operations, introduced in December 2011, were supportive of risk markets in first half of 2012. However, this development did not have a significant influence on the Fund s view on risk within the loan market.

More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macroeconomic risks.

**Describe portfolio positioning at period end.**

At period end, the Fund held 87% of its total portfolio in floating rate loan interests (bank loans), 9% in corporate bonds, with the remainder in asset-backed securities, common stocks and other interests. The Fund's largest sector exposures included healthcare, technology and wireless. The Fund ended the period with economic leverage at 31% of its total managed assets.

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

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**BlackRock Diversified Income Strategies Fund, Inc.****Fund Information**

|  |                  |
|--|------------------|
| Symbol on NYSE   | DVF              |
| Initial Offering Date  | January 31, 2005 |
| Yield on Closing Market Price as of August 31, 2012 (\$10.54) <sup>1</sup> | 6.66%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.0585         |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.7020         |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                       | 31%              |

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

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

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

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

|                 | 8/31/12 | 8/31/11 | Change | High    | Low    |
|-----------------|---------|---------|--------|---------|--------|
| Market Price    | \$10.54 | \$9.84  | 7.11 % | \$10.59 | \$8.84 |
| Net Asset Value | \$10.83 | \$10.19 | 6.28 % | \$10.83 | \$9.95 |

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

**Portfolio Composition**

|                              | 8/31/12 |   | 8/31/11 |   |
|------------------------------|---------|---|---------|---|
|                              | %       |   | %       |   |
| Floating Rate Loan Interests | 87      | % | 80      | % |
| Corporate Bonds              | 9       |   | 14      |   |
| Asset-Backed Securities      | 2       |   | 2       |   |
| Common Stocks                | 1       |   | 2       |   |
| Other Interests              | 1       |   | 2       |   |

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

|           | 8/31/12 |   | 8/31/11 |   |
|-----------|---------|---|---------|---|
|           | %       |   | %       |   |
| BBB/Baa   | 9       | % | 8       | % |
| BB/Ba     | 38      |   | 30      |   |
| B         | 41      |   | 47      |   |
| CCC/Caa   | 11      |   | 8       |   |
| Not Rated | 1       |   | 7       |   |

<sup>4</sup>Using the higher of S&P's or Moody's ratings.  
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Fund Summary as of August 31, 2012 **BlackRock Floating Rate Income Strategies Fund, Inc.**

### **Investment Objective**

**BlackRock Floating Rate Income Strategies Fund, Inc. s (FRA) (the Fund )** investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

### **Portfolio Management Commentary**

On May 23, 2012, the Board of Directors of FRA approved separate plans of reorganization whereby FRA will acquire all of the assets and assume all of the liabilities of DVF and Floating Rate Income Strategies Fund II, Inc. (FRB and with DVF, each a Target Fund ) in exchange for newly issued shares of FRA in a merger transaction. At a shareholder meeting on September 13, 2012, each Target Fund s and FRA s shareholders approved their respective plan of reorganization. The reorganizations took place on October 5, 2012.

#### **How did the Fund perform?**

For the 12 months ended August 31, 2012, the Fund returned 21.74% based on market price and 13.91% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of 22.06% based on market price and 14.37% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

Security selection among loan instruments in the middle and upper credit quality tiers had a positive impact on performance, with particular strength from the Fund s higher-quality non-investment grade loan holdings. From a sector perspective, security selection within the consumer services, electric and gaming segments benefited results. The Fund s tactical allocation to high yield bonds also boosted returns as the asset class outperformed loans and higher-duration fixed income instruments.

Conversely, on a sector basis, security selection among lower quality loan instruments detracted from performance during the period. On a sector basis, selection within non-cable media and paper had a negative impact on returns.

#### **Describe recent portfolio activity.**

During the period, the Fund maintained its focus on the higher quality portions of the loan market in terms of loan structure, liquidity and overall credit quality. Given mixed economic data along with global policy uncertainty and an overall weak outlook for global growth, the Fund remained cautious of lower-rated less-liquid loans. Instead, the Fund sought issuers with attractive risk-reward characteristics and superior fundamentals. The European Central Bank s long-term refinancing operations, introduced in December 2011, were supportive of risk markets in first half of 2012. However, this development did not have a significant influence on the Fund s view on risk within the loan market.

More specifically, the Fund continued to adhere to a strict investment discipline with the goal of pursuing yield while minimizing exposure to macroeconomic risks.

**Describe portfolio positioning at period end.**

At period end, the Fund held 88% of its total portfolio in floating rate loan interests (bank loans), 10% in corporate bonds, with the remainder in asset-backed securities. The Fund's largest sector exposures included healthcare, technology and wireless. The Fund ended the period with economic leverage at 30% of its total managed assets. The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

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**BlackRock Floating Rate Income Strategies Fund, Inc.****Fund Information**

|  |                  |
|--|------------------|
| Symbol on NYSE   | FRA              |
| Initial Offering Date  | October 31, 2003 |
| Yield on Closing Market Price as of August 31, 2012 (\$15.20) <sup>1</sup> | 6.08%            |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.077          |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$0.924          |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                       | 30%              |

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

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

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

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

|                 | 8/31/12 | 8/31/11 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$15.20 | \$13.33 | 14.03% | \$15.31 | \$12.33 |
| Net Asset Value | \$14.98 | \$14.04 | 6.70%  | \$14.98 | \$13.74 |

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

**Portfolio Composition**

|                              | 8/31/12 |   | 8/31/11 |   |
|------------------------------|---------|---|---------|---|
| Floating Rate Loan Interests | 88      | % | 81      | % |
| Corporate Bonds              | 10      |   | 15      |   |
| Asset-Backed Securities      | 2       |   | 3       |   |
| Common Stocks                |         |   |         |   |
| Other Interests              |         |   | 1       |   |

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

|           | 8/31/12 |   | 8/31/11 |   |
|-----------|---------|---|---------|---|
| BBB/Baa   | 8       | % | 9       | % |
| BB/Ba     | 34      |   | 36      |   |
| B         | 44      |   | 49      |   |
| CCC/Caa   | 8       |   | 3       |   |
| Not Rated | 6       |   | 3       |   |

<sup>4</sup>Using the higher of S&P's or Moody's ratings.  
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Fund Summary as of August 31, 2012 **BlackRock Limited Duration Income Trust**

### **Investment Objective**

**BlackRock Limited Duration Income Trust s (BLW) (the Fund )** investment objective is to provide current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in three distinct asset classes:

intermediate duration, investment grade corporate bonds, mortgage-related securities, asset-backed securities and US Government and agency securities;  
senior, secured floating rate loans made to corporate and other business entities; and  
US dollar-denominated securities of US and non-US issuers rated below investment grade and, to a limited extent, non-US dollar denominated securities of non-US issuers rated below investment grade.  
The Fund s portfolio normally has an average portfolio duration of less than five years (including the effect of anticipated leverage), although it may be longer from time to time depending on market conditions. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

### **Portfolio Management Commentary**

#### **How did the Fund perform?**

For the 12 months ended August 31, 2012, the Fund returned 21.68% based on market price and 13.86% based on NAV. For the same period, the closed-end Lipper High Yield Funds (Leveraged) category posted an average return of 22.72% based on market price and 16.49% based on NAV. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

#### **What factors influenced performance?**

Security selection in the wireless, consumer services and electric sectors had a positive impact on the Fund s performance. The Fund s tactical exposure to equity securities proved beneficial as demand for riskier assets improved over the 12-month period.

The Fund differs from its Lipper category competitors, which invest primarily in high yield bonds, in that the Fund also invests in floating rate loan interests (bank loans), investment grade credits and securitized assets. While the Fund s allocations to these other asset classes did not detract from performance on an absolute basis, they underperformed high yield bonds for the period. Security selection in the non-cable media, independent energy and paper sectors hindered returns for the period.

#### **Describe recent portfolio activity.**

The 12-month period began with severe market volatility in reaction to headwinds from Europe s debt crisis and a possible US government shutdown. However, the environment shifted in December when the European Central Bank announced its program of long-term refinancing operations. As financial market conditions improved, the Trust selectively added back some risk in names with appealing risk-reward characteristics. Over the first eight months of 2012, the high yield market surged, prompting the Trust to moderate its risk profile. The Trust s view on high yield remained positive throughout this period; however, as average prices moved north of par for the market, the Trust became increasingly focused on higher-quality, income-oriented credit names with stable fundamentals and an

attractive coupon rate, since the potential for price appreciation had largely diminished. Given global growth concerns posing a persistent threat and fueling uncertainty, the Trust continued to favor issuers in mature industries that exhibit consistent cash flows and good earnings visibility and debt instruments that are backed by profitable assets. The Trust generally remained cautious of cyclical credits that tend to be more vulnerable to slower economic growth and/or macroeconomic weakness.

**Describe portfolio positioning at period end.**

At period end, the Fund held 46% of its total portfolio in corporate bonds, 34% in floating rate loan interests (bank loans) and 8% in non-agency mortgage-backed securities, with the remainder in US Government sponsored agency securities, asset-backed securities, common stocks and taxable municipal bonds. The Fund's largest sector exposures included healthcare, non-captive diversified financials and wireless. The Fund ended the period with economic leverage at 32% of its total managed assets.

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

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**BlackRock Limited Duration Income Trust****Fund Information**

|  |               |
|--|---------------|
| Symbol on NYSE   | BLW           |
| Initial Offering Date  | July 30, 2003 |
| Yield on Closing Market Price as of August 31, 2012 (\$18.00) <sup>1</sup> | 7.17%         |
| Current Monthly Distribution per Common Share <sup>2</sup>                 | \$0.1075      |
| Current Annualized Distribution per Common Share <sup>2</sup>              | \$1.2900      |
| Economic Leverage as of August 31, 2012 <sup>3</sup>                       | 32%           |

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

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

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

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

|                 | 8/31/12 | 8/31/11 | Change | High    | Low     |
|-----------------|---------|---------|--------|---------|---------|
| Market Price    | \$18.00 | \$16.01 | 12.43% | \$18.24 | \$15.00 |
| Net Asset Value | \$17.38 | \$16.52 | 5.21%  | \$17.38 | \$15.92 |

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

**Portfolio Composition**

|   | 8/31/12 |   | 8/31/11 |   |
|---|---------|---|---------|---|
| Corporate Bonds                           | 46      | % | 40      | % |
| Floating Rate Loan Interests              | 34      |   | 31      |   |
| Non-Agency Mortgage-Backed Securities     | 8       |   | 10      |   |
| US Government Sponsored Agency Securities | 6       |   | 11      |   |
| Asset-Backed Securities                   | 4       |   | 5       |   |
| Common Stocks                             | 1       |   | 1       |   |
| Taxable Municipal Bonds                   | 1       |   | 1       |   |
| Other Interests                           |         |   | 1       |   |

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

|                      | 8/31/12 |   | 8/31/11 |   |
|----------------------|---------|---|---------|---|
| AAA/Aaa <sup>5</sup> | 12      | % | 17      | % |
| AA/Aa                | 1       |   | 2       |   |
| A                    | 6       |   | 5       |   |
| BBB/Baa              | 15      |   | 15      |   |

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|           |    |    |
|-----------|----|----|
| BB/Ba     | 26 | 26 |
| B         | 30 | 27 |
| CCC/Caa   | 8  | 7  |
| D         |    | 1  |
| Not Rated | 2  |    |

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

<sup>5</sup>Includes US Government Sponsored Agency securities and US Treasury Obligations, which were deemed AAA/Aaa by the investment advisor.

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### The Benefits and Risks of Leveraging

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

The Funds may utilize leverage by borrowing through a credit facility or through entering into reverse repurchase agreements. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's shareholders will benefit from the incremental net income.

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

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

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

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

The use of leverage may enhance opportunities for increased income to the Funds, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Funds' NAVs, market prices and dividend rates than comparable portfolios without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Funds' net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. Each Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause a Fund to incur losses. The use of leverage may limit each Fund's ability to invest in certain types of securities or use certain types of hedging

strategies. Each Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Funds are permitted to issue senior securities representing indebtedness up to 33<sup>1</sup>/<sub>3</sub>% of their total managed assets (each Fund's net assets plus the proceeds of any outstanding borrowings). If the Funds segregate liquid assets having a value not less than the repurchase price (including accrued interest), a reverse repurchase agreement will not be considered a senior security and therefore will not be subject to this limitation. In addition, each Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of August 31, 2012, the Funds had aggregate economic leverage from reverse repurchase agreements and/or borrowings through a credit facility as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Economic<br/>Leverage</b> |
|-----|---|
| BHL | 30 %  |
| DVF | 31 %  |
| FRA | 30 %  |
| BLW | 32 %  |

#### Derivative Financial Instruments

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

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Schedule of Investments August 31, 2012 **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000)</b> | <b>Value</b>     |
|---|----------------------|------------------|
| <b>Asset-Backed Securities</b>  |                      |                  |
| Fraser Sullivan CLO Ltd., Series 2012-7A, Class C,<br>4.47%, 4/20/23 (a)(b)               | USD 215              | \$ 191,049       |
| Gannett Peak CLO Ltd., Series 2006-1X, Class A2,<br>0.81%, 10/27/20 (b)                   | 265                  | 223,263          |
| Goldentree Loan Opportunities VI Ltd., Series<br>2012-6A, Class D, 4.66%, 4/17/22 (a)(b)  | 350                  | 318,185          |
| Goldman Sachs Asset Management CLO Plc,<br>Series 2007-1A, Class B, 0.89%, 8/01/22 (a)(b) | 580                  | 490,100          |
| Highbridge Loan Management Ltd., Series 2012-1A,<br>Class C, 5.71%, 9/20/22 (a)(b)(c)     | 350                  | 323,050          |
| ING Investment Management, Series 2012-2A,<br>Class D, 4.99%, 10/15/22 (a)(b)             | 350                  | 312,063          |
| LCM LP, Series 11A, Class D2,<br>4.41%, 4/19/22 (a)(b)                                    | 375                  | 328,125          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.42%, 12/21/17 (a)(b)                     | 260                  | 246,662          |
| Race Point CLO, Series 2012-6A, Class D,<br>4.93%, 5/24/23 (a)(b)                         | 250                  | 225,925          |
| Symphony CLO Ltd., Class D (a)(b):<br>Series 2012-10A, 5.69%, 7/23/23                     | 350                  | 323,750          |
| Series 2012-9A, 4.71%, 4/16/22  | 500                  | 445,600          |
| <b>Total Asset-Backed Securities</b> <b>2.7%</b>  |                      | <b>3,427,772</b> |

|  | <b>Shares</b> |                |
|--|---------------|----------------|
| <b>Common Stocks (d)</b>                         |               |                |
| <b>Auto Components    0.3%</b>                   |               |                |
| Delphi Automotive Plc                            | 13,881        | 420,455        |
| <b>Hotels, Restaurants &amp; Leisure    0.2%</b> |               |                |
| BLB Worldwide Holdings, Inc.                     | 21,020        | 241,730        |
| <b>Software    0.3%</b>                          |               |                |
| HMH Holdings/EduMedia                            | 13,505        | 330,866        |
| <b>Total Common Stocks</b> <b>0.8%</b>           |               | <b>993,051</b> |

|  | <b>Par<br/>(000)</b> |         |
|--|----------------------|---------|
| <b>Corporate Bonds</b>   |                      |         |
| <b>Airlines    0.2%</b>  |                      |         |
| American Airlines Pass-Through Trust, Series<br>2011-2, Class A, 8.63%, 10/15/21 | USD 125              | 132,704 |
| Delta Air Lines, Inc., Series 2009-1 Series B,<br>9.75%, 6/17/18                 | 53                   | 57,610  |
|  |                      | 190,314 |
| <b>Auto Components</b> <b>0.9%</b>   |                      |         |

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Icahn Enterprises LP:

|                |     |           |
|----------------|-----|-----------|
| 7.75%, 1/15/16 | 785 | 824,250   |
| 8.00%, 1/15/18 | 340 | 362,100   |
|                |     | 1,186,350 |

**Chemicals 0.2%**

|   |     |         |
|---|-----|---------|
| Hexion US Finance Corp., 6.63%, 4/15/20 | 130 | 131,300 |
| INEOS Finance Plc, 8.38%, 2/15/19 (a)   | 110 | 115,775 |
|   |     | 247,075 |

**Commercial Banks 0.1%**

|                                     |     |         |
|-------------------------------------|-----|---------|
| CIT Group, Inc., 7.00%, 5/02/16 (a) | 144 | 144,731 |
|-------------------------------------|-----|---------|

**Corporate Bonds**

**Par  
(000) Value**

**Commercial Services & Supplies 0.3%**

|   |        |           |
|---|--------|-----------|
| ARAMARK Corp., 3.94%, 2/01/15 (b)               | USD 65 | \$ 64,838 |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a) | 322    | 339,558   |
|   |        | 404,396   |

**Communications Equipment 0.5%**

|                                    |     |         |
|------------------------------------|-----|---------|
| Zayo Group LLC/Zayo Capital, Inc.: |     |         |
| 8.13%, 1/01/20                     | 380 | 403,750 |
| 10.13%, 7/01/20                    | 250 | 268,125 |
|                                    |     | 671,875 |

**Consumer Finance 0.3%**

|   |     |         |
|---|-----|---------|
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a) | 325 | 353,437 |
|---|-----|---------|

**Diversified Financial Services 0.7%**

|   |         |         |
|---|---------|---------|
| Ally Financial, Inc., 2.62%, 12/01/14 (b) | 440     | 432,458 |
| FCE Bank Plc, 7.13%, 1/15/13              | EUR 50  | 64,148  |
| Reynolds Group Issuer, Inc.:              |         |         |
| 7.13%, 4/15/19                            | USD 120 | 129,300 |
| 6.88%, 2/15/21                            | 185     | 200,263 |
|   |         | 826,169 |

**Diversified Telecommunication Services 0.1%**

|                                     |     |         |
|-------------------------------------|-----|---------|
| ITC Deltacom, Inc., 10.50%, 4/01/16 | 140 | 150,850 |
|-------------------------------------|-----|---------|

**Energy Equipment & Services 0.1%**

|  |     |         |
|--|-----|---------|
| FTS International Services LLC / FTS International Bonds Inc., 8.13%, 11/15/18 (a) | 155 | 160,038 |
|--|-----|---------|

**Health Care Providers & Services 0.8%**

|   |     |           |
|---|-----|-----------|
| CHS/Community Health Systems, Inc.,     |     |           |
| 5.13%, 8/15/18                          | 358 | 369,187   |
| HCA, Inc., 6.50%, 2/15/20               | 400 | 439,500   |
| Tenet Healthcare Corp., 6.25%, 11/01/18 | 185 | 200,841   |
|   |     | 1,009,528 |

**Health Care Technology 0.8%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| IMS Health, Inc., 12.50%, 3/01/18 (a) | 850 | 998,750 |
|---------------------------------------|-----|---------|

**Household Durables 0.1%**

|  |     |         |
|--|-----|---------|
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a) | 180 | 184,050 |
|--|-----|---------|

**Independent Power Producers & Energy Traders 1.7%**

|   |     |         |
|---|-----|---------|
| Calpine Corp., 7.25%, 10/15/17 (a)            | 245 | 262,150 |
| Energy Future Holdings Corp., 10.00%, 1/15/20 | 285 | 314,213 |

|  |       |                        |
|--|-------|------------------------|
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20      | 1,405 | 1,577,112<br>2,153,475 |
| <b>IT Services 0.2%</b>  |       |                        |
| First Data Corp., 6.75%, 11/01/20 (a)                                | 245   | 243,163                |
| <b>Machinery 0.1%</b>  |       |                        |
| UR Financing Escrow Corp., 5.75%, 7/15/18 (a)                        | 80    | 84,600                 |
| <b>Media 1.4%</b>  |       |                        |
| AMC Networks, Inc., 7.75%, 7/15/21                                   | 105   | 118,913                |
| Clear Channel Worldwide Holdings, Inc.:<br>Series A, 9.25%, 12/15/17 | 185   | 200,262                |
| Series B, 9.25%, 12/15/17  | 850   | 923,312                |
| Unitymedia Hessen GmbH & Co. KG,<br>8.13%, 12/01/17 (a)              | 500   | 541,250<br>1,783,737   |

### Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated

according to the following list:

|               |  |              |                                  |
|---------------|--|--------------|----------------------------------|
| <b>CAD</b>    | Canadian Dollar                            | <b>GBP</b>   | British Pound                    |
| <b>DIP</b>    | Debtor-In-Possession                       | <b>GO</b>    | General Obligation Bonds         |
| <b>EBITDA</b> | Taxes,<br>Depreciation and<br>Amortization | <b>LIBOR</b> | London Interbank Offered<br>Rate |
| <b>EUR</b>    | Euro                                       | <b>USD</b>   | US Dollar                        |
| <b>FKA</b>    | Formerly Known As                          |              |                                  |

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b>   |
|---|------------|----------------------|
| <b>Corporate Bonds</b>  |            |                      |
| <b>Oil, Gas &amp; Consumable Fuels 0.2%</b>                   |            |                      |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                 | USD 126    | \$ 134,190           |
| EP Energy LLC/EP Energy Finance, Inc.,<br>6.88%, 5/01/19 (a)  | 145        | 155,512<br>289,702   |
| <b>Paper &amp; Forest Products 0.1%</b>                       |            |                      |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) | 155        | 160,425              |
| <b>Pharmaceuticals 0.2%</b>                                   |            |                      |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)  | 185        | 195,175              |
| <b>Real Estate Management &amp; Development 0.1%</b>          |            |                      |
| Realogy Corp., 7.63%, 1/15/20 (a)                             | 165        | 179,850              |
| <b>Wireless Telecommunication Services 1.7%</b>               |            |                      |
| Cricket Communications, Inc., 7.75%, 5/15/16                  | 1,125      | 1,186,875            |
| Sprint Nextel Corp. (a):                                      |            |                      |
| 9.00%, 11/15/18   | 290        | 342,200              |
| 7.00%, 3/01/20  | 550        | 602,250<br>2,131,325 |
| <b>Total Corporate Bonds 10.8%</b>                            |            | <b>13,749,015</b>    |
| <b>Floating Rate Loan Interests (b)</b>                       |            |                      |
| <b>Aerospace &amp; Defense 1.6%</b>                           |            |                      |
| DynCorp International, Term Loan B,<br>6.25%, 7/07/16         | 302        | 301,703              |
| SI Organization, Inc., Term Loan B,<br>4.50%, 11/22/16        | 416        | 404,947              |
| Spirit Aerosystems, Inc., Term Loan B,<br>3.75%, 4/18/19      | 369        | 369,691              |
| TransDigm, Inc.:  |            |                      |
| Add on Term Loan B2, 4.00%, 2/14/17                           | 179        | 180,071              |
| Term Loan B, 4.00%, 2/14/17                                   | 533        | 534,513              |
| Wesco Aircraft Hardware Corp., Term Loan B,<br>4.25%, 4/07/17 | 294        | 293,433<br>2,084,358 |
| <b>Airlines 0.8%</b>  |            |                      |
| Delta Air Lines, Inc., Credit, Term Loan B,<br>5.50%, 4/20/17 | 1,002      | 1,009,413            |
| US Airways Group, Inc., Term Loan,<br>2.74%, 3/21/14          | 55         | 53,144<br>1,062,557  |
| <b>Auto Components 2.8%</b>                                   |            |                      |

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|  |       |           |
|--|-------|-----------|
| Autoparts Holdings Ltd., First Lien Term Loan,<br>6.50%, 7/28/17           | 645   | 632,222   |
| Federal-Mogul Corp.:   |       |           |
| Term Loan B, 2.17% 2.18%, 12/29/14   | 869   | 829,503   |
| Term Loan C, 2.17% 2.18%, 12/28/15   | 296   | 282,464   |
| The Goodyear Tire & Rubber Co., Term Loan<br>(Second Lien), 4.75%, 4/30/19 | 1,150 | 1,145,687 |
| Schaeffler AG, Term Loan C2,<br>6.00%, 1/27/17                             | 380   | 381,110   |
| UCI International, Inc., Term Loan B,<br>5.50%, 7/26/17                    | 345   | 345,612   |
|  |       | 3,616,598 |

**Biotechnology 0.5%**

|  |     |         |
|--|-----|---------|
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17 | 638 | 639,354 |
|--|-----|---------|

**Building Products 3.4%**

|  |     |         |
|--|-----|---------|
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18 | 764 | 761,307 |
| CPG International, Inc., Term Loan B,<br>6.00%, 2/18/17          | 788 | 775,195 |

**Floating Rate Loan Interests (b)**

**Par  
(000) Value**

**Building Products (concluded)**

|   |           |             |
|---|-----------|-------------|
| Goodman Global, Inc., Initial Term Loan (First Lien),<br>5.75%, 10/28/16                | USD 2,094 | \$2,096,218 |
| Momentive Performance Materials, Inc. (Nautilus),<br>Extended Term Loan, 3.62%, 5/05/15 | EUR 560   | 644,937     |
|   |           | 4,277,657   |

**Capital Markets 2.0%**

|   |         |           |
|---|---------|-----------|
| American Capital Holdings, Term Loan,<br>5.50%, 7/19/16   | USD 513 | 514,924   |
| HarbourVest Partners LLC, Term Loan B,<br>6.25%, 12/16/16 | 754     | 753,082   |
| Nuveen Investments, Inc.:                                 |         |           |
| Extended (First Lien), Term Loan,<br>5.95% 5.96%, 5/13/17 | 391     | 391,256   |
| Extended Term Loan, 5.92% 5.95%, 5/12/17                  | 782     | 784,338   |
| Incremental Term Loan, 7.25%, 5/13/17                     | 160     | 160,720   |
|   |         | 2,604,320 |

**Chemicals 6.0%**

|   |       |           |
|---|-------|-----------|
| American Rock Salt Holdings LLC, Term Loan,<br>5.50%, 4/25/17 | 607   | 589,749   |
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18                    | 278   | 279,085   |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16              | 750   | 752,190   |
| Evergreen Acqco 1 LP, Term Loan B,<br>6.25%, 7/09/19          | 355   | 358,330   |
| Gentek, Inc., Term Loan, 5.00% 5.75%, 10/06/15                | 384   | 381,623   |
| INEOS US Finance LLC:   |       |           |
| 3 Year Term Loan, 5.50%, 5/04/15                              | 90    | 90,448    |
| 6 Year Term Loan, 6.50%, 5/04/18                              | 1,883 | 1,886,112 |

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|   |       |           |
|---|-------|-----------|
| Nexeo Solutions LLC, Term Loan B,<br>5.00%, 9/08/17   | 568   | 552,555   |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17   | 184   | 184,627   |
| PQ Corp.(FKA Niagara Acquisition, Inc.),<br>Term Loan B, 3.98%, 7/30/14                       | 1,071 | 1,051,505 |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17  | 251   | 233,755   |
| Tronox, Inc.:   |       |           |
| Delayed Draw Term Loan, 4.25%, 2/08/18  | 159   | 158,189   |
| Term Loan B, 4.25%, 2/08/18   | 581   | 580,027   |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17   | 600   | 595,791   |
|   |       | 7,693,986 |
| <b>Commercial Services &amp; Supplies 5.7%</b>  |       |           |
| ACCO Brands Corp., Term Loan B, 4.25%, 4/30/19  | 856   | 854,990   |
| Altegrity, Inc.(FKA US Investigations Services, Inc.),<br>Tranche D Term Loan, 7.75%, 2/20/15 | 629   | 625,877   |
| ARAMARK Corp.:  |       |           |
| Extended Term Loan B, 3.48%, 7/26/16  | 211   | 210,008   |
| Extended Term Loan C,<br>3.48% 3.71%, 7/26/16   | 116   | 115,948   |
| Letter of Credit, 3.50%, 7/26/16  | 14    | 13,811    |
| Letter of Credit Facility, 3.50%, 7/26/16   | 9     | 9,341     |
| AWAS Finance Luxembourg 2012 SA, Term Loan,<br>5.75%, 7/16/18                                 | 315   | 315,000   |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                  | 353   | 353,155   |
| Delos Aircraft, Inc., Term Loan B2, 4.75%, 4/12/16  | 825   | 833,250   |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17                                    | 1,187 | 1,186,365 |
| Protection One, Inc., Term Loan, 5.75%, 3/21/19   | 564   | 569,223   |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14                                    | 861   | 763,746   |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                         | 491   | 491,250   |
| West Corp., Term Loan B6, 5.75%, 6/29/18  | 900   | 902,817   |
|   |       | 7,244,781 |

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Floating Rate Loan Interests (b)</b>                             |            |                    |
| <b>Communications Equipment 3.0%</b>                                |            |                    |
| Avaya, Inc.:  |            |                    |
| Extended Term Loan B3, 4.93%, 10/26/17                              | USD 128    | \$ 114,492         |
| Term Loan B1, 3.18%, 10/24/14                                       | 790        | 758,261            |
| CommScope, Inc., Term Loan, 4.25%, 1/12/18                          | 814        | 813,775            |
| Zayo Group, LLC, Term Loan B, 7.13%, 7/02/19                        | 2,085      | 2,115,629          |
|   |            | 3,802,157          |
| <b>Construction &amp; Engineering 0.9%</b>                          |            |                    |
| BakerCorp. International, Inc., Term Loan B,<br>4.75%, 6/01/18      |            |                    |
|   | 361        | 359,876            |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17        |            |                    |
|   | 750        | 750,000            |
|   |            | 1,109,876          |
| <b>Construction Materials 2.0%</b>                                  |            |                    |
| HD Supply, Inc., Senior Debt B, 7.25%, 10/12/17                     | 2,500      | 2,554,175          |
| <b>Consumer Finance 0.8%</b>  |            |                    |
| Springleaf Financial Funding Co., Term Loan,<br>5.50%, 5/10/17      |            |                    |
|   | 1,060      | 1,023,695          |
| <b>Containers &amp; Packaging 0.7%</b>                              |            |                    |
| Berry Plastics Holding Corp., Term Loan C,<br>2.23%, 4/03/15        |            |                    |
|   | 248        | 245,707            |
| Sealed Air Corp., Term Loan B, 4.75%, 10/03/18                      |            |                    |
|   | 610        | 613,708            |
|   |            | 859,415            |
| <b>Diversified Consumer Services 3.3%</b>                           |            |                    |
| Coinmach Service Corp.:   |            |                    |
| Delayed Draw Term Loan,<br>3.24% 3.33%, 11/20/14                    |            |                    |
|   | 242        | 232,031            |
| Term Loan B, 3.33%, 11/20/14  |            |                    |
|   | 891        | 854,720            |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18           |            |                    |
|   | 309        | 272,061            |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18     |            |                    |
|   | 1,021      | 995,728            |
| ServiceMaster Co.:  |            |                    |
| Delayed Draw Term Loan, 2.74%, 7/24/14                              |            |                    |
|   | 113        | 112,218            |
| Term Loan, 2.75% 2.97%, 7/24/14                                     |            |                    |
|   | 1,134      | 1,126,895          |
| Weight Watchers International, Inc., Term Loan F,<br>4.00%, 3/15/19 |            |                    |
|   | 603        | 595,818            |
|   |            | 4,189,471          |
| <b>Diversified Financial Services 2.4%</b>                          |            |                    |
| Residential Capital LLC:  |            |                    |
| DIP Term Loan A1, 5.00%, 11/18/13                                   |            |                    |
|   | 580        | 581,450            |
| DIP Term Loan A2, 6.75%, 11/18/13                                   |            |                    |
|   | 85         | 85,992             |

|                                |       |           |
|--------------------------------|-------|-----------|
| Reynolds Group Holdings, Inc.: |       |           |
| Term Loan B, 6.50%, 2/09/18    | 1,211 | 1,218,224 |
| Term Loan C, 6.50%, 8/09/18    | 1,113 | 1,127,380 |
|                                |       | 3,013,046 |

**Diversified Telecommunication Services 5.2%**

|   |       |           |
|---|-------|-----------|
| Hawaiian Telcom Communications, Inc., Term Loan B, 7.00%, 2/28/17 | 530   | 536,625   |
| Integra Telecom Holdings, Inc., Term Loan B, 9.25%, 4/15/15       | 809   | 796,372   |
| Level 3 Financing, Inc.:  |       |           |
| 2016 Term Loan B, 4.75%, 2/01/16                                  | 795   | 796,590   |
| 2019 Term Loan B, 5.25%, 8/01/19                                  | 650   | 650,949   |
| Term Loan B2, 5.75%, 9/03/18                                      | 1,800 | 1,804,752 |
| Term Loan B3, 5.75%, 8/31/18                                      | 550   | 551,452   |
| Telesat LLC, Term Loan B, 4.25%, 3/28/19                          | 745   | 743,257   |
| US Telepacific Corp., Term Loan B, 5.75%, 2/23/17                 | 742   | 708,450   |
|   |       | 6,588,447 |

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Floating Rate Loan Interests (b)</b>  |              |            |
| <b>Electronic Equipment, Instruments &amp; Components 0.9%</b>                   |              |            |
| CDW LLC, Extended Term Loan, 4.00%, 7/14/17                                      | USD 519      | \$ 512,160 |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18                  | 602          | 602,723    |
|  |              | 1,114,883  |
| <b>Energy Equipment &amp; Services 2.9%</b>                                      |              |            |
| Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                | 514          | 533,286    |
| Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16                              | 578          | 604,663    |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18                                    | 1,538        | 1,540,113  |
| Tervita Corp. (FKA CCS Corp.):   |              |            |
| Incremental Term Loan, 6.50%, 10/17/14   | 348          | 347,961    |
| Term Loan B, 3.23%, 11/14/14   | 742          | 728,205    |
|  |              | 3,754,228  |
| <b>Food &amp; Staples Retailing 1.9%</b>   |              |            |
| AB Acquisitions UK Topco 2, Term Loan B1, 3.52%, 7/09/15                         | GBP 900      | 1,348,681  |
| Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19                           | USD 485      | 486,212    |
| US Foods, Inc.(FKA U.S. Foodservice, Inc.), Extended Term Loan B, 5.75%, 3/31/17 | 620          | 599,115    |
|  |              | 2,434,008  |
| <b>Food Products 3.1%</b>  |              |            |
| Advance Pierre Foods:  |              |            |
| Term Loan (First Lien), 7.00%, 9/30/16   | 848          | 852,259    |
| Term Loan (Second Lien), 11.25%, 9/29/17   | 550          | 553,300    |
| Del Monte Foods Co., Term Loan, 4.50%, 3/08/18                                   | 1,113        | 1,097,527  |



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|  |     |           |
|--|-----|-----------|
| Michael Foods Group, Inc., Term Loan,<br>4.25%, 2/23/18              | 181 | 181,149   |
| Pinnacle Foods Finance LLC:<br>Extended Term Loan B, 3.75%, 10/03/16 | 40  | 39,244    |
| Term Loan E, 4.75%, 10/17/18   | 502 | 499,900   |
| Solvest Ltd. (Dole):<br>Term Loan B-2, 5.00% 6.00%, 7/06/18          | 279 | 279,281   |
| Term Loan C-2, 5.00% 6.00%, 7/06/18                                  | 499 | 499,767   |
|  |     | 4,002,427 |

**Health Care Equipment & Supplies 5.3%**

|  |       |           |
|--|-------|-----------|
| Bausch & Lomb, Inc., Term Loan B,<br>5.25%, 5/17/19                  | 1,330 | 1,334,429 |
| Biomet, Inc., Term Loan B,<br>3.23% 3.47%, 3/25/15                   | 312   | 310,911   |
| BSN Medical Acquisition Holding GmbH,<br>Term Loan B, 6.00%, 7/27/19 | 385   | 385,962   |
| DJO Finance LLC:<br>Extended Term Loan B2, 5.23%, 11/01/16           | 190   | 189,731   |
| Term Loan B3, 6.25%, 9/15/17   | 1,057 | 1,058,228 |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                           | 1,760 | 1,770,683 |
| Hupah Finance, Inc., Term Loan B,<br>6.25%, 1/21/19                  | 354   | 355,440   |
| Iasis Healthcare LLC, Term Loan, 5.00%, 5/03/18                      | 348   | 342,109   |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                           | 819   | 821,883   |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18               | 215   | 216,612   |
|  |       | 6,785,988 |

**Health Care Providers & Services 4.7%**

|   |       |           |
|---|-------|-----------|
| Community Health Systems, Inc., Extended Term<br>Loan B, 3.92% 3.96%, 1/25/17 | 41    | 41,442    |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                    | 581   | 581,894   |
| DaVita, Inc.:<br>Term Loan B, 4.50%, 10/20/16                                 | 1,011 | 1,013,396 |
| Term Loan B2, 4.00%, 9/02/19  | 630   | 626,951   |
| Emergency Medical Services Corp., Term Loan,<br>5.25%, 5/25/18                | 662   | 660,696   |

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Floating Rate Loan Interests (b)</b>   |            |                    |
| <b>Health Care Providers &amp; Services (concluded)</b>   |            |                    |
| Harden Healthcare LLC:  |            |                    |
| Add on Term Loan A, 7.75%, 3/02/15  | USD 443    | \$ 429,154         |
| Term Loan A, 8.50%, 3/02/15   | 294        | 288,005            |
| HCA, Inc., Extended Term Loan B3,<br>3.48%, 5/01/18   | 235        | 231,292            |
| inVentiv Health, Inc.:  |            |                    |
| Combined Term Loan, 6.50%, 8/04/16  | 345        | 321,137            |
| Incremental Term Loan B-3, 6.75%, 5/15/18   | 406        | 379,036            |
| Medpace, Inc., Term Loan,<br>6.50% 7.25%, 6/16/17   | 527        | 502,881            |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18                                      | 300        | 300,249            |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19                                    | 515        | 518,862            |
| Vanguard Health Holding Co. II LLC (Vanguard<br>Health Systems, Inc.), Term Loan B,<br>5.00%, 1/29/16 | 60         | 59,812             |
|   |            | 5,954,807          |
| <b>Health Care Technology 1.4%</b>  |            |                    |
| IMS Health, Inc., Term Loan B, 4.50%, 8/25/17   | 550        | 551,425            |
| Kinetic Concepts, Inc., Term Loan B,<br>7.00%, 5/04/18  | 926        | 933,800            |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16   | 345        | 346,324            |
|   |            | 1,831,549          |
| <b>Hotels, Restaurants &amp; Leisure 7.1%</b>   |            |                    |
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17  | 589        | 591,585            |
| Ameristar Casinos, Inc., Term Loan B,<br>4.00%, 4/16/18   | 563        | 564,289            |
| Boyd Gaming Corp., Incremental Term Loan,<br>6.00%, 12/17/15  | 385        | 388,221            |
| Caesars Entertainment Operating Co., Inc.:  |            |                    |
| Extended Term Loan B6, 5.49%, 1/26/18   | 95         | 83,511             |
| Incremental Term Loan B4, 9.50%, 10/31/16   | 492        | 501,908            |
| Term Loan B1, 3.24%, 1/28/15  | 177        | 167,610            |
| Term Loan B3, 3.24% 3.46%, 1/28/15  | 2,260      | 2,143,089          |
| DineEquity, Inc., Term Loan B,<br>4.25% 5.25%, 10/19/17   | 37         | 37,170             |
| Dunkin' Brands, Inc., Term Loan B2,<br>4.00%, 11/23/17  | 1,140      | 1,127,861          |
| Golden Living, Term Loan, 5.00%, 5/04/18  | 147        | 140,156            |
| OSI Restaurant Partners LLC:  |            |                    |

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|  |       |           |
|--|-------|-----------|
| Revolver, 2.49% 2.56%, 6/14/13                                       | 4     | 4,454     |
| Term Loan B, 2.56%, 6/14/14  | 45    | 44,893    |
| Sabre, Inc., Non-Extended Initial Term Loan,<br>2.23%, 9/30/14       | 146   | 144,811   |
| SeaWorld Parks & Entertainment, Inc., Term Loan B,<br>4.00%, 8/17/17 | 442   | 442,104   |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18         | 690   | 691,615   |
| Station Casinos, Inc., Term Loan B1,<br>3.23%, 6/17/16               | 393   | 373,057   |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15   | 485   | 486,347   |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19          | 1,085 | 1,089,839 |
|  |       | 9,022,520 |

**Household Products 0.5%**

|   |     |         |
|---|-----|---------|
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19 | 591 | 595,195 |
|---|-----|---------|

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

|   |     |           |
|---|-----|-----------|
| The AES Corp., Term Loan, 4.25%, 6/01/18            | 988 | 989,969   |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18          | 215 | 215,297   |
| GenOn Energy, Inc., Term Loan B,<br>6.00%, 12/01/17 | 125 | 125,899   |
|   |     | 1,331,165 |

**Floating Rate Loan Interests (b)**

**Industrial Conglomerates 2.0%**

|  |         |            |
|--|---------|------------|
| Sequa Corp.:                           |         |            |
| Incremental Term Loan, 6.25%, 12/03/14 | USD 199 | \$ 199,235 |
| Term Loan, 3.69% 3.72%, 12/03/14       | 2,388   | 2,371,737  |
|  |         | 2,570,972  |

**Insurance 0.8%**

|   |     |           |
|---|-----|-----------|
| Asurion LLC, Term Loan (First Lien),<br>5.50%, 5/24/18    | 299 | 299,376   |
| CNO Financial Group, Inc., Term Loan B,<br>6.25%, 9/30/16 | 716 | 717,687   |
|   |     | 1,017,063 |

**Internet Software & Services 0.4%**

|  |     |         |
|--|-----|---------|
| Web.com Group, Inc., Term Loan B,<br>7.00%, 10/27/17 | 528 | 525,524 |
|--|-----|---------|

**IT Services 5.7%**

|  |       |           |
|--|-------|-----------|
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17      | 697   | 696,219   |
| First Data Corp.:  |       |           |
| Extended 2018 Term Loan B, 4.24%, 3/23/18                  | 2,910 | 2,747,073 |
| Non-Extended Term Loan B-1, 2.99%, 9/24/14                 | 140   | 137,612   |
| Non-Extended Term Loan B-3, 2.99%, 9/24/14                 | 86    | 84,349    |
| Genpact International, Inc., Term Loan B,<br>4.25, 8/16/19 | 765   | 765,000   |

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|  |       |           |
|--|-------|-----------|
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18   | 345   | 305,143   |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17  | 494   | 493,500   |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18  | 407   | 408,959   |
| SunGard Data Systems, Inc. (Solar Capital Corp.),<br>Term Loan B, 3.86% 4.06%, 2/26/16 | 143   | 142,656   |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18  | 1,450 | 1,459,345 |
|  |       | 7,239,856 |

**Leisure Equipment & Products 0.8%**

|  |     |           |
|--|-----|-----------|
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13          | 522 | 517,493   |
| FGI Operating Company, LLC, Term Loan,<br>5.50% 6.50%, 4/19/19 | 515 | 516,612   |
|  |     | 1,034,105 |

**Machinery 2.7%**

|  |         |           |
|--|---------|-----------|
| Intelligrated, Inc., First Lien Term Loan,<br>6.75%, 7/30/18 | 400     | 396,000   |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17 | 437     | 438,909   |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18                   | 313     | 314,657   |
| Terex Corp.:   |         |           |
| Term Loan, 6.00%, 4/28/17                                    | EUR 60  | 74,528    |
| Term Loan B, 5.50%, 4/28/17                                  | USD 601 | 603,727   |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16                     | 1,113   | 1,115,910 |
| Wabash National Corp., Term Loan B,<br>6.00%, 5/02/19        | 549     | 552,054   |
|  |         | 3,495,785 |

**Media 17.1%**

|   |       |           |
|---|-------|-----------|
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18   | 236   | 236,982   |
| Affinion Group, Inc., Term Loan B, 5.00%, 7/15/15   | 263   | 223,092   |
| AMC Entertainment, Inc., Term Loan B3,<br>4.25%, 2/22/18  | 323   | 323,698   |
| AMC Networks, Inc., Term Loan B,<br>4.00%, 12/31/18   | 792   | 791,509   |
| Atlantic Broadband Finance LLC, 1st Lien<br>Term Loan, 5.25%, 4/04/19                             | 455   | 455,428   |
| BBHI Acquisition LLC (FKA Bresnan<br>Telecommunications Co. LLC), Term Loan B,<br>4.50%, 12/14/17 | 1,180 | 1,183,391 |
| Capsugel Holdings US, Inc., Term Loan B,<br>4.75%, 8/01/18  | 569   | 570,125   |
| Catalina Marketing Corp., Extended Term Loan B,<br>5.73%, 9/29/17                                 | 538   | 530,240   |

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                                      |              |              |
| <b>Media (concluded)</b>   |              |              |
| Cengage Learning Acquisitions, Inc.:   |              |              |
| Non-Extended Term Loan, 2.49%, 7/03/14                                       | USD 228      | \$ 209,873   |
| Tranche 1 Incremental, 7.50%, 7/03/14  | 369          | 355,431      |
| Charter Communications Operating LLC:  |              |              |
| Extended Term Loan C, 3.49%, 9/06/16   | 807          | 805,398      |
| Term Loan D, 4.00%, 5/15/19  | 314          | 314,112      |
| Clarke American Corp., Term Facility B,<br>2.73% 2.96%, 6/30/14              | 89           | 79,996       |
| Clear Channel Communications, Inc.:  |              |              |
| Term Loan B, 3.88%, 1/28/16  | 846          | 655,456      |
| Term Loan C, 3.88%, 1/28/16  | 158          | 119,790      |
| Cumulus Media, Inc., First Lien Term Loan,<br>5.75%, 9/17/18                 | 612          | 612,773      |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18                    | 360          | 362,430      |
| Gray Television, Inc., Term Loan B,<br>3.75%, 12/31/14                       | 637          | 633,649      |
| Houghton Mifflin Harcourt Publishing Co., DIP Term<br>Loan B, 7.25%, 6/01/18 | 434          | 438,794      |
| Hubbard Broadcasting, Term Loan B,<br>5.25%, 4/28/17                         | 438          | 438,970      |
| Intelsat Jackson Holdings SA, Tranche B Term Loan,<br>5.25%, 4/02/18         | 2,713        | 2,721,949    |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18                       | 1,312        | 1,313,665    |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19                       | 770          | 768,606      |
| Lavena Holding 4 GmbH (Prosiebensat.1<br>Media AG):                          |              |              |
| Term Loan B, 2.95%, 3/06/15  | EUR 460      | 530,082      |
| Term Loan C, 3.32%, 3/04/16  | 460          | 532,978      |
| LIN Television Corp., Term Loan B,<br>5.00%, 12/21/18                        | USD 323      | 325,196      |
| Mediacom LLC, Term Loan E, 4.50%, 10/23/17                                   | 490          | 482,650      |
| Newsday LLC:   |              |              |
| Fixed Rate Term Loan, 10.50%, 8/01/13  | 800          | 804,336      |
| Term Loan, 6.71%, 8/01/13  | 500          | 500,625      |
| Nielsen Finance LLC, Class B Term Loan,<br>3.99%, 5/02/16                    | 631          | 632,595      |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16             | 548          | 547,606      |

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|  |         |            |
|--|---------|------------|
| Univision Communications, Inc., Extended Term Loan, 4.48%, 3/31/17 | 866     | 836,746    |
| UPC Broadband Holding BV, Term Loan U, 4.15%, 12/29/17             | EUR 196 | 244,730    |
| UPC Financing Partnership:<br>Term Loan, 4.75%, 12/29/17           | USD 585 | 586,708    |
| Term Loan T, 3.75%, 12/30/16                                       | 80      | 79,250     |
| WC Luxco Sarl, Term Loan B3, 4.25%, 3/15/18                        | 185     | 184,085    |
| Weather Channel, Term Loan B, 4.25%, 2/13/17                       | 831     | 833,904    |
| WideOpenWest Finance LLC, First Lien Term Loan, 6.25%, 7/17/18     | 520     | 519,678    |
|  |         | 21,786,526 |

**Metals & Mining 2.6%**

|  |       |           |
|--|-------|-----------|
| Constellium Holdco BV, Term Loan B, 9.25%, 5/25/18 | 520   | 509,600   |
| Novelis, Inc., Term Loan, 4.00%, 3/10/17           | 1,160 | 1,152,614 |
| SunCoke Energy, Inc., Term Loan B, 4.00%, 7/26/18  | 446   | 443,273   |
| Walter Energy, Inc., Term Loan B, 4.00%, 4/02/18   | 1,289 | 1,266,904 |
|  |       | 3,372,391 |

**Multiline Retail 2.7%**

|   |     |         |
|---|-----|---------|
| 99¢ Only Stores, Term Loan, 5.25%, 1/11/19                  | 522 | 525,309 |
| Dollar General Corp., Tranche B-2 Term Loan, 2.98%, 7/07/14 | 316 | 316,121 |

|  | Par       | (000) Value |
|--|-----------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                  |           |             |
| <b>Multiline Retail (concluded)</b>                      |           |             |
| Hema Holding BV, Second Lien Term Loan, 5.14%, 1/05/17   | EUR 1,800 | \$2,122,537 |
| The Neiman Marcus Group, Inc., Term Loan, 4.75%, 5/16/18 | USD 435   | 435,000     |
|  |           | 3,398,967   |

**Oil, Gas & Consumable Fuels 2.0%**

|   |     |           |
|---|-----|-----------|
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17 | 545 | 546,172   |
| Everest Acquisition LLC, Term Loan B1, 5.00%, 4/24/18         | 660 | 661,650   |
| Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18                | 742 | 744,923   |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15        | 533 | 533,308   |
|   |     | 2,486,053 |

**Paper & Forest Products 0.3%**

|  |     |         |
|--|-----|---------|
| Ainsworth Lumber Co. Ltd., Term Loan, 5.25%, 6/26/14 | 175 | 169,312 |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13         | 200 | 201,876 |
|  |     | 371,188 |

**Pharmaceuticals 4.1%**

|   |       |           |
|---|-------|-----------|
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17 | 1,115 | 1,110,819 |
|---|-------|-----------|

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|  |       |           |
|--|-------|-----------|
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18 | 1,399 | 1,414,039 |
| Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18             | 589   | 590,158   |
| RPI Finance Trust:   |       |           |
| Incremental Tranche 2, 4.00%, 11/09/18                                 | 90    | 89,869    |
| Term Loan Tranche 2, 4.00%, 5/09/18                                    | 494   | 494,516   |
| Valeant Pharmaceuticals International, Inc.:                           |       |           |
| Add-On Term Loan B, 4.75%, 2/13/19                                     | 588   | 589,402   |
| Series A Tranche B, 4.75%, 2/13/19                                     | 435   | 436,009   |
| Warner Chilcott Corp.:   |       |           |
| Incremental Term Loan B-1, 4.25%, 3/15/18                              | 102   | 101,681   |
| Term Loan B-1, 4.25%, 3/15/18  | 269   | 267,760   |
| Term Loan B-2, 4.25%, 3/15/18  | 135   | 133,880   |
|  |       | 5,228,133 |
| <b>Professional Services 1.8%</b>                                      |       |           |
| Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19                 | 645   | 645,806   |
| Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18                            | 791   | 791,813   |
| ON Assignment, Inc., Term Loan B, 5.00%, 5/15/19                       | 268   | 266,288   |
| Truven Health Analytics, Term Loan B, 6.75%, 6/06/19                   | 605   | 609,283   |
|  |       | 2,313,190 |
| <b>Real Estate Investment Trusts (REITs) 0.8%</b>                      |       |           |
| iStar Financial, Inc.:   |       |           |
| Term Loan A1, 5.00%, 6/28/13   | 1,035 | 1,035,290 |
| Term Loan A2, 7.00%, 6/30/14   | 35    | 35,033    |
|  |       | 1,070,323 |
| <b>Real Estate Management &amp; Development 1.5%</b>                   |       |           |
| Realogy Corp.:   |       |           |
| Extended Letter of Credit Loan, 4.50%, 10/10/16                        | 98    | 94,448    |
| Extended Synthetic Letter of Credit, 3.25%, 10/10/13                   | 25    | 23,432    |
| Extended Term Loan, 4.49%, 10/10/16                                    | 1,723 | 1,662,859 |
| Stockbridge SBE Holdings LLC, Term Loan B, 13.00%, 5/02/17             | 85    | 84,575    |
|  |       | 1,865,314 |

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Floating Rate Loan Interests (b)</b>                                 |              |              |
| <b>Road &amp; Rail 0.8%</b>   |              |              |
| Avis Budget Car Rental LLC, Incremental Term Loan, 6.25%, 9/21/18       | USD 274      | \$ 274,873   |
| RailAmerica, Inc., Term Loan B, 4.00%, 3/01/19                          | 449          | 448,597      |
| Road Infrastructure Investment LLC, Term Loan B, 6.25%, 3/30/18         | 234          | 233,240      |
|   |              | 956,710      |
| <b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>                |              |              |
| Freescale Semiconductor, Inc., Extended Term Loan B, 4.50%, 12/01/16    | 784          | 751,928      |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 392          | 396,303      |
|   |              | 1,148,231    |
| <b>Software 3.7%</b>  |              |              |
| Blackboard, Inc., Term Loan B, 7.50%, 10/04/18                          | 254          | 249,445      |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18 | 1,781        | 1,798,841    |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                 | 648          | 653,724      |
| SS&C Technologies, Inc.:  |              |              |
| Term Loan B-1, 5.00%, 6/07/19   | 895          | 896,091      |
| Term Loan B-2, 5.00%, 6/07/19   | 93           | 92,699       |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                            | 305          | 305,047      |
| WaveDivision Holdings LLC, Term Loan B, 5.50%, 8/23/19                  | 700          | 702,611      |
|   |              | 4,698,458    |
| <b>Specialty Retail 6.5%</b>  |              |              |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                 | 796          | 798,786      |
| Bass Pro Group LLC, Term Loan, 5.25%, 6/13/17                           | 565          | 568,843      |
| Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17   | 164          | 164,778      |
| Claire's Stores, Inc., Term Loan B, 2.98% 3.20%, 5/29/14                | 812          | 796,621      |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18            | 870          | 868,773      |
| The Gymboree Corp., Term Loan, 5.00%, 2/23/18                           | 146          | 141,602      |
| Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17            | 460          | 459,352      |
| Jo-Ann Stores, Inc., Term Loan, 4.75%, 3/16/18                          | 285          | 284,745      |
| Michaels Stores, Inc.:  |              |              |
| Extended Term Loan B3, 5.00%, 7/29/16                                   | 334          | 336,002      |
| Term Loan B2, 5.00%, 7/29/16  | 671          | 674,176      |
| Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19                  | 855          | 858,916      |



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|   |     |           |
|---|-----|-----------|
| PETCO Animal Supplies, Inc., Term Loan,<br>4.50%, 11/24/17  | 983 | 983,619   |
| Things Remembered, Inc., Term Loan B,<br>8.00%, 5/24/18     | 315 | 308,700   |
| Toys R Us Delaware, Inc.:<br>Term Loan, 6.00%, 9/01/16      | 300 | 294,418   |
| Term Loan B3, 5.25%, 5/25/18                                | 95  | 90,972    |
| The Yankee Candle Co., Inc., Term Loan B,<br>5.25%, 4/02/19 | 633 | 635,870   |
|   |     | 8,266,173 |

**Textiles, Apparel & Luxury Goods 1.2%**

|  |     |           |
|--|-----|-----------|
| Ascend Performance Materials LLC, Term Loan B,<br>6.75%, 4/10/18 | 923 | 914,227   |
| Wolverine Worldwide, Inc., Term Loan B,<br>4.21%, 6/26/19        | 580 | 583,613   |
|  |     | 1,497,840 |

**Wireless Telecommunication Services 1.8%**

|  |     |         |
|--|-----|---------|
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/31/19   | 203 | 202,500 |
| MetroPCS Wireless, Inc., Tranche B-2 Term Loan,<br>4.07%, 11/03/16 | 761 | 759,946 |

|  | Par<br>(000) | Value       |
|--|--------------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                |              |             |
| <b>Wireless Telecommunication Services (concluded)</b> |              |             |
| Vodafone Americas Finance 2, Inc. (e):                 |              |             |
| Term Loan, 6.88%, 8/11/15                              | USD 934      | \$971,486   |
| Term Loan B, 6.25%, 7/11/16                            | 413          | 420,750     |
|  |              | 2,354,682   |
| <b>Total Floating Rate Loan Interests 130.1%</b>       |              | 165,888,147 |

**Warrants (f) 0.0%**

**Software 0.0%**

|  | Shares |             |
|--|--------|-------------|
| HMH Holdings/EduMedia (Issued/Exercisable<br>3/09/10, 19 Shares for 1 Warrant, Expires<br>6/22/19, Strike Price \$42.27) | 691    |             |
| <b>Total Long-Term Investments</b><br>(Cost \$181,792,608) 144.4%  |        | 184,057,985 |

**Short-Term Securities**

|   |           |               |
|---|-----------|---------------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.15% (g)(h) | 2,326,441 | 2,326,441     |
| <b>Total Short-Term Securities</b><br>(Cost \$2,326,441) 1.8%             |           | 2,326,441     |
| <b>Total Investments (Cost \$184,119,049) 146.2%</b>                      |           | 186,384,426   |
| <b>Liabilities in Excess of Other Assets (46.2)%</b>                      |           | (58,929,833)  |
| <b>Net Assets 100.0%</b>  |           | \$127,454,593 |

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(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty           | Value     | Unrealized |              |
|------------------------|-----------|------------|--------------|
|                        |           |            | Appreciation |
| Credit Suisse Group AG | \$323,050 |            |              |

(d) Non-income producing security.

(e) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

Warrants entitle the Fund 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.

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

| Affiliate   | Shares Held at August 31, Net 2011 |          | Shares Held at August 31, 2012 |  | Income |
|---|------------------------------------|----------|--------------------------------|--|--------|
|   |                                    | Activity |                                |  |        |
| BlackRock Liquidity Funds, Temp Fund, Institutional Class | 2,230,753                          | 95,688   | 2,326,441                      |  | \$662  |

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

See Notes to Financial Statements.

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Schedule of Investments (continued) **BlackRock Defined Opportunity Credit Trust (BHL)**

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

| <b>Currency Purchased</b> | <b>Currency Sold</b> | <b>Counterparty</b> | <b>Settlement Date</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|---------------------------|----------------------|---------------------|------------------------|---|
| USD 99,943                | CAD 101,500          | UBS AG              | 10/17/12               | \$ (2,931)                                    |
| USD 101,840               | GBP 65,000           | Citigroup Inc.      | 10/17/12               | (1,355)                                       |
| USD 1,178,267             | GBP 759,000          | UBS AG              | 10/17/12               | (26,734)                                      |
| EUR 29,000                | USD 36,350           | Citigroup Inc.      | 10/22/12               | 145   |
| USD 3,756,464             | EUR 3,064,000        | Citigroup Inc.      | 10/22/12               | (99,423)                                      |
| USD 124,244               | EUR 100,000          | Citigroup Inc.      | 10/22/12               | (1,601)                                       |
| <b>Total</b>              |                      |                     |                        | <b>\$ (131,899)</b>                           |

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

| <b>Index</b>  | <b>Pay Fixed Rate</b> | <b>Counterparty</b>  | <b>Expiration Date</b> | <b>Notional Amount (000)</b> | <b>Unrealized Depreciation</b> |
|---|-----------------------|----------------------|------------------------|------------------------------|--------------------------------|
| Dow Jones CDX North America High Yield Index Series 18, Version 2 | 5.00%                 | JPMorgan Chase & Co. | 6/20/17                | USD 1,634                    | \$(66,320)                     |

For Fund compliance purposes, the Fund'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 Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

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

Level1 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)

Level3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund'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 instrument is based on the pricing transparency of the investment and derivative

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financial instrument and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund'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 Fund'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 | —           | —             | \$3,427,772  | \$3,427,772   |
| Common Stocks           | \$420,455   | \$572,596     | —            | 993,051       |
| Corporate Bonds         | —           | 13,749,015    | —            | 13,749,015    |
| Floating Rate Loan      |             |               |              |               |
| Interests               | —           | 155,684,119   | 10,204,028   | 165,888,147   |
| Short-Term Securities.  | \$2,326,441 | —             | —            | 2,326,441     |
| Total                   | \$2,746,896 | \$170,005,730 | \$13,631,800 | \$186,384,426 |

|   | Level 1 | Level 2     | Level 3 | Total       |
|---|---------|-------------|---------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |             |         |             |
| Assets:                                       |         |             |         |             |
| Foreign currency exchange contracts           | —       | \$145       | —       | \$145       |
| Liabilities:                                  |         |             |         |             |
| Foreign currency exchange contracts           | —       | (132,044)   | —       | (132,044)   |
| Credit contracts                              | —       | (66,320 )   | —       | (66,320 )   |
| Total   | —       | \$(198,219) | —       | \$(198,219) |

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

Certain of the Fund'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     | \$12,292 | —              | — | \$12,292       |
| Liabilities: |          |                |   |                |
| Loan payable | —        | \$(55,000,000) | — | (55,000,000)   |
| Total        | \$12,292 | \$(55,000,000) | — | \$(54,987,708) |

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

See Notes to Financial Statements.

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Schedule of Investments (concluded) **BlackRock Defined Opportunity Credit Trust (BHL)**

The following table summarizes the valuation techniques used and unobservable inputs developed by the BlackRock Global Valuation Methodologies Committee ( Global Valuation Committee ) to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value       | Valuation Techniques             | Unobservable Inputs <sup>1</sup> | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>2</sup> |
|------------------------------|-------------|----------------------------------|----------------------------------|------------------------------|--|
| <b>Assets:</b>               |             |                                  |                                  |                              |  |
| Floating Rate Loan Interests | \$1,467,159 | Market Comparable Companies Cost | Yield N/A <sup>3</sup>           | 9.65%                        | 9.65%  |
| <b>Total<sup>4</sup></b>     | \$1,467,159 |                                  |                                  |                              |  |

<sup>1</sup>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                           |

<sup>2</sup>Unobservable inputs are weighted based on the value of the investments included in the range.

The Fund 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

<sup>3</sup>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 Fund.

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 <sup>4</sup>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 is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|  | Asset-Backed Securities | Common Stocks | Floating Rate Loan Interests | Total        |
|--|-------------------------|---------------|------------------------------|--------------|
| Assets:                                |                         |               |                              |              |
| Opening balance, as of August 31, 2011 | \$2,378,561             | \$106,534     | \$10,822,191                 | \$13,307,286 |

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|   |              |           |              |              |
|---|--------------|-----------|--------------|--------------|
| Transfers into Level 3 <sup>5</sup>                             | —            | —         | 812,985      | 812,985      |
| Transfers out of Level 3 <sup>6</sup>                           | —            | —         | (5,478,303 ) | (5,478,303 ) |
| Accrued discounts/premiums                                      | 37,938       | —         | 21,250       | 59,188       |
| Net realized gain (loss)  | (38,467 )    | (503,772) | 22,536       | (519,703 )   |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 143,076      | 397,245   | 195,347      | 735,668      |
| Purchases   | 2,494,764    | —         | 5,135,597    | 7,630,361    |
| Sales   | (1,588,100 ) | (7 )      | (1,327,575 ) | (2,915,682 ) |
| Closing Balance, as of August 31, 2012                          | \$3,427,772  | —         | \$10,204,028 | \$13,631,800 |

As of August 31, 2011, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$812,985 transferred from Level 2 to Level 3 in the disclosure hierarchy.

As of August 31, 2011, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$5,478,303 transferred from Level 3 to Level 2 in the disclosure hierarchy.

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 \$249,362. See Notes to Financial Statements.

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Consolidated Schedule of Investments August 31, 2012 **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000)</b> | <b>Value</b>     |
|---|----------------------|------------------|
| <b>Asset-Backed Securities</b>  |                      |                  |
| Fraser Sullivan CLO Ltd., Series 2012-7A,<br>Class C, 4.47%, 4/20/23 (a)(b)                 | USD 230              | \$ 204,378       |
| Gannett Peak CLO Ltd., Series 2006-1X,<br>Class A2, 0.81%, 10/27/20 (b)                     | 280                  | 235,900          |
| Goldentree Loan Opportunities VI Ltd.,<br>Series 2012-6A, Class D,<br>4.66%, 4/17/22 (a)(b) | 375                  | 340,912          |
| Highbridge Loan Management Ltd.,<br>Series 2012-1A, Class C,<br>5.71%, 9/20/22 (a)(b)(c)    | 350                  | 323,050          |
| ING Investment Management, Series 2012-2A,<br>Class D, 4.99%, 10/15/22 (a)(b)               | 375                  | 334,354          |
| LCM LP, Series 11A, Class D2,<br>4.41%, 4/19/22 (a)(b)                                      | 400                  | 350,000          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.42%, 12/21/17 (a)(b)                       | 275                  | 260,893          |
| Race Point CLO, Series 2012-6A, Class D,<br>4.93%, 5/24/23 (a)(b)                           | 250                  | 225,925          |
| Symphony CLO Ltd. (a)(b):<br>Series 2012-10A, Class D,<br>5.69%, 7/23/23                    | 350                  | 323,750          |
| Series 2012-9A, Class D, 4.71%, 4/16/22   | 500                  | 445,600          |
| <b>Total Asset-Backed Securities 2.3%</b>   |                      | <b>3,044,762</b> |
| <b>Common Stocks (d)</b>  |                      |                  |
| <b>Auto Components 0.3%</b>   |                      |                  |
| Delphi Automotive Plc   | 14,778               | 447,638          |
| <b>Diversified Financial Services 0.8%</b>  |                      |                  |
| Kcad Holdings I Ltd.  | 170,157,152          | 1,128,312        |
| <b>Electrical Equipment 0.0%</b>  |                      |                  |
| Medis Technologies Ltd.   | 176,126              | 528              |
| <b>Metals &amp; Mining 0.1%</b>   |                      |                  |
| Euramax International   | 468                  | 99,733           |
| <b>Paper &amp; Forest Products 0.5%</b>   |                      |                  |
| Ainsworth Lumber Co. Ltd. (a)   | 275,167              | 602,953          |
| <b>Software 0.3%</b>  |                      |                  |
| Bankruptcy Management Solutions, Inc.   | 536                  | 5                |
| HMH Holdings/EduMedia   | 16,048               | 393,182          |
|   |                      | 393,187          |
| <b>Total Common Stocks 2.0%</b>   |                      | <b>2,672,351</b> |



|  | <b>Par<br/>(000)</b> |                      |
|--|----------------------|----------------------|
| <b>Corporate Bonds</b>   |                      |                      |
| <b>Airlines 0.1%</b>   |                      |                      |
| American Airlines Pass-Through Trust, Series 2011-2, Class A, 8.63%, 4/15/23 | USD 129              | 136,818              |
| Delta Air Lines, Inc., Series 2009-1 Series B, 9.75%, 6/17/18                | 53                   | 57,610<br>194,428    |
| <b>Auto Components 0.8%</b>  |                      |                      |
| Icahn Enterprises LP:  |                      |                      |
| 7.75%, 1/15/16   | 735                  | 771,750              |
| 8.00%, 1/15/18   | 330                  | 351,450<br>1,123,200 |
| <b>Capital Markets 0.1%</b>  |                      |                      |
| E*Trade Financial Corp., 2.25%, 8/31/19 (a)(e)(f)                            | 83                   | 70,965               |

|  | <b>Par<br/>(000) Value</b> |                      |
|--|----------------------------|----------------------|
| <b>Corporate Bonds</b>                             |                            |                      |
| <b>Capital Markets (concluded)</b>                 |                            |                      |
| KKR Group Finance Co. LLC, 6.38%, 9/29/20 (a)      | USD 80                     | \$ 90,556<br>161,521 |
| <b>Chemicals 0.2%</b>                              |                            |                      |
| Hexion US Finance Corp., 6.63%, 4/15/20            | 135                        | 136,350              |
| INEOS Finance Plc, 8.38%, 2/15/19 (a)              | 115                        | 121,037<br>257,387   |
| <b>Commercial Banks 0.1%</b>                       |                            |                      |
| CIT Group, Inc., 7.00%, 5/02/16 (a)                | 104                        | 104,528              |
| Glitnir Banki HF, 6.38%, 9/25/12 (a)(d)(g)         | 365                        | 104,528              |
| <b>Commercial Services &amp; Supplies 0.3%</b>     |                            |                      |
| ARAMARK Corp., 3.94%, 2/01/15 (b)                  | 65                         | 64,838               |
| AWAS Aviation Capital Ltd., 7.00%, 10/17/16 (a)    | 324                        | 342,267              |
| Brickman Group Holdings, Inc., 9.13%, 11/01/18 (a) | 14                         | 14,140<br>421,245    |
| <b>Communications Equipment 0.5%</b>               |                            |                      |
| Zayo Group LLC/Zayo Capital, Inc.:                 |                            |                      |
| 8.13%, 1/01/20                                     | 400                        | 425,000              |
| 10.13%, 7/01/20                                    | 265                        | 284,212<br>709,212   |
| <b>Consumer Finance 0.3%</b>                       |                            |                      |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)          | 350                        | 380,625              |
| <b>Diversified Financial Services 1.0%</b>         |                            |                      |
| Ally Financial, Inc.:                              |                            |                      |

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|  |         |           |
|--|---------|-----------|
| 7.50%, 12/31/13                                    | 20      | 21,375    |
| 2.67%, 12/01/14 (b)                                | 325     | 319,429   |
| 7.50%, 9/15/20                                     | 160     | 183,200   |
| 8.00%, 11/01/31                                    | 70      | 82,775    |
| 8.00%, 11/01/31                                    | 80      | 94,960    |
| Reynolds Group Issuer, Inc.:                       |         |           |
| 7.75%, 10/15/16                                    | EUR 200 | 259,736   |
| 6.88%, 2/15/21                                     | USD 380 | 411,350   |
|  |         | 1,372,825 |
| <b>Diversified Telecommunication Services 0.1%</b> |         |           |
| ITC Deltacom, Inc., 10.50%, 4/01/16                | 180     | 193,950   |
| <b>Energy Equipment &amp; Services 0.1%</b>        |         |           |
| FTS International Services LLC / FTS               |         |           |
| International Bonds Inc,                           |         |           |
| 8.13%, 11/15/18 (a)                                | 165     | 170,363   |
| <b>Health Care Providers &amp; Services 0.8%</b>   |         |           |
| CHS/Community Health Systems, Inc.,                |         |           |
| 5.13%, 8/15/18                                     | 378     | 389,812   |
| HCA, Inc., 6.50%, 2/15/20                          | 420     | 461,475   |
| Tenet Healthcare Corp., 6.25%, 11/01/18            | 195     | 211,697   |
|  |         | 1,062,984 |
| <b>Health Care Technology 0.6%</b>                 |         |           |
| IMS Health, Inc.,                                  |         |           |
| 12.50%, 3/01/18 (a)                                | 700     | 822,500   |
| <b>Hotels, Restaurants &amp; Leisure 0.6%</b>      |         |           |
| Little Traverse Bay Bands of Odawa Indians,        |         |           |
| 9.00%, 8/31/20 (a)                                 | 192     | 174,720   |
| Travelport LLC:                                    |         |           |
| 5.09%, 9/01/14 (b)                                 | 665     | 472,150   |
| 9.88%, 9/01/14                                     | 145     | 115,275   |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par<br/>(000) Value</b> |                        |
|--|----------------------------|------------------------|
| <b>Corporate Bonds</b>   |                            |                        |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>                 |                            |                        |
| Tropicana Entertainment LLC,<br>9.63%, 12/15/14 (d)(g)               | USD 120                    | \$ 762,145             |
| <b>Household Durables 0.1%</b>                                       |                            |                        |
| Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)                           | 190                        | 194,275                |
| <b>Independent Power Producers &amp; Energy Traders<br/>1.7%</b>     |                            |                        |
| Calpine Corp.,<br>7.25%, 10/15/17 (a)                                | 325                        | 347,750                |
| Energy Future Holdings Corp., 10.00%, 1/15/20                        | 285                        | 314,213                |
| Energy Future Intermediate Holding Co. LLC,<br>10.00%, 12/01/20      | 1,405                      | 1,577,112<br>2,239,075 |
| <b>Industrial Conglomerates 0.6%</b>                                 |                            |                        |
| Sequa Corp.,<br>13.50%, 12/01/15 (a)                                 | 722                        | 764,863                |
| <b>IT Services 0.2%</b>  |                            |                        |
| First Data Corp.,<br>6.75%, 11/01/20 (a)                             | 260                        | 258,050                |
| <b>Machinery 0.1%</b>  |                            |                        |
| UR Financing Escrow Corp., 5.75%, 7/15/18 (a)                        | 85                         | 89,888                 |
| <b>Media 2.0%</b>  |                            |                        |
| AMC Networks, Inc., 7.75%, 7/15/21                                   | 110                        | 124,575                |
| Checkout Holding Corp.,<br>16.03%, 11/15/15 (a)(f)                   | 325                        | 198,250                |
| Clear Channel Worldwide Holdings, Inc.,<br>Series B, 9.25%, 12/15/17 | 884                        | 960,245                |
| NAI Entertainment Holdings LLC,<br>8.25%, 12/15/17 (a)               | 270                        | 301,050                |
| Unitymedia Hessen GmbH & Co. KG,<br>8.13%, 12/01/17 (a)              | 1,000                      | 1,082,500<br>2,666,620 |
| <b>Metals &amp; Mining 0.0%</b>                                      |                            |                        |
| RathGibson, Inc., 11.25%, 2/15/14 (d)(g)                             | 1,390                      |                        |
| <b>Oil, Gas &amp; Consumable Fuels 0.2%</b>                          |                            |                        |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                        | 60                         | 63,900                 |
| EP Energy LLC/EP Energy Finance, Inc.,<br>6.88%, 5/01/19 (a)         | 155                        | 166,238<br>230,138     |
| <b>Paper &amp; Forest Products 0.5%</b>                              |                            |                        |
| Ainsworth Lumber Co. Ltd.,   |                            |                        |

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|   |     |                      |
|---|-----|----------------------|
| 11.00%, 7/29/15 (a)(h)  | 303 | 275,821              |
| Clearwater Paper Corp., 10.63%, 6/15/16                       | 190 | 212,325              |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a) | 165 | 170,775<br>658,921   |
| <b>Pharmaceuticals 0.2%</b>                                   |     |                      |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)  | 195 | 205,725              |
| <b>Real Estate Management &amp; Development 0.1%</b>          |     |                      |
| Realogy Corp., 7.63%, 1/15/20 (a)                             | 175 | 190,750              |
| <b>Wireless Telecommunication Services 1.9%</b>               |     |                      |
| Cricket Communications, Inc., 7.75%, 5/15/16                  | 850 | 896,750              |
| Digicel Group Ltd. (a):                                       |     |                      |
| 9.13%, 1/15/15  | 279 | 281,790              |
| 8.25%, 9/01/17  | 255 | 270,300              |
| Sprint Nextel Corp. (a):                                      |     |                      |
| 9.00%, 11/15/18   | 380 | 448,400              |
| 7.00%, 3/01/20  | 585 | 640,575<br>2,537,815 |
| <b>Total Corporate Bonds 13.2%</b>                            |     | 17,773,033           |

|  | Par<br>(000) | Value                |
|--|--------------|----------------------|
| <b>Floating Rate Loan Interests (b)</b>                                    |              |                      |
| <b>Aerospace &amp; Defense 1.6%</b>  |              |                      |
| DynCorp International, Term<br>Loan B, 6.25%, 7/07/16                      | USD 301      | \$ 299,974           |
| SI Organization, Inc., Term Loan B,<br>4.50%, 11/22/16                     | 415          | 403,984              |
| Spirit Aerosystems, Inc., Term Loan B,<br>3.75%, 4/18/19                   | 384          | 384,679              |
| TransDigm, Inc.:   |              |                      |
| Add on Term Loan B2, 4.00%, 2/14/17  | 189          | 190,075              |
| Term Loan B, 4.00%, 2/14/17  | 602          | 603,912              |
| Wesco Aircraft Hardware Corp., Term Loan B,<br>4.25%, 4/07/17              | 337          | 336,593<br>2,219,217 |
| <b>Airlines 0.8%</b>   |              |                      |
| Delta Air Lines, Inc., Credit Term Loan B,<br>5.50%, 4/20/17               | 993          | 999,947              |
| US Airways Group, Inc., Term Loan,<br>2.74%, 3/21/14                       | 60           | 57,975<br>1,057,922  |
| <b>Auto Components 2.8%</b>  |              |                      |
| Autoparts Holdings Ltd., First Lien Term Loan,<br>6.50%, 7/28/17           | 695          | 680,855              |
| Federal-Mogul Corp.:   |              |                      |
| Term Loan B, 2.17% 2.18%, 12/29/14   | 921          | 878,565              |
| Term Loan C, 2.17% 2.18%, 12/28/15   | 312          | 297,410              |
| The Goodyear Tire & Rubber Co., Term Loan<br>(Second Lien), 4.75%, 4/30/19 | 1,215        | 1,210,444            |

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|  |         |                      |
|--|---------|----------------------|
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17  | 380     | 381,109              |
| UCI International, Inc., Term Loan B,<br>5.50%, 7/26/17                                    | 345     | 345,612<br>3,793,995 |
| <b>Biotechnology 0.5%</b>  |         |                      |
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17   | 648     | 649,184              |
| <b>Building Products 3.1%</b>  |         |                      |
| Armstrong World Industries, Inc., Term Loan B,<br>4.00%, 3/09/18                           | 897     | 894,392              |
| CPG International, Inc., Term Loan B,<br>6.00%, 2/18/17                                    | 837     | 823,645              |
| Goodman Global, Inc., Initial Term Loan (First<br>Lien), 5.75%, 10/28/16                   | 2,094   | 2,096,218            |
| Momentive Performance Materials, Inc.<br>(Nautilus), Extended Term Loan,<br>3.62%, 5/05/15 | EUR 313 | 360,816<br>4,175,071 |
| <b>Capital Markets 2.0%</b>  |         |                      |
| American Capital Holdings, Term Loan,<br>5.50%, 7/19/16                                    | USD 539 | 541,021              |
| HarbourVest Partners LLC, Term Loan B,<br>6.25%, 12/16/16                                  | 754     | 753,082              |
| Nuveen Investments, Inc.:<br>Extended (First Lien), Term Loan,<br>5.95% 5.96%, 5/13/17     | 438     | 438,255              |
| Extended Term Loan,<br>5.92% 5.96%, 5/12/17  | 862     | 864,443              |
| Incremental Term Loan, 7.25%, 5/13/17  | 85      | 85,383<br>2,682,184  |
| <b>Chemicals 6.0%</b>  |         |                      |
| American Rock Salt Holdings LLC, Term Loan,<br>5.50%, 4/25/17                              | 602     | 584,906              |
| Ashland, Inc., Term Loan B, 3.75%, 8/23/18   | 271     | 271,637              |
| Chemtura Corp., Exit Term Loan B,<br>5.50%, 8/27/16  | 700     | 702,044              |
| Evergreen Acqco 1 LP, Term Loan B,<br>6.25%, 7/09/19                                       | 370     | 373,471              |
| Gentek, Inc., Term Loan, 10/06/15  | 338     | 336,177              |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

| <b>Floating Rate Loan Interests (b)</b>   | <b>Par<br/>(000) Value</b> |           |
|---|----------------------------|-----------|
| <b>Chemicals (concluded)</b>  |                            |           |
| INEOS US Finance LLC:   |                            |           |
| 3 Year Term Loan, 5.50%, 5/04/15  | USD 95                     | \$ 95,473 |
| 6 Year Term Loan, 6.50%, 5/04/18  | 1,983                      | 1,985,845 |
| MacDermid, Inc., Tranche C Term Loan,<br>2.32%, 4/11/14   | EUR 208                    | 259,161   |
| Nexeo Solutions LLC, Term Loan B,<br>5.00%, 9/08/17   | USD 593                    | 576,580   |
| PolyOne Corp., Term Loan, 5.00%, 12/20/17   | 194                        | 194,607   |
| PQ Corp. (FKA Niagara Acquisition, Inc.),<br>Term Loan B, 3.98%, 7/30/14                          | 1,077                      | 1,057,275 |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17  | 268                        | 249,927   |
| Tronox, Inc.:   |                            |           |
| Delayed Draw Term Loan, 4.25%, 2/08/18  | 167                        | 166,740   |
| Term Loan B, 4.25%, 2/08/18   | 613                        | 611,380   |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17   | 633                        | 629,453   |
|   |                            | 8,094,676 |
| <b>Commercial Services &amp; Supplies 5.5%</b>  |                            |           |
| ACCO Brands Corp., Term Loan B,<br>4.25%, 4/30/19   | 905                        | 904,699   |
| Altegrity, Inc. (FKA US Investigations<br>Services, Inc.), Tranche D Term Loan,<br>7.75%, 2/20/15 | 713                        | 709,327   |
| ARAMARK Corp.:  |                            |           |
| Extended Term Loan B, 3.48%, 7/26/16  | 148                        | 147,531   |
| Extended Term Loan C,<br>3.48% 3.71%, 7/26/16   | 86                         | 85,666    |
| Letter of Credit, 3.50%, 7/26/16  | 10                         | 9,702     |
| Letter of Credit Facility, 3.50%, 7/26/16   | 7                          | 6,901     |
| AWAS Finance Luxembourg 2012 SA, Term<br>Loan, 5.75%, 7/16/18                                     | 320                        | 320,000   |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                      | 395                        | 394,586   |
| Delos Aircraft, Inc., Term Loan B2,<br>4.75%, 4/12/16   | 925                        | 934,250   |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17  | 1,236                      | 1,235,797 |
| Protection One, Inc., Term Loan,<br>5.75%, 3/21/19  | 594                        | 599,448   |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14  | 632                        | 560,779   |
| Volume Services America, Inc., Term Loan B,   |                            |           |

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|  |     |           |
|--|-----|-----------|
| 10.50% 10.75%, 9/16/16                   | 491 | 491,250   |
| West Corp., Term Loan B6, 5.75%, 6/29/18 | 945 | 947,958   |
|  |     | 7,347,894 |

**Communications Equipment 2.9%**

Avaya, Inc.:

|   |       |           |
|---|-------|-----------|
| Extended Term Loan B3, 4.93%, 10/26/17          | 133   | 118,890   |
| Term Loan B1, 3.18%, 10/24/14                   | 849   | 815,319   |
| CommScope, Inc., Term Loan,<br>4.25%, 1/12/18   | 765   | 764,232   |
| Zayo Group, LLC, Term Loan B,<br>7.13%, 7/02/19 | 2,195 | 2,227,244 |
|   |       | 3,925,685 |

**Construction & Engineering 0.9%**

|  |     |           |
|--|-----|-----------|
| BakerCorp. International, Inc., Term Loan B,<br>4.75%, 6/01/18 | 431 | 428,820   |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17   | 800 | 800,000   |
|  |     | 1,228,820 |

**Construction Materials 2.0%**

|  |       |           |
|--|-------|-----------|
| HD Supply, Inc., Senior Debt B,<br>7.25%, 10/12/17 | 2,620 | 2,676,775 |
|--|-------|-----------|

**Consumer Finance 0.8%**

|  |       |           |
|--|-------|-----------|
| Springleaf Financial Funding Co.(FKA AGFS<br>Funding Co.), Term Loan, 5.50%, 5/10/17 | 1,115 | 1,076,811 |
|--|-------|-----------|

**Floating Rate Loan Interests (b)** **Par (000) Value**

**Containers & Packaging 0.5%**

|   |         |            |
|---|---------|------------|
| Sealed Air Corp., Term Loan B,<br>4.75%, 10/03/18 | USD 645 | \$ 647,993 |
|---|---------|------------|

**Diversified Consumer Services 3.3%**

|   |       |           |
|---|-------|-----------|
| Coinmach Service Corp., Term Loan B,<br>3.33%, 11/20/14             | 1,204 | 1,155,088 |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18           | 324   | 285,226   |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18     | 1,069 | 1,042,565 |
| ServiceMaster Co.:  |       |           |
| Delayed Draw Term Loan, 2.74%, 7/24/14                              | 115   | 114,149   |
| Term Loan, 2.75% 2.97%, 7/24/14                                     | 1,154 | 1,146,283 |
| Weight Watchers International, Inc.,<br>Term Loan F, 4.00%, 3/15/19 | 633   | 625,362   |
|   |       | 4,368,673 |

**Diversified Financial Services 1.9%**

Residential Capital LLC:

|                                   |     |         |
|-----------------------------------|-----|---------|
| DIP Term Loan A1, 5.00%, 11/18/13 | 615 | 616,538 |
| DIP Term Loan A2, 6.75%, 11/18/13 | 90  | 91,050  |
| Reynolds Group Holdings, Inc.:    |     |         |
| Term Loan B, 6.50%, 2/09/18       | 562 | 564,902 |

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|                             |       |           |           |
|-----------------------------|-------|-----------|-----------|
| Term Loan C, 6.50%, 8/09/18 | 1,205 | 1,220,163 |           |
|                             |       |           | 2,492,653 |

**Diversified Telecommunication Services 5.4%**

|  |       |           |           |
|--|-------|-----------|-----------|
| Hawaiian Telcom Communications, Inc.,<br>Term Loan B, 7.00%, 2/28/17 | 1,105 | 1,118,812 |           |
| Integra Telecom Holdings, Inc., Term Loan B,<br>9.25%, 4/15/15       | 809   | 796,373   |           |
| Level 3 Financing, Inc.:<br>2016 Term Loan B, 4.75%, 2/01/16         | 780   | 781,560   |           |
| 2019 Term Loan B, 5.25%, 8/01/19                                     | 635   | 635,927   |           |
| Term Loan B2, 5.75%, 9/03/18   | 1,675 | 1,679,422 |           |
| Term Loan B3, 5.75%, 8/31/18   | 750   | 751,980   |           |
| Telesat LLC, Term Loan B, 4.25%, 3/28/19                             | 785   | 783,163   |           |
| US Telepacific Corp., Term Loan B,<br>5.75%, 2/23/17                 | 742   | 708,450   | 7,255,687 |

**Electronic Equipment, Instruments & Components**

**0.9%**

|  |     |         |           |
|--|-----|---------|-----------|
| CDW LLC, Extended Term Loan,<br>4.00%, 7/14/17                               | 543 | 536,113 |           |
| Flextronics International Ltd. Delay Draw:<br>Term Loan A-2, 2.48%, 10/01/14 | 20  | 20,202  |           |
| Term Loan A-3, 2.48%, 10/01/14   | 24  | 23,568  |           |
| Sensata Technologies Finance Co. LLC,<br>Term Loan, 4.00%, 5/11/18           | 642 | 642,323 | 1,222,206 |

**Energy Equipment & Services 2.9%**

|  |       |           |           |
|--|-------|-----------|-----------|
| Dynegy Midwest Generation LLC, Coal Co.<br>Term Loan, 9.25%, 8/04/16 | 482   | 499,999   |           |
| Dynegy Power LLC, Gas Co. Term Loan,<br>9.25%, 8/04/16               | 610   | 638,255   |           |
| MEG Energy Corp., Term Loan B,<br>4.00%, 3/16/18                     | 1,588 | 1,589,794 |           |
| Tervita Corp.:<br>Incremental Term Loan, 6.50%, 10/17/14             | 368   | 367,844   |           |
| Term Loan B, (FKA CCS Corp.),<br>3.23%, 11/14/14                     | 792   | 777,270   | 3,873,162 |

**Food & Staples Retailing 1.7%**

|   |         |           |  |
|---|---------|-----------|--|
| AB Acquisitions UK Topco 2, Term Loan B1,<br>3.52%, 7/09/15 | GBP 750 | 1,123,901 |  |
| Pilot Travel Centers LLC, Term Loan B2,<br>4.25%, 8/07/19   | USD 510 | 511,275   |  |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

| <b>Floating Rate Loan Interests (b)</b>  | <b>Par<br/>(000) Value</b>      |
|--|---------------------------------|
| <b>Food &amp; Staples Retailing (concluded)</b>                                      |                                 |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.),<br>Extended Term Loan B, 5.75%, 3/31/17 | USD 661 \$ 638,416<br>2,273,592 |
| <b>Food Products 3.0%</b>  |                                 |
| Advance Pierre Foods:<br>Term Loan (First Lien), 7.00%, 9/30/16                      | 824 827,822                     |
| Term Loan (Second Lien),<br>11.25%, 9/29/17  | 550 553,300                     |
| Del Monte Foods Co., Term Loan,<br>4.50%, 3/08/18                                    | 1,130 1,114,339                 |
| Michael Foods Group, Inc., Term Loan,<br>4.25%, 2/23/18                              | 162 161,885                     |
| Pinnacle Foods Finance LLC:<br>Extended Term Loan B, 3.75%, 10/03/16                 | 45 44,150                       |
| Term Loan E, 4.75%, 10/17/18   | 547 544,600                     |
| Solvest Ltd. (Dole):<br>Term Loan B-2, 5.00% 6.00%, 7/06/18                          | 265 265,347                     |
| Term Loan C-2, 5.00% 6.00%, 7/06/18  | 474 474,833<br>3,986,276        |
| <b>Health Care Equipment &amp; Supplies 5.2%</b>                                     |                                 |
| Bausch & Lomb, Inc., Term Loan B,<br>5.25%, 5/17/19                                  | 1,405 1,409,679                 |
| Biomet, Inc., Term Loan B,<br>3.23% 3.47%, 3/25/15                                   | 193 192,468                     |
| BSN Medical Acquisition Holding GmbH,<br>Term Loan B, 6.00%, 7/27/19                 | 405 406,013                     |
| DJO Finance LLC:<br>Extended Term Loan B2, 5.23%, 11/01/16                           | 199 198,765                     |
| Term Loan B3, 6.25%, 9/15/17   | 1,117 1,118,127                 |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19   | 1,850 1,861,230                 |
| Hupah Finance, Inc., Term Loan B,<br>6.25%, 1/21/19                                  | 379 380,471                     |
| Iasis Healthcare LLC, Term Loan,<br>5.00%, 5/03/18                                   | 368 361,693                     |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18   | 868 871,694                     |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18                               | 225 226,688<br>7,026,828        |
| <b>Health Care Providers &amp; Services 4.7%</b>                                     |                                 |
| Community Health Systems, Inc., Extended   |                                 |

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|  |     |         |
|--|-----|---------|
| Term Loan B, 3.92% 3.96%, 1/25/17                                  | 35  | 35,363  |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                         | 581 | 581,894 |
| DaVita, Inc.:  |     |         |
| Term Loan B, 4.50%, 10/20/16                                       | 917 | 919,637 |
| Term Loan B2, 4.00%, 9/02/19                                       | 660 | 656,806 |
| Emergency Medical Services Corp., Term Loan,<br>5.25%, 5/25/18     | 695 | 694,246 |
| Harden Healthcare LLC:   |     |         |
| Add on Term Loan A, 7.75%, 3/02/15                                 | 469 | 454,188 |
| Term Loan A, 8.50%, 3/02/15  | 294 | 288,005 |
| HCA, Inc.:   |     |         |
| Extended Term Loan B3, 3.48%, 5/01/18                              | 354 | 347,982 |
| Tranche B-2 Term Loan, 3.71%, 3/31/17                              | 57  | 55,927  |
| inVentiv Health, Inc.:   |     |         |
| Combined Term Loan, 6.50%, 8/04/16                                 | 277 | 257,959 |
| Incremental Term Loan B-3,<br>6.75%, 5/15/18                       | 540 | 503,444 |
| Medpace, Inc., Term Loan,<br>6.50% 7.25%, 6/16/17                  | 574 | 548,597 |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18   | 315 | 315,262 |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19 | 545 | 549,088 |

**Par  
(000) Value**

**Floating Rate Loan Interests (b)**

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

Vanguard Health Holding Co. II LLC (Vanguard Health Systems, Inc.), Term Loan B,  
5.00%, 1/29/16

USD 65 \$ 64,796  
6,273,194

**Health Care Technology 1.4%**

IMS Health, Inc., Term Loan B,  
4.50%, 8/25/17

580 582,072

Kinetic Concepts, Inc., Term Loan B,  
7.00%, 5/04/18

971 978,898

MedAssets, Inc., Term Loan, 5.25%, 11/16/16

341 342,200  
1,903,170

**Hotels, Restaurants & Leisure 7.0%**

Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17

658 661,773

Ameristar Casinos, Inc., Term Loan B,  
4.00%, 4/16/18

588 588,775

Boyd Gaming Corp., Incremental Term Loan,  
6.00%, 12/17/15

414 417,707

Caesars Entertainment Operating Co., Inc.:

Extended Term Loan B6, 5.49%, 1/26/18

100 87,906

Incremental Term Loan B4,

9.50%, 10/31/16

634 646,057

Term Loan B1, 3.24%, 1/28/15

3 3,238

Term Loan B3, 3.24% 3.46%, 1/28/15

2,543 2,411,538

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|   |       |                        |
|---|-------|------------------------|
| DineEquity, Inc., Term Loan B,<br>4.25% 5.25%, 10/19/17   | 37    | 37,170                 |
| Dunkin Brands, Inc., Term Loan B2,<br>4.00%, 11/23/17   | 1,180 | 1,167,023              |
| Golden Living, Term Loan, 5.00%, 5/04/18  | 152   | 144,894                |
| OSI Restaurant Partners LLC:<br>Revolver, 2.49% 4.50%, 6/14/13  | 4     | 4,454                  |
| Term Loan B, 2.56%, 6/14/14   | 45    | 44,893                 |
| Sabre, Inc., Non-Extended Initial Term Loan,<br>2.23%, 9/30/14  | 156   | 154,256                |
| SeaWorld Parks & Entertainment, Inc. (FKA SW<br>Acquisitions Co., Inc.), Term Loan B,<br>4.00%, 8/17/17 | 465   | 465,322                |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18  | 735   | 736,720                |
| Station Casinos, Inc., Term Loan B1,<br>3.23%, 6/17/16  | 413   | 392,691                |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15                                      | 340   | 340,688                |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19   | 1,135 | 1,140,062<br>9,445,167 |
| <b>Household Products 0.5%</b>  |       |                        |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19   | 621   | 625,386                |
| <b>Independent Power Producers &amp; Energy Traders<br/>1.0%</b>  |       |                        |
| The AES Corp., Term Loan, 4.25%, 6/01/18  | 988   | 989,969                |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18  | 225   | 225,310                |
| GenOn Energy, Inc., Term Loan B,<br>6.00%, 12/01/17   | 135   | 135,965<br>1,351,244   |
| <b>Industrial Conglomerates 1.9%</b>  |       |                        |
| Sequa Corp.:<br>Incremental Term Loan, 6.25%, 12/03/14  | 209   | 209,197                |
| Term Loan, 3.69% 3.72%, 12/03/14  | 2,387 | 2,370,212<br>2,579,409 |
| <b>Insurance 0.8%</b>   |       |                        |
| Asurion LLC, Term Loan (First Lien),<br>5.50%, 5/24/18  | 318   | 318,384                |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000) Value</b> |                         |
|---|----------------------------|-------------------------|
| <b>Floating Rate Loan Interests (b)</b>   |                            |                         |
| <b>Insurance (concluded)</b>  |                            |                         |
| CNO Financial Group, Inc., Term Loan B,<br>6.25%, 9/30/16                                 | USD 716                    | \$ 717,687<br>1,036,071 |
| <b>Internet Software &amp; Services 0.4%</b>  |                            |                         |
| Web.com Group, Inc., Term Loan B,<br>7.00%, 10/27/17                                      | 557                        | 554,189                 |
| <b>IT Services 5.4%</b>   |                            |                         |
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17                                     | 737                        | 736,354                 |
| First Data Corp.:<br>Extended 2018 Term Loan B,<br>4.24%, 3/23/18                         | 3,059                      | 2,888,604               |
| Non-Extended Term Loan B-1,<br>2.99%, 9/24/14   | 139                        | 137,101                 |
| Non-Extended Term Loan B-3,<br>2.99%, 9/24/14   | 46                         | 44,978                  |
| Genpact International, Inc., Term Loan B,<br>4.25%, 8/16/19                               | 805                        | 805,000                 |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18  | 345                        | 305,143                 |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17   | 330                        | 330,500                 |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18   | 432                        | 433,896                 |
| SunGard Data Systems, Inc. (Solar Capital<br>Corp.), Term Loan B,<br>3.86% 4.06%, 2/26/16 | 150                        | 149,788                 |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18   | 1,450                      | 1,459,344<br>7,290,708  |
| <b>Leisure Equipment &amp; Products 1.2%</b>  |                            |                         |
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13                                     | 541                        | 536,621                 |
| EB Sports Corp., Term Loan,<br>11.50%, 12/31/15   | 562                        | 551,026                 |
| FGI Operating Company, LLC, Term Loan,<br>5.50% 6.50%, 4/19/19                            | 510                        | 511,596<br>1,599,243    |
| <b>Machinery 2.9%</b>   |                            |                         |
| Intelligrated, Inc., First Lien Term Loan,<br>6.75%, 7/30/18                              | 500                        | 495,000                 |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17                              | 461                        | 462,794                 |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18  | 348                        | 349,618                 |
| Terex Corp.:  |                            |                         |

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|   |         |                      |
|---|---------|----------------------|
| Term Loan, 6.00%, 4/28/17                             | EUR 65  | 80,738               |
| Term Loan B, 5.50%, 4/28/17                           | USD 636 | 638,726              |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16              | 1,287   | 1,290,282            |
| Wabash National Corp., Term Loan B,<br>6.00%, 5/02/19 | 579     | 582,166<br>3,899,324 |

**Media 16.3%**

|   |       |           |
|---|-------|-----------|
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18   | 246   | 246,591   |
| Affinion Group, Inc., Term Loan B,<br>5.00%, 7/16/15  | 268   | 227,587   |
| AMC Entertainment, Inc., Term Loan B3,<br>4.25%, 2/22/18  | 348   | 348,598   |
| AMC Networks, Inc., Term Loan B,<br>4.00%, 12/31/18   | 792   | 791,509   |
| Atlantic Broadband Finance LLC, 1st Lien Term<br>Loan, 5.25%, 4/04/19                             | 485   | 485,456   |
| BBHI Acquisition LLC (FKA Bresnan<br>Telecommunications Co. LLC), Term Loan B,<br>4.50%, 12/14/17 | 1,172 | 1,175,306 |
| Capsugel Holdings US, Inc., Term Loan B,<br>4.75%, 8/01/18  | 602   | 603,227   |
| Catalina Marketing Corp., Extended Term Loan<br>B, 5.73%, 9/29/17                                 | 567   | 559,456   |

**Floating Rate Loan Interests (b)**

**Par  
(000) Value**

**Media (concluded)**

|  |        |           |
|--|--------|-----------|
| Cengage Learning Acquisitions, Inc.:   |        |           |
| Non-Extended Term Loan, 2.49%, 7/03/14                                       | USD 74 | \$ 68,305 |
| Tranche 1 Incremental, 7.50%, 7/03/14  | 475    | 457,100   |
| Charter Communications Operating LLC:  |        |           |
| Extended Term Loan C, 3.49%, 9/06/16   | 788    | 785,815   |
| Term Loan D, 4.00%, 5/15/19  | 307    | 306,475   |
| Clarke American Corp., Term Facility B,<br>2.73% 2.96%, 6/30/14              | 65     | 57,849    |
| Clear Channel Communications, Inc.:  |        |           |
| Term Loan B, 3.88%, 1/28/16  | 1,060  | 821,193   |
| Term Loan C, 3.88%, 1/28/16  | 167    | 127,277   |
| Cumulus Media, Inc., First Lien Term Loan,<br>5.75%, 9/17/18                 | 547    | 548,008   |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18                    | 475    | 478,206   |
| Gray Television, Inc., Term Loan B,<br>3.75%, 12/31/14                       | 677    | 672,944   |
| Houghton Mifflin Harcourt Publishing Co.,<br>DIP Term Loan B, 7.25%, 6/01/18 | 459    | 464,012   |
| Hubbard Broadcasting, Term Loan B,<br>5.25%, 4/28/17                         | 438    | 438,970   |
| Intelsat Jackson Holdings SA (FKA Intelsat                                   |        |           |

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|   |         |                        |
|---|---------|------------------------|
| Jackson Holdings Ltd.), Tranche B Term Loan,<br>5.25%, 4/02/18                  | 2,698   | 2,706,938              |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18                          | 1,411   | 1,412,810              |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19                          | 810     | 808,534                |
| Lavena Holding 4 GmbH (Prosiebensat.1<br>Media AG), Term Loan B, 2.95%, 3/06/15 | EUR 304 | 349,790                |
| LIN Television Corp., Term Loan B,<br>5.00%, 12/21/18                           | USD 343 | 345,208                |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                           | 2,000   | 2,010,840              |
| Nielsen Finance LLC, Class B Term Loan,<br>3.99%, 5/02/16                       | 671     | 673,338                |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16                | 590     | 589,907                |
| Univision Communications, Inc., Extended<br>Term Loan, 4.48%, 3/31/17           | 912     | 881,739                |
| UPC Broadband Holding BV, Term Loan U,<br>4.15%, 12/29/17                       | EUR 209 | 261,735                |
| UPC Financing Partnership:<br>Term Loan, 4.75%, 12/29/17                        | USD 415 | 416,212                |
| Term Loan T, 3.75%, 12/30/16  | 88      | 87,512                 |
| WC Luxco Sarl, Term Loan B3,<br>4.25%, 3/15/18                                  | 185     | 184,085                |
| Weather Channel, Term Loan B,<br>4.25%, 2/13/17                                 | 890     | 892,566                |
| WideOpenWest Finance LLC, First Lien Term<br>Loan, 6.25%, 7/17/18               | 545     | 544,662<br>21,829,760  |
| <b>Metals &amp; Mining 2.6%</b>   |         |                        |
| Constellium Holdco BV, Term Loan B,<br>9.25%, 5/25/18                           | 545     | 534,100                |
| Novelis, Inc., Term Loan, 4.00%, 3/10/17  | 1,218   | 1,210,759              |
| SunCoke Energy, Inc., Term Loan B,<br>4.00%, 7/26/18                            | 446     | 443,273                |
| Walter Energy, Inc., Term Loan B,<br>4.00%, 4/02/18                             | 1,334   | 1,311,097<br>3,499,229 |
| <b>Multiline Retail 2.2%</b>  |         |                        |
| 99¢ Only Stores, Term Loan,<br>5.25%, 1/11/19                                   | 547     | 550,324                |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.98%, 7/07/14                  | 270     | 270,766                |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000) Value</b>   |
|---|------------------------------|
| <b>Floating Rate Loan Interests (b)</b>                                   |                              |
| <b>Multiline Retail (concluded)</b>                                       |                              |
| Hema Holding BV, Second Lien Term Loan,<br>5.14%, 1/05/17                 | EUR 1,400 \$1,650,862        |
| The Neiman Marcus Group, Inc., Term Loan,<br>4.75%, 5/16/18               | USD 455 455,000<br>2,926,952 |
| <b>Oil, Gas &amp; Consumable Fuels 2.3%</b>                               |                              |
| Chesapeake Energy Corp., Unsecured Term<br>Loan, 8.50%, 12/01/17          | 975 977,096                  |
| Everest Acquisition LLC, Term Loan B1,<br>6.50%, 4/24/18                  | 695 696,738                  |
| Gibson Energy ULC, Term Loan B,<br>4.75%, 6/15/18                         | 787 789,603                  |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15                 | 581 580,608<br>3,044,045     |
| <b>Paper &amp; Forest Products 0.3%</b>                                   |                              |
| Ainsworth Lumber Co. Ltd., Term Loan,<br>5.25%, 6/26/14                   | 185 178,988                  |
| NewPage Corp., DIP Term Loan,<br>8.00%, 3/07/13                           | 200 201,876<br>380,864       |
| <b>Pharmaceuticals 4.1%</b>   |                              |
| Aptalis Pharma, Inc., Term Loan B,<br>5.50%, 2/10/17                      | 1,169 1,164,865              |
| Pharmaceutical Product Development, Inc.,<br>Term Loan B, 6.25%, 12/05/18 | 1,473 1,489,526              |
| Quintiles Transnational Corp., Term Loan B,<br>5.00%, 6/08/18             | 683 684,384                  |
| RPI Finance Trust:  |                              |
| Incremental Tranche 2, 4.00%, 11/09/18                                    | 95 94,862                    |
| Term Loan Tranche 2, 4.00%, 5/09/18                                       | 494 494,517                  |
| Valeant Pharmaceuticals International, Inc.:                              |                              |
| Add-On Term Loan B, 4.75%, 2/13/19  | 623 624,358                  |
| Series A Tranche B, 4.75%, 2/13/19  | 460 461,067                  |
| Warner Chilcott Corp.:  |                              |
| Incremental Term Loan B-1,<br>4.25%, 3/15/18                              | 102 101,681                  |
| Term Loan B-1, 4.25%, 3/15/18   | 269 267,760                  |
| Term Loan B-2, 4.25%, 3/15/18   | 135 133,880<br>5,516,900     |
| <b>Professional Services 1.8%</b>   |                              |

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|   |     |                      |
|---|-----|----------------------|
| Booz Allen Hamilton, Inc., Term Loan B,<br>4.50%, 7/31/19 | 680 | 680,850              |
| Emdeon, Inc., Term Loan B1,<br>5.00%, 11/02/18            | 861 | 861,678              |
| ON Assignment, Inc., Term Loan B,<br>5.00%, 5/15/19       | 282 | 280,554              |
| Truven Health Analytics, Term Loan B,<br>6.75%, 6/06/19   | 635 | 639,496<br>2,462,578 |

**Real Estate Investment Trusts (REITs) 0.8%**

**iStar Financial, Inc.:**

|                              |       |                     |
|------------------------------|-------|---------------------|
| Term Loan A1, 5.00%, 6/28/13 | 1,043 | 1,043,334           |
| Term Loan A2, 7.00%, 6/30/14 | 40    | 40,038<br>1,083,372 |

**Real Estate Management & Development 1.4%**

**Realogy Corp.:**

|   |       |           |
|---|-------|-----------|
| Extended Letter of Credit Loan,<br>4.50%, 10/10/16      | 77    | 74,749    |
| Extended Synthetic Letter of Credit,<br>3.25%, 10/10/13 | 27    | 24,734    |
| Extended Term Loan, 4.49%, 10/10/16                     | 1,823 | 1,760,245 |

**Floating Rate Loan Interests (b) Par (000) Value**

**Real Estate Management & Development (concluded)**

|   |        |                        |
|---|--------|------------------------|
| Stockbridge SBE Holdings LLC, Term Loan B,<br>13.00%, 5/02/17 | USD 90 | \$ 89,550<br>1,949,278 |
|---|--------|------------------------|

**Road & Rail 0.7%**

|  |     |                      |
|--|-----|----------------------|
| Avis Budget Car Rental LLC, Incremental Term<br>Loan, 6.25%, 9/21/18 | 290 | 291,875              |
| RailAmerica, Inc., Term Loan B,<br>4.00%, 3/01/19                    | 464 | 463,550              |
| Road Infrastructure Investment LLC,<br>Term Loan B, 6.25%, 3/30/18   | 249 | 248,128<br>1,003,553 |

**Semiconductors & Semiconductor Equipment 0.8%**

|   |     |                      |
|---|-----|----------------------|
| Freescale Semiconductor, Inc., Extended Term<br>Loan B, 4.50%, 12/01/16 | 810 | 777,469              |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 357 | 360,838<br>1,138,307 |

**Software 3.7%**

|  |       |           |
|--|-------|-----------|
| Blackboard, Inc., Term Loan B,<br>7.50%, 10/04/18                          | 244   | 239,662   |
| Infor US, Inc. (FKA Lawson Software, Inc.),<br>Term Loan B, 6.25%, 4/05/18 | 1,875 | 1,894,578 |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                    | 683   | 688,925   |
| SS&C Technologies, Inc.:   |       |           |
| Term Loan B-1, 5.00%, 6/07/19  | 944   | 944,888   |



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|  |       |                      |
|--|-------|----------------------|
| Term Loan B-2, 5.00%, 6/07/19  | 98    | 97,747               |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                             | 330   | 329,647              |
| WaveDivision Holdings LLC, Term Loan B,<br>5.50%, 8/23/19                | 740   | 742,760<br>4,938,207 |
| <b>Specialty Retail 6.4%</b>   |       |                      |
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                  | 896   | 898,634              |
| Bass Pro Group LLC, Term Loan,<br>5.25%, 6/13/17                         | 594   | 598,667              |
| Burlington Coat Factory Warehouse Corp., Term<br>Loan B1, 5.50%, 2/23/17 | 151   | 151,222              |
| Claire s Stores, Inc., Term Loan B,<br>2.98% 3.20%, 5/29/14              | 848   | 832,446              |
| General Nutrition Centers, Inc., Term Loan B,<br>4.25%, 3/02/18          | 920   | 918,703              |
| The Gymboree Corp., Term Loan,<br>5.00%, 2/23/18                         | 132   | 127,346              |
| Harbor Freight Tools USA, Inc., Term Loan B,<br>5.50%, 11/14/17          | 485   | 484,316              |
| Jo-Ann Stores, Inc., Term Loan,<br>4.75%, 3/16/18                        | 275   | 275,060              |
| Michaels Stores, Inc.:   |       |                      |
| Extended Term Loan B3, 5.00%, 7/29/16                                    | 223   | 223,620              |
| Term Loan B2, 5.00%, 7/29/16   | 671   | 673,944              |
| Party City Holdings, Inc., Term Loan B,<br>5.75%, 7/26/19                | 895   | 899,099              |
| PETCO Animal Supplies, Inc., Term Loan,<br>4.50%, 11/24/17               | 1,032 | 1,032,650            |
| Things Remembered, Inc., Term Loan B,<br>8.00%, 5/24/18                  | 330   | 323,400              |
| Toys R Us Delaware, Inc.:  |       |                      |
| Incremental Term Loan B2,<br>5.25%, 5/25/18                              | 198   | 189,231              |
| Term Loan, 6.00%, 9/01/16  | 267   | 261,680              |
| Term Loan B3, 5.25%, 5/25/18   | 100   | 95,760               |
| The Yankee Candle Co., Inc., Term Loan B,<br>5.25%, 4/02/19              | 673   | 675,925<br>8,661,703 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000)</b> | <b>Value</b>         |
|---|----------------------|----------------------|
| <b>Floating Rate Loan Interests (b)</b>                             |                      |                      |
| <b>Textiles, Apparel &amp; Luxury Goods 1.2%</b>                    |                      |                      |
| Ascend Performance Materials LLC,<br>Term Loan B, 6.75%, 4/10/18    | USD 973              | \$ 963,644           |
| Wolverine Worldwide, Inc., Term Loan B,<br>6/26/19                  | 610                  | 613,800<br>1,577,444 |
| <b>Wireless Telecommunication Services 1.8%</b>                     |                      |                      |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/31/19    | 292                  | 291,440              |
| MetroPCS Wireless, Inc.:<br>Term Loan B-3, 4.00%, 3/16/18           | 147                  | 146,733              |
| Tranche B-2 Term Loan, 4.07%, 11/03/16                              | 498                  | 497,678              |
| Vodafone Americas Finance 2, Inc. (h):<br>Term Loan, 6.88%, 8/11/15 | 1,211                | 1,259,443            |
| Term Loan B, 6.25%, 7/11/16   | 206                  | 210,375<br>2,405,669 |
| <b>Total Floating Rate Loan Interests 127.3%</b>                    |                      | <b>171,050,270</b>   |

|   | <b>Beneficial<br/>Interest<br/>(000)</b> |                  |
|---|--|------------------|
| <b>Other Interests (i)</b>                              |  |                  |
| <b>Auto Components 0.0%</b>                             |  |                  |
| Intermet Liquidating Trust (d)                          | 256                                      |                  |
| <b>Chemicals 0.0%</b>                                   |  |                  |
| Wellman Holdings, Inc., Litigation Trust<br>Certificate | 3,000                                    | 30               |
| <b>Diversified Financial Services 0.6%</b>              |  |                  |
| J.G. Wentworth LLC Preferred Equity<br>Interests (d)    | (j)                                      | 728,708          |
| <b>Hotels, Restaurants &amp; Leisure 0.0%</b>           |  |                  |
| Buffets, Inc. (d)                                       | 360                                      | 4                |
| <b>Household Durables 1.2%</b>                          |  |                  |
| Stanley Martin, Class B Membership Units (d)            | 1  | 1,633,649        |
| <b>Total Other Interests 1.8%</b>                       |  | <b>2,362,391</b> |

**Preferred Securities**

|  | <b>Shares</b> |         |
|--|---------------|---------|
| <b>Preferred Stocks 0.1%</b>               |               |         |
| <b>Diversified Financial Services 0.1%</b> |               |         |
| Ally Financial, Inc., 7.00% (a)            | 270           | 245,860 |

**Trust Preferreds 0.1%****Diversified Financial Services 0.1%**

GMAC Capital Trust I, Series 2,

8.13%, 2/15/40 (b)

3,160 78,092

**Total Preferred Securities 0.2%**

323,952

**Warrants (k)****Shares Value****Software 0.0%**

Bankruptcy Management Solutions, Inc.,

Expires 9/28/17

357

HMH Holdings/EduMedia (Issued/Exercisable

3/09/10, 19 Shares for 1 Warrant, Expires

6/22/19, Strike Price \$42.27)

591

**Total Warrants 0.0%****Total Long-Term Investments****(Cost \$202,231,745) 146.8%**

\$197,226,759

**Short-Term Securities**

BlackRock Liquidity Funds, TempFund,

Institutional Class, 0.15% (l)(m)

1,177,221 1,177,221

**Total Short-Term Securities****(Cost \$1,177,221) 0.9%**

1,177,221

**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.

13

**Total Options Purchased****(Cost \$12,711) 0.0%****Total Investments (Cost \$203,421,677) 147.7%**

198,403,980

**Liabilities in Excess of Other Assets (47.7)%**

(64,072,066)

**Net Assets 100.0%**

\$134,331,914

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>    | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|------------------------|--------------|------------------------------------|
| Credit Suisse Group AG | \$323,050    |                                    |

(d) Non-income producing security.

(e) Convertible security.

(f) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(g) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(h) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(i) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(j) Amount is less than \$500.

Warrants entitle the Fund 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.

See Notes to Financial Statements.

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## Consolidated Schedule of Investments (continued) BlackRock Diversified Income Strategies Fund, Inc. (DVF)

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

| <b>Affiliate</b>   | <b>Shares Held at<br/>August 31, 2011</b> | <b>Net<br/>Activity</b> | <b>Shares Held at<br/>August 31, 2012</b> | <b>Income</b> |
|--|---|-------------------------|---|---------------|
| BlackRock Liquidity<br>Funds, TempFund,<br>Institutional Class |   | 1,177,221               | 1,177,221                                 | \$588         |

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

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

| <b>Currency<br/>Purchased</b> | <b>Currency<br/>Sold</b> | <b>Counterparty</b> | <b>Settlement<br/>Date</b> | <b>Unrealized<br/>Depreciation</b> |
|-------------------------------|--------------------------|---------------------|----------------------------|------------------------------------|
| USD 62,671                    | GBP 40,000               | Citigroup, Inc.     | 10/17/12                   | \$ (834)                           |
| USD 975,680                   | GBP 628,500              | UBS AG              | 10/17/12                   | (22,138)                           |
| USD 2,900,716                 | EUR 2,366,000            | Citigroup, Inc.     | 10/22/12                   | (76,773)                           |
| <b>Total</b>                  |                          |                     |                            | <b>\$ (99,745)</b>                 |

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

| <b>Index</b>   | <b>Pay<br/>Fixed<br/>Rate</b> | <b>Counterparty</b>     | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Depreciation</b> |
|--|-------------------------------|-------------------------|----------------------------|--------------------------------------|------------------------------------|
| Dow Jones<br>CDX North<br>America High<br>Yield Index<br>Series 18,<br>Version 2 | 5.00%                         | JPMorgan<br>Chase & Co. | 6/20/17                    | USD 1,733                            | \$(70,339)                         |

For Fund compliance purposes, the Fund'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 Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instrument. 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,

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prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs) Level3 unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Fund's own assumptions used in determining the fair value of investments and derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund'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 instrument 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 Fund'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 Fund's investments and derivative financial instrument 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      | —           | —             | \$3,044,762  | \$3,044,762   |
| Common Stocks                | \$1,051,119 | \$492,915     | 1,128,317    | 2,672,351     |
| Corporate Bonds              | —           | 17,598,313    | 174,720      | 17,773,033    |
| Floating Rate Loan Interests | —           | 159,237,029   | 11,813,241   | 171,050,270   |
| Other Interests              | —           | —             | 2,362,391    | 2,362,391     |
| Preferred Securities         | 78,092      | 245,860       | —            | 323,952       |
| Short-Term Securities        | 1,177,221   | —             | —            | 1,177,221     |
| Total                        | \$2,306,432 | \$177,574,117 | \$18,523,431 | \$198,403,980 |

|   | Level 1 | Level 2     | Level 3 | Total       |
|---|---------|-------------|---------|-------------|
| Derivative Financial Instruments <sup>1</sup> |         |             |         |             |
| Liabilities:                                  |         |             |         |             |
| Foreign currency exchange contracts           | —       | \$(99,745 ) | —       | \$(99,745 ) |
| Credit contracts                              | —       | (70,339 )   | —       | (70,339 )   |
| Total   | —       | \$(170,084) | —       | \$(170,084) |

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.

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Certain of the Fund'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<br>3 | Total          |
|------------------------------|----------|----------------|------------|----------------|
| Assets:                      |          |                |            |                |
| Cash                         | \$23,952 | —              | —          | \$23,952       |
| Foreign currency<br>at value | 29,476   | —              | —          | 29,476         |
| Liabilities:                 |          |                |            |                |
| Loan payable                 | —        | \$(60,000,000) | —          | (60,000,000)   |
| Total                        | \$53,428 | \$(60,000,000) | —          | \$(59,946,572) |

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

See Notes to Financial Statements.

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**Consolidated Schedule of Investments (concluded) BlackRock Diversified Income Strategies Fund, Inc. (DVF)**

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 Fund's Level 3 investments as of August 31, 2012:

|                          | <b>Value</b>       | <b>Valuation Techniques</b> | <b>Unobservable Inputs <sup>1</sup></b> | <b>Range of Unobservable Inputs</b> | <b>Weighted Average of Unobservable Inputs <sup>2</sup></b> |
|--------------------------|--------------------|-----------------------------|---|-------------------------------------|---|
| <b>Assets:</b>           |                    |                             |   |                                     |   |
| Common                   |                    |                             |   |                                     |   |
| Stocks                   | \$1,128,312        | Market Comparable Companies | EBITDA Multiple                         | 5.9x                                | 5.9x  |
|                          |                    |                             | Forward EBITDA Multiple                 | 4.6x                                | 4.6x  |
| Floating                 |                    |                             |   |                                     |   |
| Rate Loan                |                    |                             |   |                                     |   |
| Interests                | 1,542,193          | Market Comparable Companies | Yield                                   | 9.65%                               | 9.65%   |
|                          |                    | Cost                        | N/A <sup>3</sup>                        |                                     |   |
| Other                    |                    |                             |   |                                     |   |
| Interests.               | 1,633,649          | Market Comparable Companies | Tangible Book Value Multiple            | 1.44x                               | 1.44x   |
| <b>Total<sup>4</sup></b> | <b>\$4,304,154</b> |                             |   |                                     |   |

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

| <b>Unobservable Input</b>    | <b>Impact to Value if Input Increases</b> | <b>Impact to Value if Input Decreases</b> |
|------------------------------|---|---|
| EBITDA Multiple              | Increase                                  | Decrease                                  |
| Forward EBITDA Multiple      | Increase                                  | Decrease                                  |
| Tangible Book Value Multiple | Increase                                  | Decrease                                  |
| Yield                        | Decrease                                  | Increase                                  |

<sup>2</sup>Unobservable inputs are weighted based on the value of the investments included in the range.

The Fund 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 Fund.

<sup>3</sup>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.



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A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed Common |             | Corporate   | Floating                  | Other       |           |
|---|---------------------|-------------|-------------|---------------------------|-------------|-----------|
|   | Securities          | Stocks      | Bonds       | Rate<br>Loan<br>Interests | Interests   | Warrants  |
| Assets:   |                     |             |             |                           |             |           |
| Opening balance, as of August 31, 2011                          | \$2,753,115         | \$1,701,248 | \$1,621,040 | \$12,355,482              | \$2,550,707 | \$7       |
| Transfers into Level 3 <sup>5</sup>                             | —                   | 3           | —           | 812,985                   | —           | —         |
| Transfers out of Level 3 <sup>6</sup>                           | —                   | —           | —           | (6,717,669)               | —           | —         |
| Accrued discounts/premiums                                      | 38,599              | —           | 2,251       | 25,434                    | —           | —         |
| Net realized gain (loss)  | (48,393 )           | (523,489 )  | (2,483,821) | 20,906                    | 553,993     | (107,610) |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 97,411              | (178,802 )  | 2,536,709   | 223,641                   | 339,443     | 107,603   |
| Purchases   | 2,575,485           | 136,539     | —           | 5,994,593                 | —           | —         |
| Sales   | (2,371,455)         | (7,182 )    | (1,501,459) | (902,131 )                | (1,081,752) | —         |
| Closing Balance, as of August 31, 2012                          | \$3,044,762         | \$1,128,317 | \$174,720   | \$11,813,241              | \$2,362,391 | —         |

As of August 31, 2011, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$812,988 transferred from Level 2 to Level 3 in the disclosure hierarchy.

As of August 31, 2011, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value on the same investments. As a result, investments with a beginning of year value of \$6,717,669 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup>Included in the related net change in unrealized appreciation/depreciation in the Statements of Operations. The change in unrealized appreciation/depreciation on securities still held as of August 31, 2012 was \$647,964. See Notes to Financial Statements.

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Consolidated Schedule of Investments August 31, 2012 **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par<br/>(000)</b> | <b>Value</b>     |
|--|----------------------|------------------|
| <b>Asset-Backed Securities</b>   |                      |                  |
| Fraser Sullivan CLO Ltd., Series 2012-7A,<br>Class C, 4.47%, 4/20/23 (a)(b)                  | USD 470              | \$ 417,642       |
| Gannett Peak CLO Ltd., Series 2006-1X,<br>Class A2, 0.81%, 10/27/20 (b)                      | 575                  | 484,438          |
| Goldentree Loan Opportunities VI Ltd.,<br>Series 2012-6A, Class D,<br>4.66%, 4/17/22 (a)(b)  | 775                  | 704,552          |
| Goldman Sachs Asset Management CLO Plc,<br>Series 2007-1A, Class B,<br>0.89%, 8/01/22 (a)(b) | 1,255                | 1,060,475        |
| Highbridge Loan Management Ltd.,<br>Series 2012-1A, Class C,<br>5.71%, 9/20/22 (a)(b)(c)     | 750                  | 692,250          |
| ING Investment Management, Series 2012-2A,<br>Class D, 4.99%, 10/15/22 (a)(b)                | 775                  | 690,998          |
| LCM LP, Series 11A, Class D2,<br>4.41%, 4/19/22 (a)(b)                                       | 800                  | 700,000          |
| MAPS CLO Fund LLC, Series 2005-1A, Class C,<br>1.42%, 12/21/17 (a)(b)                        | 575                  | 545,502          |
| Race Point CLO, Series 2012-6A, Class D,<br>4.93%, 5/24/23 (a)(b)                            | 550                  | 497,035          |
| Symphony CLO Ltd. (a)(b):<br>Series 2012-10A, Class D,<br>5.69%, 7/23/23                     | 750                  | 693,750          |
| Series 2012-9A, Class D, 4.71%, 4/16/22  | 625                  | 557,000          |
| <b>Total Asset-Backed Securities 2.5%</b>  |                      | <b>7,043,642</b> |

|   | <b>Shares</b> |                  |
|---|---------------|------------------|
| <b>Common Stocks (d)</b>                |               |                  |
| <b>Auto Components 0.3%</b>             |               |                  |
| Delphi Automotive Plc                   | 31,554        | 955,774          |
| <b>Chemicals 0.0%</b>                   |               |                  |
| GEO Specialty Chemicals, Inc. (a)       | 13,117        | 6,034            |
| <b>Electrical Equipment 0.0%</b>        |               |                  |
| Medis Technologies Ltd.                 | 71,654        | 215              |
| <b>Paper &amp; Forest Products 0.3%</b> |               |                  |
| Ainsworth Lumber Co. Ltd.               | 133,089       | 291,628          |
| Ainsworth Lumber Co. Ltd. (a)           | 152,951       | 335,150          |
| Western Forest Products, Inc.           | 84,448        | 91,665           |
|   |               | 718,443          |
| <b>Software 0.3%</b>                    |               |                  |
| HMH Holdings/EduMedia                   | 32,192        | 788,716          |
| <b>Total Common Stocks 0.9%</b>         |               | <b>2,469,182</b> |

|   | <b>Par<br/>(000)</b> |                      |
|---|----------------------|----------------------|
| <b>Corporate Bonds</b>  |                      |                      |
| <b>Airlines 0.1%</b>  |                      |                      |
| American Airlines Pass-Through Trust,<br>Series 2011-2, Class A, 8.63%, 4/15/23 | USD 268              | 283,923              |
| Delta Air Lines, Inc., Series 2009-1-B,<br>9.75%, 6/17/18                       | 107                  | 115,220<br>399,143   |
| <b>Auto Components 0.8%</b>   |                      |                      |
| Icahn Enterprises LP:<br>7.75%, 1/15/16   | 1,535                | 1,611,750            |
| 8.00%, 1/15/18  | 680                  | 724,200<br>2,335,950 |
| <b>Chemicals 0.9%</b>   |                      |                      |
| GEO Specialty Chemicals, Inc.:<br>7.50%, 3/31/15                                | 857                  | 1,028,384            |
| 10.00%, 3/31/15   | 987                  | 987,390              |
|   | <b>Par<br/>(000)</b> | <b>Value</b>         |
| <b>Corporate Bonds</b>  |                      |                      |
| <b>Chemicals (concluded)</b>  |                      |                      |
| Hexion US Finance Corp., 6.63%, 4/15/20   | USD 280              | \$ 282,800           |
| INEOS Finance Plc, 8.38%, 2/15/19 (a)   | 230                  | 242,075<br>2,540,649 |
| <b>Commercial Services &amp; Supplies 0.3%</b>                                  |                      |                      |
| ARAMARK Corp., 3.94%, 2/01/15 (b)   | 135                  | 134,662              |
| AWAS Aviation Capital Ltd.,<br>7.00%, 10/17/16 (a)                              | 663                  | 698,984              |
| Brickman Group Holdings, Inc.,<br>9.13%, 11/01/18 (a)                           | 26                   | 26,260<br>859,906    |
| <b>Communications Equipment 0.5%</b>  |                      |                      |
| Zayo Group LLC/Zayo Capital, Inc.:<br>8.13%, 1/01/20                            | 820                  | 871,250              |
| 10.13%, 7/01/20   | 540                  | 579,150<br>1,450,400 |
| <b>Consumer Finance 0.3%</b>  |                      |                      |
| Inmarsat Finance Plc, 7.38%, 12/01/17 (a)                                       | 775                  | 842,813              |
| <b>Containers &amp; Packaging 0.1%</b>  |                      |                      |
| OI European Group BV, 6.88%, 3/31/17  | EUR 143              | 185,711              |
| <b>Diversified Financial Services 0.8%</b>                                      |                      |                      |
| Ally Financial, Inc., 2.67%, 12/01/14 (b)                                       | USD 1,120            | 1,100,803            |
| Reynolds Group Issuer, Inc.:<br>7.75%, 10/15/16                                 | EUR 472              | 612,976              |
| 6.88%, 2/15/21  | USD 530              | 573,725<br>2,287,504 |
| <b>Diversified Telecommunication Services 0.2%</b>                              |                      |                      |
| ITC Deltacom, Inc., 10.50%, 4/01/16   | 430                  | 463,325              |

**Energy Equipment & Services 0.1%**

FTS International Services LLC / FTS

International Bonds Inc.,

8.13%, 11/15/18 (a)

340 351,050

**Health Care Equipment & Supplies 0.2%**

DJO Finance LLC:

10.88%, 11/15/14

263 274,506

7.75%, 4/15/18

210 192,150

466,656

**Health Care Providers & Services 0.8%**

CHS/Community Health Systems, Inc.,

5.13%, 8/15/18

778 802,312

HCA, Inc., 6.50%, 2/15/20

865 950,419

Tenet Healthcare Corp., 8.88%, 7/01/19

380 432,250

2,184,981

**Health Care Technology 0.8%**

IMS Health, Inc., 12.50%, 3/01/18 (a)

1,860 2,185,500

**Hotels, Restaurants & Leisure 0.1%**

Little Traverse Bay Bands of Odawa Indians,

9.00%, 8/31/20 (a)

373 339,430

**Household Durables 0.2%**

Beazer Homes USA, Inc., 6.63%, 4/15/18 (a)

395 403,888

**Independent Power Producers & Energy Traders 1.9%**

Calpine Corp., 7.25%, 10/15/17 (a)

1,180 1,262,600

Energy Future Holdings Corp.,

10.00%, 1/15/20

725 799,313

Energy Future Intermediate Holding Co. LLC,

10.00%, 12/01/20

2,875 3,227,187

5,289,100

**Industrial Conglomerates 0.6%**

Sequa Corp., 13.50%, 12/01/15 (a)

1,557 1,650,776

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par</b> | <b>(000) Value</b>     |
|--|------------|------------------------|
| <b>Corporate Bonds</b>   |            |                        |
| <b>IT Services 0.2%</b>  |            |                        |
| First Data Corp., 6.75%, 11/01/20 (a)                                | USD 535    | \$ 530,988             |
| <b>Machinery 0.1%</b>  |            |                        |
| UR Financing Escrow Corp.,<br>5.75%, 7/15/18 (a)                     | 175        | 185,063                |
| <b>Media 2.1%</b>  |            |                        |
| AMC Networks, Inc., 7.75%, 7/15/21                                   | 225        | 254,813                |
| Checkout Holding Corp.,<br>16.03%, 11/15/15 (a)(e)                   | 665        | 405,650                |
| Clear Channel Worldwide Holdings, Inc.:<br>Series A, 9.25%, 12/15/17 | 401        | 434,082                |
| Series B, 9.25%, 12/15/17  | 1,834      | 1,992,182              |
| NAI Entertainment Holdings LLC,<br>8.25%, 12/15/17 (a)               | 553        | 616,595                |
| Unitymedia Hessen GmbH & Co. KG,<br>8.13%, 12/01/17 (a)              | 2,000      | 2,165,000<br>5,868,322 |
| <b>Oil, Gas &amp; Consumable Fuels 0.2%</b>                          |            |                        |
| Coffeyville Resources LLC, 9.00%, 4/01/15 (a)                        | 275        | 292,875                |
| EP Energy LLC/EP Energy Finance, Inc.,<br>6.88%, 5/01/19 (a)         | 315        | 337,838<br>630,713     |
| <b>Paper &amp; Forest Products 0.3%</b>                              |            |                        |
| Ainsworth Lumber Co. Ltd.,<br>11.00%, 7/29/15 (a)(f)                 | 576        | 523,849                |
| Longview Fibre Paper & Packaging, Inc.,<br>8.00%, 6/01/16 (a)        | 340        | 351,900<br>875,749     |
| <b>Pharmaceuticals 0.2%</b>  |            |                        |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)         | 395        | 416,725                |
| <b>Real Estate Management &amp; Development 0.2%</b>                 |            |                        |
| Realogy Corp., 7.63%, 1/15/20 (a)                                    | 365        | 397,850                |
| <b>Wireless Telecommunication Services 2.2%</b>                      |            |                        |
| Cricket Communications, Inc., 7.75%, 5/15/16                         | 1,700      | 1,793,500              |
| Digicel Group Ltd. (a):<br>9.13%, 1/15/15                            | 278        | 280,780                |
| 8.25%, 9/01/17   | 315        | 333,900                |
| iPCS, Inc., 2.57%, 5/01/13 (b)                                       | 1,500      | 1,488,750              |
| Sprint Nextel Corp. (a):<br>9.00%, 11/15/18                          | 750        | 885,000                |
| 7.00%, 3/01/20   | 1,195      | 1,308,525              |

|                                    |            |
|------------------------------------|------------|
|                                    | 6,090,455  |
| <b>Total Corporate Bonds 14.2%</b> | 39,232,647 |

**Floating Rate Loan Interests (b)****Aerospace & Defense 1.6%**

|  |       |           |
|--|-------|-----------|
| DynCorp International, Term Loan B, 6.25% , 7/07/16        | 703   | 701,684   |
| SI Organization, Inc., Term Loan B, 4.50%, 11/22/16        | 832   | 809,051   |
| Spirit Aerosystems, Inc., Term Loan B, 3.75%, 4/18/19      | 793   | 794,337   |
| TransDigm, Inc.:<br>Add on Term Loan B2, 4.00%, 2/14/17    | 443   | 445,175   |
| Term Loan B, 4.00%, 2/14/17                                | 1,134 | 1,137,799 |
| Wesco Aircraft Hardware Corp., Term Loan B, 4.25%, 4/07/17 | 650   | 649,435   |
|  |       | 4,537,481 |

|   |              |              |
|---|--------------|--------------|
|   | <b>Par</b>   |              |
| <b>Floating Rate Loan Interests (b)</b> | <b>(000)</b> | <b>Value</b> |

**Airlines 0.8%**

|  |           |             |
|--|-----------|-------------|
| Delta Air Lines, Inc., Credit, Term Loan B, 5.50%, 4/20/17 | USD 2,075 | \$2,090,155 |
| US Airways Group, Inc., Term Loan, 2.74%, 3/21/14          | 125       | 120,781     |
|  |           | 2,210,936   |

**Auto Components 2.8%**

|   |       |           |
|---|-------|-----------|
| Autoparts Holdings Ltd., First Lien Term Loan, 6.50%, 7/28/17           | 1,439 | 1,410,343 |
| Federal-Mogul Corp.:<br>Term Loan B, 2.17% 2.18%, 12/29/14              | 1,886 | 1,799,422 |
| Term Loan C, 2.17% 2.18%, 12/28/15                                      | 639   | 610,150   |
| The Goodyear Tire & Rubber Co., Term Loan (Second Lien), 4.75%, 4/30/19 | 2,490 | 2,480,662 |
| GPX International Tire Corp. (d)(g):<br>Term Loan, 8.37%, 3/30/12       | 549   |           |
| Term Loan, 12.00%, 3/30/12  | 9     |           |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                             | 785   | 787,292   |
| UCI International, Inc., Term Loan B, 5.50%, 7/26/17                    | 739   | 740,597   |
|   |       | 7,828,466 |

**Biotechnology 0.5%**

|  |       |           |
|--|-------|-----------|
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17 | 1,345 | 1,348,078 |
|--|-------|-----------|

**Building Products 3.2%**

|   |       |           |
|---|-------|-----------|
| Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18         | 1,844 | 1,838,254 |
| CPG International, Inc., Term Loan B, 6.00%, 2/18/17                  | 1,773 | 1,744,189 |
| Goodman Global, Inc., Initial Term Loan (First Lien), 5.75%, 10/28/16 | 4,421 | 4,425,349 |

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Momentive Performance Materials, Inc.  
(Nautilus), Extended Term Loan,  
3.62%, 5/05/15

EUR 641 738,546  
8,746,338

**Capital Markets 2.0%**

American Capital Holdings, Term Loan,  
5.50%, 7/19/16

USD 1,114 1,118,177

HarbourVest Partners LLC, Term Loan B,  
6.25%, 12/16/16

1,508 1,506,163

Nuveen Investments, Inc.:

Extended (First Lien), Term Loan,  
5.95% 5.96%, 5/13/17

897 897,639

Extended Term Loan, 5.92% 5.96%,  
5/12/17

1,753 1,757,852

Incremental Term Loan, 7.25%, 5/13/17

345 346,553  
5,626,384

**Chemicals 6.1%**

American Rock Salt Holdings LLC, Term Loan,  
5.50%, 4/25/17

1,210 1,174,607

Ashland, Inc., Term Loan B, 3.75%, 8/23/18

605 606,543

Chemtura Corp., Exit Term Loan B,  
5.50%, 8/27/16

1,400 1,404,088

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

765 772,176

Gentek, Inc., Term Loan, 5.00% 5.75%,  
10/06/15

838 833,913

INEOS US Finance LLC:

3 Year Term Loan, 5.50%, 5/04/15

195 195,971

6 Year Term Loan, 6.50%, 5/04/18

4,100 4,106,474

MacDermid, Inc., Tranche C Term Loan,  
2.32%, 4/11/14

EUR 479 596,069

Nexeo Solutions LLC, Term Loan B,  
5.00%, 9/08/17

USD 1,185 1,153,159

PolyOne Corp., Term Loan, 5.00%, 12/20/17

403 404,184

PQ Corp. (FKA Niagara Acquisition, Inc.),  
Term Loan B, 3.98%, 7/30/14

2,375 2,332,057

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b>   |              |
|---|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>   | <b>(000)</b> | <b>Value</b> |
| <b>Chemicals (concluded)</b>  |              |              |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17  | USD 545      | \$ 507,585   |
| Tronox, Inc.:   |              |              |
| Delayed Draw Term Loan, 4.25%, 2/08/18  | 342          | 340,962      |
| Term Loan B, 4.25%, 2/08/18   | 1,253        | 1,250,194    |
| Univar, Inc., Term Loan B, 5.00%, 6/30/17   | 1,301        | 1,292,569    |
|   |              | 16,970,551   |
| <b>Commercial Services &amp; Supplies 5.5%</b>  |              |              |
| ACCO Brands Corp., Term Loan B,<br>4.25%, 4/30/19   | 1,861        | 1,859,106    |
| Altegrity, Inc. (FKA US Investigations<br>Services, Inc.), Tranche D Term Loan,<br>7.75%, 2/20/15 | 1,468        | 1,460,380    |
| ARAMARK Corp.:  |              |              |
| Extended Term Loan B, 3.48%, 7/26/16  | 358          | 356,422      |
| Extended Term Loan C,<br>3.48% 3.71%, 7/26/16   | 203          | 202,119      |
| Letter of Credit, 3.50%, 7/26/16  | 24           | 23,440       |
| Letter of Credit Facility, 3.50%, 7/26/16   | 16           | 16,281       |
| AWAS Finance Luxembourg 2012 SA,<br>Term Loan, 5.75%, 7/16/18                                     | 660          | 660,000      |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                      | 811          | 811,023      |
| Delos Aircraft, Inc., Term Loan B2,<br>4.75%, 4/12/16   | 1,875        | 1,893,750    |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17  | 2,571        | 2,570,458    |
| Protection One, Inc., Term Loan,<br>5.75%, 3/21/19  | 1,217        | 1,229,120    |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14  | 1,504        | 1,333,747    |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                             | 983          | 982,500      |
| West Corp., Term Loan B6, 5.75%, 6/02/18  | 1,950        | 1,956,103    |
|   |              | 15,354,449   |
| <b>Communications Equipment 3.5%</b>  |              |              |
| Avaya, Inc.:  |              |              |
| Extended Term Loan B3, 4.93%, 10/26/17  | 281          | 251,065      |
| Term Loan B1, 3.18%, 10/24/14   | 1,744        | 1,674,531    |
| CommScope, Inc., Term Loan,<br>4.25%, 1/12/18   | 1,579        | 1,578,006    |
| Telesat Canada, Term Loan A, 4.41%, 3/24/17   | CAD 1,630    | 1,579,153    |



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|   |           |                        |
|---|-----------|------------------------|
| Zayo Group, LLC, Term Loan B,<br>7.13%, 7/02/19 | USD 4,525 | 4,591,472<br>9,674,227 |
|---|-----------|------------------------|

**Construction & Engineering 0.9%**

|  |       |                        |
|--|-------|------------------------|
| BakerCorp. International, Inc., Term Loan B,<br>4.75%, 6/01/18 | 856   | 852,711                |
| Safway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17   | 1,700 | 1,700,000<br>2,552,711 |

**Construction Materials 2.0%**

|  |       |           |
|--|-------|-----------|
| HD Supply, Inc., Senior Debt B,<br>7.25%, 10/12/17 | 5,460 | 5,578,318 |
|--|-------|-----------|

**Consumer Finance 0.8%**

|   |       |           |
|---|-------|-----------|
| Springleaf Financial Funding Co. (FKA AGFS<br>Funding Co.), Term Loan, 5.50%, 5/10/17 | 2,300 | 2,221,225 |
|---|-------|-----------|

**Containers & Packaging 0.5%**

|   |       |           |
|---|-------|-----------|
| Sealed Air Corp., Term Loan B,<br>4.75%, 10/03/18 | 1,323 | 1,330,372 |
|---|-------|-----------|

**Diversified Consumer Services 3.3%**

|   |       |           |
|---|-------|-----------|
| Coinmach Service Corp., Term Loan B,<br>3.33%, 11/20/14   | 2,452 | 2,352,779 |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18 | 668   | 588,004   |

**Par  
(000) Value**

**Floating Rate Loan Interests (b)**

**Diversified Consumer Services (concluded)**

|   |           |                        |
|---|-----------|------------------------|
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18     | USD 2,217 | \$2,162,021            |
| ServiceMaster Co.:  |           |                        |
| Delayed Draw Term Loan, 2.74%, 7/24/14                              | 238       | 236,146                |
| Term Loan, 2.75% 2.97%, 7/24/14                                     | 2,387     | 2,371,381              |
| Weight Watchers International, Inc.,<br>Term Loan F, 4.00%, 3/15/19 | 1,306     | 1,290,108<br>9,000,439 |

**Diversified Financial Services 1.8%**

|                                   |       |                        |
|-----------------------------------|-------|------------------------|
| Residential Capital LLC:          |       |                        |
| DIP Term Loan A1, 5.00%, 11/18/13 | 1,265 | 1,268,163              |
| DIP Term Loan A2, 6.75%, 11/18/13 | 185   | 187,159                |
| Reynolds Group Holdings, Inc.:    |       |                        |
| Term Loan B, 6.50%, 2/09/18       | 1,397 | 1,404,887              |
| Term Loan C, 6.50%, 8/09/18       | 2,227 | 2,254,760<br>5,114,969 |

**Diversified Telecommunication Services 4.4%**

|  |       |           |
|--|-------|-----------|
| Hawaiian Telcom Communications, Inc.,<br>Term Loan B, 7.00%, 2/28/17 | 1,095 | 1,108,688 |
| Integra Telecom Holdings, Inc., Term Loan B,<br>9.25%, 4/15/15       | 1,593 | 1,568,612 |
| Level 3 Financing, Inc.:   |       |           |
| 2016 Term Loan B, 4.75%, 2/01/16                                     | 1,675 | 1,678,350 |

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|  |       |            |
|--|-------|------------|
| 2019 Term Loan B, 5.25%, 8/01/19                     | 1,370 | 1,372,000  |
| Term Loan B2, 5.75%, 9/03/18                         | 3,425 | 3,434,042  |
| Term Loan B3, 5.75%, 8/31/18                         | 1,475 | 1,478,894  |
| US Telepacific Corp., Term Loan B,<br>5.75%, 2/23/17 | 1,483 | 1,416,900  |
|  |       | 12,057,486 |

**Electronic Equipment, Instruments & Components**

**0.9%**

|  |       |           |
|--|-------|-----------|
| CDW LLC (FKA CDW Corp.), Extended Term<br>Loan, 4.00%, 7/14/17               | 1,124 | 1,109,923 |
| Flextronics International Ltd. Delay Draw:<br>Term Loan A-2, 2.48%, 10/01/14 | 38    | 38,159    |
| Term Loan A-3, 2.48%, 10/01/14   | 45    | 44,518    |
| Sensata Technologies Finance Co. LLC, Term<br>Loan, 4.00%, 5/11/18           | 1,337 | 1,338,914 |
|  |       | 2,531,514 |

**Energy Equipment & Services 2.9%**

|  |       |           |
|--|-------|-----------|
| Dynegy Midwest Generation LLC, Coal Co.<br>Term Loan, 9.25%, 8/04/16 | 932   | 966,710   |
| Dynegy Power LLC, Gas Co. Term Loan,<br>9.25%, 8/04/16               | 1,252 | 1,310,102 |
| MEG Energy Corp., Term Loan B,<br>4.00%, 3/16/18                     | 3,325 | 3,328,632 |
| Tervita Corp.:<br>Incremental Term Loan, 6.50%, 10/17/14             | 761   | 760,544   |
| Term Loan B, 3.23%, 11/14/14   | 1,601 | 1,570,466 |
|  |       | 7,936,454 |

**Food & Staples Retailing 1.8%**

|  |           |           |
|--|-----------|-----------|
| AB Acquisitions UK Topco 2, Term Loan B1,<br>3.52%, 7/09/15                          | GBP 1,825 | 2,734,825 |
| Pilot Travel Centers LLC, Term Loan B2,<br>4.25%, 8/07/19                            | USD 1,055 | 1,057,638 |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.),<br>Extended Term Loan B, 5.75%, 3/31/17 | 1,351     | 1,305,365 |
|  |           | 5,097,828 |

**Food Products 3.0%**

|   |       |           |
|---|-------|-----------|
| Advance Pierre Foods:<br>Term Loan (First Lien), 7.00%, 9/30/16 | 1,741 | 1,749,188 |
| Term Loan (Second Lien),<br>11.25%, 9/29/17                     | 1,205 | 1,212,230 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Floating Rate Loan Interests (b)</b>                                       |            |                    |
| <b>Food Products (concluded)</b>  |            |                    |
| Del Monte Foods Co., Term Loan,<br>4.50%, 3/08/18                             | USD 2,326  | \$2,294,529        |
| Michael Foods Group, Inc., Term Loan,<br>4.25%, 2/23/18                       | 391        | 391,139            |
| Pinnacle Foods Finance LLC:   |            |                    |
| Extended Term Loan B, 3.75%, 10/03/16   | 89         | 88,299             |
| Term Loan E, 4.75%, 10/17/18  | 1,139      | 1,134,251          |
| Solvest Ltd. (Dole):  |            |                    |
| Term Loan B-2, 5.00% 6.00%, 7/06/18   | 553        | 553,358            |
| Term Loan C-2, 5.00% 6.00%, 7/06/18   | 989        | 990,222            |
|   |            | 8,413,216          |
| <b>Health Care Equipment &amp; Supplies 5.3%</b>                              |            |                    |
| Bausch & Lomb, Inc., Term Loan B,<br>5.25%, 5/17/19                           | 2,890      | 2,899,624          |
| Biomet, Inc., Term Loan B,<br>3.23% 3.47%, 3/25/15                            | 678        | 676,107            |
| BSN Medical Acquisition Holding GmbH,<br>Term Loan B, 6.00%, 7/27/19          | 835        | 837,088            |
| DJO Finance LLC:  |            |                    |
| Extended Term Loan B2, 5.23%, 11/01/16  | 437        | 436,682            |
| Term Loan B3, 6.25%, 9/15/17  | 2,279      | 2,281,179          |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                                    | 3,820      | 3,843,187          |
| Hupah Finance, Inc., Term Loan B,<br>6.25%, 1/21/19                           | 773        | 775,961            |
| Iasis Healthcare LLC, Term Loan,<br>5.00%, 5/03/18                            | 759        | 747,353            |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                                    | 1,791      | 1,798,180          |
| LHP Hospital Group, Inc., Term Loan,<br>9.00%, 7/03/18                        | 465        | 468,488            |
|   |            | 14,763,849         |
| <b>Health Care Providers &amp; Services 4.9%</b>                              |            |                    |
| Community Health Systems, Inc., Extended<br>Term Loan B, 3.92% 3.96%, 1/25/17 | 91         | 90,648             |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                                    | 1,258      | 1,260,770          |
| DaVita, Inc.:   |            |                    |
| Term Loan B, 4.50%, 10/20/16  | 1,943      | 1,947,994          |
| Term Loan B2, 4.00%, 9/02/19  | 1,365      | 1,358,393          |
| Emergency Medical Services Corp., Term Loan,<br>5.25%, 5/25/18                | 1,437      | 1,435,453          |
| Harden Healthcare LLC:  |            |                    |
| Add on Term Loan A, 7.75%, 3/02/15  | 959        | 929,833            |

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|   |       |                       |
|---|-------|-----------------------|
| Term Loan A, 8.50%, 3/02/15   | 588   | 576,011               |
| HCA, Inc.:  |       |                       |
| Extended Term Loan B3, 3.48%, 5/01/18   | 515   | 506,873               |
| Tranche B-2 Term Loan, 3.71%, 3/31/17   | 787   | 776,137               |
| inVentiv Health, Inc.:  |       |                       |
| Combined Term Loan, 6.50%, 8/04/16  | 707   | 657,438               |
| Incremental Term Loan B-3,<br>6.75%, 5/15/18  | 1,001 | 933,382               |
| Medpace, Inc., Term Loan,<br>6.50% 7.25%, 6/16/17   | 1,197 | 1,142,911             |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18                                      | 660   | 660,548               |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19                                    | 1,120 | 1,128,400             |
| Vanguard Health Holding Co. II LLC<br>(Vanguard Health Systems, Inc.),<br>Term Loan B, 5.00%, 1/29/16 | 134   | 134,577<br>13,539,368 |
| <b>Health Care Technology 1.4%</b>  |       |                       |
| IMS Health, Inc., Term Loan B,<br>4.50%, 8/25/17  | 1,195 | 1,197,842             |
| Kinetic Concepts, Inc., Term<br>Loan B, 7.00%, 5/04/18  | 1,981 | 1,997,916             |

|  | <b>Par<br/>(000) Value</b> |                         |
|--|----------------------------|-------------------------|
| <b>Floating Rate Loan Interests (b)</b>                      |                            |                         |
| <b>Health Care Technology (concluded)</b>                    |                            |                         |
| MedAssets, Inc., Term Loan, 5.25%, 11/16/16                  | USD 670                    | \$ 672,028<br>3,867,786 |
| <b>Hotels, Restaurants &amp; Leisure 7.1%</b>                |                            |                         |
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17                   | 1,357                      | 1,363,654               |
| Ameristar Casinos, Inc., Term<br>Loan B, 4.00%, 4/16/18      | 1,225                      | 1,226,645               |
| Boyd Gaming Corp., Incremental Term Loan,<br>6.00%, 12/17/15 | 839                        | 845,242                 |
| Caesars Entertainment Operating Co., Inc.:                   |                            |                         |
| Extended Term Loan B6, 5.49%, 1/26/18                        | 205                        | 180,207                 |
| Incremental Term Loan B4,<br>9.50%, 10/31/16                 | 1,100                      | 1,121,459               |
| Term Loan B1, 3.24%, 1/28/15                                 | 197                        | 187,187                 |
| Term Loan B3, 3.24% 3.46%, 1/28/15                           | 5,318                      | 5,042,960               |
| DineEquity, Inc., Term Loan B,<br>4.25% 5.25%, 10/19/17      | 79                         | 78,985                  |
| Dunkin' Brands, Inc., Term Loan B2,<br>4.00%, 11/23/17       | 2,457                      | 2,430,444               |
| Golden Living, Term Loan, 5.00%, 5/04/18                     | 323                        | 308,536                 |
| OSI Restaurant Partners LLC:                                 |                            |                         |
| Revolver, 2.49% 2.56%, 6/14/13                               | 9                          | 9,354                   |
| Term Loan B, 2.56%, 6/14/14                                  | 95                         | 94,275                  |

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|   |       |                         |
|---|-------|-------------------------|
| Sabre, Inc., Non Extended Initial Term Loan,<br>2.23%, 9/30/14  | 318   | 314,807                 |
| SeaWorld Parks & Entertainment, Inc. (FKA SW<br>Acquisitions Co., Inc.), Term Loan B,<br>4.00%, 8/17/17 | 963   | 963,272                 |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18  | 1,510 | 1,513,533               |
| Station Casinos, Inc., Term Loan B1,<br>3.23%, 6/17/16  | 847   | 805,017                 |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15                                      | 708   | 710,120                 |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19   | 2,340 | 2,350,436<br>19,546,133 |
| <b>Household Products 0.5%</b>  |       |                         |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19   | 1,284 | 1,293,901               |
| <b>Independent Power Producers &amp; Energy Traders<br/>1.0%</b>  |       |                         |
| The AES Corp., Term Loan, 4.25%, 6/01/18  | 1,975 | 1,979,937               |
| Calpine Corp., Term Loan B, 4.50%, 4/01/18  | 465   | 465,642                 |
| GenOn Energy, Inc., Term Loan B,<br>6.00%, 12/01/17   | 270   | 271,930<br>2,717,509    |
| <b>Industrial Conglomerates 1.9%</b>  |       |                         |
| Sequa Corp.:  |       |                         |
| Incremental Term Loan, 6.25%, 12/03/14  | 427   | 428,345                 |
| Term Loan, 3.69% 3.72%, 12/03/14  | 4,898 | 4,864,090<br>5,292,435  |
| <b>Insurance 0.8%</b>   |       |                         |
| Asurion LLC, Term Loan (First Lien),<br>5.50%, 5/24/18  | 654   | 655,776                 |
| CNO Financial Group, Inc., Term Loan B,<br>6.25%, 9/30/16   | 1,447 | 1,450,326<br>2,106,102  |
| <b>Internet Software &amp; Services 0.4%</b>  |       |                         |
| Web.com Group, Inc., Term Loan B,<br>7.00%, 10/27/17  | 1,147 | 1,141,820               |
| <b>IT Services 5.5%</b>   |       |                         |
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17   | 1,512 | 1,511,581               |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

| <b>Floating Rate Loan Interests (b)</b>   | <b>Par<br/>(000) Value</b> |
|---|----------------------------|
| <b>IT Services (concluded)</b>  |                            |
| First Data Corp.:   |                            |
| 2018 Term Loan B, 4.24%, 3/23/18  | USD 6,251 \$5,901,683      |
| Non-Extended Term Loan B-1,<br>2.99%, 9/24/14   | 298 294,155                |
| Non-Extended Term Loan B-3,<br>2.99%, 9/24/14   | 66 64,840                  |
| Genpact International, Inc., Term Loan B,<br>4.25%, 8/16/19                               | 1,660 1,660,000            |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18  | 707 625,934                |
| iPayment, Inc., Term Loan B, 5.75%, 5/08/17   | 681 681,000                |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18   | 883 887,742                |
| SunGard Data Systems, Inc.<br>(Solar Capital Corp.), Term Loan B,<br>3.86% 4.06%, 2/26/16 | 307 306,710                |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18   | 3,195 3,215,516            |
|   | 15,149,161                 |
| <b>Leisure Equipment &amp; Products 0.8%</b>  |                            |
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13                                     | 1,122 1,112,189            |
| FGI Operating Company, LLC, Term Loan,<br>5.50% 6.50%, 4/19/19                            | 1,120 1,123,506            |
|   | 2,235,695                  |
| <b>Machinery 2.9%</b>   |                            |
| Intelligrated, Inc., First Lien Term Loan,<br>6.75%, 7/30/18                              | 1,000 990,000              |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17                              | 950 954,213                |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18  | 697 699,237                |
| Terex Corp.:  |                            |
| Term Loan, 6.00%, 4/28/17   | EUR 134 167,687            |
| Term Loan B, 5.50%, 4/28/17   | USD 1,306 1,312,451        |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16  | 2,574 2,580,563            |
| Wabash National Corp., Term<br>Loan B, 6.00%, 5/02/19                                     | 1,197 1,204,481            |
|   | 7,908,632                  |
| <b>Media 16.0%</b>  |                            |
| Acosta, Inc., Term Loan B, 5.75%, 3/01/18   | 512 512,683                |
| Affinion Group, Inc., Term Loan B,<br>5.00%, 7/15/15                                      | 565 479,667                |
| AMC Entertainment, Inc., Term Loan B3,  |                            |

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|   |       |           |
|---|-------|-----------|
| 4.25%, 2/22/18  | 697   | 697,197   |
| AMC Networks, Inc., Term Loan B,<br>4.00%, 12/31/18   | 1,683 | 1,681,957 |
| Atlantic Broadband Finance LLC, 1st Lien<br>Term Loan, 5.25%, 4/04/19                             | 1,030 | 1,030,968 |
| BBHI Acquisition LLC (FKA Bresnan<br>Telecommunications Co. LLC), Term Loan B,<br>4.50%, 12/14/17 | 2,505 | 2,511,388 |
| Capsugel Holdings US, Inc., Term Loan B,<br>4.75%, 8/01/18  | 1,234 | 1,235,270 |
| Catalina Marketing Corp., Extended Term Loan<br>B, 5.73%, 9/29/17                                 | 1,169 | 1,152,316 |
| Cengage Learning Acquisitions, Inc.:  |       |           |
| Non-Extended Term Loan, 2.49%, 7/03/14  | 529   | 487,267   |
| Tranche 1 Incremental, 7.50%, 7/03/14   | 759   | 730,623   |
| Charter Communications Operating LLC:   |       |           |
| Extended Term Loan C, 3.49%, 9/06/16  | 1,639 | 1,634,919 |
| Term Loan D, 4.00%, 5/15/19   | 638   | 637,632   |
| Clarke American Corp., Term Facility B,<br>2.73% 2.96%, 6/30/14                                   | 160   | 143,042   |
| Clear Channel Communications, Inc.:   |       |           |
| Term Loan B, 3.88%, 1/28/16   | 1,859 | 1,439,764 |
| Term Loan C, 3.88%, 1/28/16   | 340   | 258,298   |
| Cumulus Media, Inc., First Lien Term Loan,<br>5.75%, 9/17/18                                      | 1,393 | 1,394,929 |

|  | <b>Par</b>   | <b>Value</b> |
|--|--------------|--------------|
| <b>Floating Rate Loan Interests (b)</b>  | <b>(000)</b> |              |
| <b>Media (concluded)</b>   |              |              |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18  | USD 985      | \$ 991,649   |
| Gray Television, Inc., Term Loan B,<br>3.75%, 12/31/14   | 1,388        | 1,380,249    |
| Houghton Mifflin Harcourt Publishing Co.,<br>DIP Term Loan B, 7.25%, 6/01/18                                 | 943          | 953,242      |
| Hubbard Broadcasting, Term Loan B,<br>5.25%, 4/28/17   | 877          | 877,940      |
| Intelsat Jackson Holdings SA (FKA Intelsat<br>Jackson Holdings Ltd.), Tranche B Term Loan,<br>5.25%, 4/02/18 | 5,875        | 5,894,220    |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18   | 2,896        | 2,899,978    |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19   | 1,650        | 1,647,013    |
| Lavena Holding 4 GmbH (Prosiebensat.1<br>Media AG):  |              |              |
| Term Loan B, 2.95%, 3/06/15  | EUR 304      | 349,790      |
| Term Loan C, 3.32%, 3/04/16  | 304          | 351,701      |
| LIN Television Corp., Term Loan B,<br>5.00%, 12/21/18  | USD 701      | 705,424      |

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|   |         |                         |
|---|---------|-------------------------|
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                 | 2,500   | 2,513,550               |
| Nielsen Finance LLC, Class B Term Loan,<br>3.99%, 5/02/16             | 1,377   | 1,380,764               |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16      | 1,218   | 1,217,194               |
| Univision Communications, Inc.,<br>Extended Term Loan, 4.48%, 3/31/17 | 1,864   | 1,802,259               |
| UPC Broadband Holding BV, Term Loan U,<br>4.15%, 12/29/17             | EUR 494 | 617,354                 |
| UPC Financing Partnership:<br>Term Loan, 4.75%, 12/29/17              | USD 895 | 897,613                 |
| Term Loan T, 3.75%, 12/30/16  | 165     | 163,454                 |
| WC Luxco Sarl, Term Loan B3,<br>4.25%, 3/15/18                        | 370     | 368,170                 |
| Weather Channel, Term Loan B,<br>4.25%, 2/13/17                       | 1,818   | 1,823,932               |
| WideOpenWest Finance LLC, First Lien<br>Term Loan, 6.25%, 7/17/18     | 1,125   | 1,124,303<br>43,987,719 |
| <b>Metals &amp; Mining 2.6%</b>                                       |         |                         |
| Constellium Holding Co BV, Term Loan B,<br>9.25%, 5/25/18             | 1,125   | 1,102,500               |
| Novelis, Inc., Term Loan, 4.00%, 3/10/17                              | 2,511   | 2,496,113               |
| SunCoke Energy, Inc., Term Loan B,<br>4.00%, 7/26/18                  | 941     | 935,799                 |
| Walter Energy, Inc., Term Loan B,<br>4.00%, 4/02/18                   | 2,803   | 2,755,379<br>7,289,791  |
| <b>Multiline Retail 1.3%</b>  |         |                         |
| 99¢ Only Stores, Term Loan,<br>5.25%, 1/11/19                         | 1,129   | 1,135,667               |
| Dollar General Corp., Tranche B-2 Term Loan,<br>2.98%, 7/07/14        | 616     | 617,176                 |
| Hema Holding BV:<br>Term Loan B, 2.14%, 7/06/15                       | EUR 393 | 476,489                 |
| Term Loan C, 2.89%, 7/05/16   | 393     | 478,962                 |
| The Neiman Marcus Group, Inc., Term Loan,<br>4.75%, 5/16/18           | USD 930 | 930,000<br>3,638,294    |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par</b> | <b>(000) Value</b> |
|--|------------|--------------------|
| <b>Floating Rate Loan Interests (b)</b>                                |            |                    |
| <b>Oil, Gas &amp; Consumable Fuels 2.3%</b>                            |            |                    |
| Chesapeake Energy Corp., Unsecured Term Loan, 8.50%, 12/01/17          | USD 2,010  | \$2,014,321        |
| Everest Acquisition LLC, Term Loan B1, 5.00%, 4/24/18                  | 1,430      | 1,433,575          |
| Gibson Energy ULC, Term Loan B, 4.75%, 6/15/18                         | 1,672      | 1,678,580          |
| Obsidian Natural Gas Trust, Term Loan, 7.00%, 11/02/15                 | 1,176      | 1,176,408          |
|  |            | 6,302,884          |
| <b>Paper &amp; Forest Products 0.7%</b>                                |            |                    |
| Ainsworth Lumber Co. Ltd., Term Loan, 5.25%, 6/26/14                   | 385        | 372,488            |
| NewPage Corp., DIP Term Loan, 8.00%, 3/07/13                           | 450        | 454,221            |
| Verso Paper Finance Holdings LLC, Term Loan, 6.49% 7.24%, 2/01/13 (f)  | 2,429      | 1,214,560          |
|  |            | 2,041,269          |
| <b>Pharmaceuticals 4.1%</b>  |            |                    |
| Aptalis Pharma, Inc., Term Loan B, 5.50%, 2/10/17                      | 2,447      | 2,437,824          |
| Pharmaceutical Product Development, Inc., Term Loan B, 6.25%, 12/05/18 | 3,026      | 3,059,555          |
| Quintiles Transnational Corp., Term Loan B, 5.00%, 6/08/18             | 1,346      | 1,348,931          |
| RPI Finance Trust:   |            |                    |
| Incremental Tranche 2, 4.00%, 11/09/18                                 | 200        | 199,709            |
| Term Loan Tranche 2, 4.00%, 5/09/18                                    | 988        | 989,033            |
| Valeant Pharmaceuticals International, Inc.:                           |            |                    |
| Add-On Term Loan B, 4.75%, 2/13/19                                     | 1,281      | 1,283,684          |
| Series A Tranche B, 4.75%, 2/13/19                                     | 940        | 942,181            |
| Warner Chilcott Corp.:   |            |                    |
| Incremental Term Loan B-1, 4.25%, 3/15/18                              | 204        | 203,362            |
| Term Loan B-1, 4.25%, 3/15/18  | 539        | 535,521            |
| Term Loan B-2, 4.25%, 3/15/18  | 269        | 267,760            |
|  |            | 11,267,560         |
| <b>Professional Services 1.8%</b>                                      |            |                    |
| Booz Allen Hamilton, Inc., Term Loan B, 4.50%, 7/31/19                 | 1,400      | 1,401,750          |
| Emdeon, Inc., Term Loan B1, 5.00%, 11/02/18                            | 1,769      | 1,769,933          |

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|   |       |                        |
|---|-------|------------------------|
| ON Assignment, Inc., Term Loan B,<br>5.00%, 5/15/19     | 583   | 580,128                |
| Truven Health Analytics, Term Loan B,<br>6.75%, 6/06/19 | 1,315 | 1,324,310<br>5,076,121 |

**Real Estate Investment Trusts (REITs) 0.8%**

|                              |       |                     |
|------------------------------|-------|---------------------|
| iStar Financial, Inc.:       |       |                     |
| Term Loan A1, 5.00%, 6/28/13 | 2,202 | 2,203,727           |
| Term Loan A2, 7.00%, 6/30/14 | 75    | 75,070<br>2,278,797 |

**Real Estate Management & Development 1.6%**

|   |       |                      |
|---|-------|----------------------|
| Mattamy Funding Partnership, Term Loan B,<br>2.69%, 4/11/13   | 400   | 395,385              |
| Realogy Corp.:  |       |                      |
| Extended Letter of Credit Loan,<br>4.50%, 10/10/16            | 119   | 114,847              |
| Extended Synthetic Letter of Credit,<br>3.25%, 10/10/13       | 55    | 51,204               |
| Extended Term Loan, 4.49%, 10/10/16                           | 3,747 | 3,616,901            |
| Stockbridge SBE Holdings LLC, Term Loan B,<br>13.00%, 5/02/17 | 190   | 189,050<br>4,367,387 |

**Floating Rate Loan Interests (b)**

**Road & Rail 0.7%**

|  | Par<br>(000) | Value                |
|--|--------------|----------------------|
| Avis Budget Car Rental LLC, Incremental<br>Term Loan, 6.25%, 9/21/18 | USD 598      | \$ 600,753           |
| RailAmerica, Inc., Term Loan B,<br>4.00%, 3/01/19                    | 958          | 957,006              |
| Road Infrastructure Investment LLC,<br>Term Loan B, 6.25%, 3/30/18   | 509          | 506,182<br>2,063,941 |

**Semiconductors & Semiconductor Equipment 0.9%**

|   |       |                      |
|---|-------|----------------------|
| Freescale Semiconductor, Inc., Extended Term<br>Loan B, 4.50%, 12/01/16 | 1,733 | 1,662,617            |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 853   | 862,831<br>2,525,448 |

**Software 3.7%**

|  |       |           |
|--|-------|-----------|
| Blackboard, Inc., Term Loan B,<br>7.50%, 10/04/18                          | 552   | 542,909   |
| Infor US, Inc. (FKA Lawson Software, Inc.),<br>Term Loan B, 6.25%, 4/05/18 | 3,865 | 3,905,048 |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                    | 1,416 | 1,428,136 |
| SS&C Technologies, Inc.:   |       |           |
| Term Loan B-1, 5.00%, 6/07/19  | 1,945 | 1,947,445 |
| Term Loan B-2, 5.00%, 6/07/19  | 201   | 201,460   |
| Vertafore, Inc., Term Loan B, 5.25%, 7/29/16                               | 675   | 674,054   |
| WaveDivision Holdings LLC, Term Loan B,<br>5.50%, 8/23/19                  | 1,530 | 1,535,707 |

10,234,759

**Specialty Retail 6.5%**

|  |       |            |
|--|-------|------------|
| Academy Ltd., Term Loan, 6.00%, 8/03/18                                  | 1,692 | 1,697,420  |
| Bass Pro Group LLC, Term Loan,<br>5.25%, 6/13/17                         | 1,224 | 1,232,180  |
| Burlington Coat Factory Warehouse Corp., Term<br>Loan B1, 5.50%, 2/23/17 | 346   | 346,796    |
| Claire s Stores, Inc., Term Loan B,<br>2.98% 3.20%, 5/29/14              | 1,753 | 1,720,338  |
| General Nutrition Centers, Inc., Term Loan B,<br>4.25%, 3/02/18          | 1,870 | 1,867,363  |
| The Gymboree Corp., Term Loan,<br>5.00%, 2/23/18                         | 286   | 276,771    |
| Harbor Freight Tools USA, Inc., Term Loan B,<br>5.50%, 11/14/17          | 995   | 993,597    |
| Jo-Ann Stores, Inc., Term Loan,<br>4.75%, 3/16/18                        | 642   | 641,887    |
| Michaels Stores, Inc.:   |       |            |
| Extended Term Loan B3, 5.00%, 7/29/16                                    | 736   | 739,544    |
| Term Loan B2, 5.00%, 7/29/16   | 1,365 | 1,371,536  |
| Party City Holdings, Inc., Term Loan B,<br>5.75%, 7/26/19                | 1,855 | 1,863,496  |
| PETCO Animal Supplies, Inc., Term Loan,<br>4.50%, 11/24/17               | 2,123 | 2,123,837  |
| Things Remembered, Inc., Term Loan B,<br>8.00%, 5/24/18                  | 680   | 666,400    |
| Toys R Us Delaware, Inc.:  |       |            |
| Incremental Term Loan B2,<br>5.25%, 5/25/18                              | 395   | 378,462    |
| Term Loan, 6.00%, 9/01/16  | 566   | 555,951    |
| Term Loan B3, 5.25%, 5/25/18   | 209   | 201,096    |
| The Yankee Candle Co., Inc., Term Loan B,<br>5.25%, 4/02/19              | 1,377 | 1,381,891  |
|  |       | 18,058,565 |

**Textiles, Apparel & Luxury Goods 1.2%**

|  |       |           |
|--|-------|-----------|
| Ascend Performance Materials LLC,<br>Term Loan B, 6.75%, 4/10/18 | 1,995 | 1,976,706 |
| Wolverine Worldwide, Inc., Term Loan B,<br>4.21%, 6/06/19        | 1,250 | 1,257,787 |
|  |       | 3,234,493 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**  
 (Percentages shown are based on Net Assets)

| <b>Floating Rate Loan Interests (b)</b>                       | <b>Par<br/>(000)</b> | <b>Value</b>       |
|---|----------------------|--------------------|
| <b>Wireless Telecommunication Services 1.7%</b>               |                      |                    |
| Crown Castle International Corp., Term Loan B, 4.00%, 1/31/19 | USD 608              | \$ 607,561         |
| MetroPCS Wireless, Inc.:                                      |                      |                    |
| Term Loan B-3, 4.00%, 3/16/18                                 | 245                  | 244,144            |
| Tranche B-2 Term Loan, 4.07%, 11/03/16                        | 971                  | 969,697            |
| Vodafone Americas Finance 2, Inc. (f):                        |                      |                    |
| Term Loan, 6.88%, 8/11/15                                     | 2,093                | 2,177,122          |
| Term Loan B, 6.25%, 7/11/16                                   | 722                  | 736,312            |
|   |                      | 4,734,836          |
| <b>Total Floating Rate Loan Interests 126.7%</b>              |                      | <b>350,795,697</b> |

| <b>Other Interests (h)</b>                           | <b>Beneficial<br/>Interest<br/>(000)</b> |                |
|--|--|----------------|
| <b>Chemicals 0.0%</b>                                |  |                |
| Wellman Holdings, Inc., Litigation Trust Certificate | 4,750                                    | 48             |
| <b>Diversified Financial Services 0.3%</b>           |  |                |
| J.G. Wentworth LLC Preferred Equity Interests (d)    | (i)                                      | 835,717        |
| <b>Total Other Interests 0.3%</b>                    |  | <b>835,765</b> |

| <b>Warrants (j) 0.0%</b>   | <b>Shares</b> |                    |
|--|---------------|--------------------|
| <b>Software 0.0%</b>   |               |                    |
| HMH Holdings/EduMedia (Issued/Exercisable 3/09/10, 19 Shares for 1 Warrant, Expires 6/22/19, Strike Price \$42.27) | 1,202         |                    |
| <b>Total Long-Term Investments<br/>(Cost \$400,628,030) 144.6%</b>   |               | <b>400,376,933</b> |

| <b>Short-Term Securities</b>   |           |                  |
|--|-----------|------------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class, 0.15% (k)(l) | 1,779,337 | 1,779,337        |
| <b>Total Short-Term Securities<br/>(Cost \$1,779,337) 0.6%</b>         |           | <b>1,779,337</b> |

| <b>Options Purchased</b>  | <b>Contracts</b> |  |
|---|------------------|--|
| <b>Over-the-Counter Call Options 0.0%</b>   |                  |  |
| Marsico Parent Superholdco LLC, Strike Price USD 942.86, Expires 12/14/19, Broker Goldman Sachs Group, Inc. | 20               |  |
| <b>Total Options Purchased</b>  |                  |  |

|  |               |
|--|---------------|
| <b>(Cost \$19,556) 0.0%</b>                          |               |
| <b>Total Investments (Cost \$402,426,923) 145.2%</b> | 402,156,270   |
| <b>Liabilities in Excess of Other Assets (45.2)%</b> | (125,166,270) |
| <b>Net Assets 100.0%</b>                             | \$276,990,000 |

(a) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(b) Variable rate security. Rate shown is as of report date.

(c) When-issued security. Unsettled when-issued transactions were as follows:

| <b>Counterparty</b>    | <b>Value</b> | <b>Unrealized Appreciation</b> |
|------------------------|--------------|--------------------------------|
| Credit Suisse Group AG | \$692,250    |                                |

(d) Non-income producing security.

(e) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.

(f) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.

(g) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(h) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

(i) Amount is less than \$500.

Warrants entitle the Fund 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 Fund during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <b>Affiliate</b>   | <b>Shares Held at August 31, 2011</b> | <b>Net Activity</b> | <b>Shares Held at August 31, 2012</b> | <b>Income</b> |
|--|---------------------------------------|---------------------|---------------------------------------|---------------|
| BlackRock Liquidity Funds, TempFund, Institutional Class | 5,396,667                             | (3,617,330)         | 1,779,337                             | \$1,172       |

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

For Fund compliance purposes, the Fund'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 Fund management. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

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

| <b>Currency Purchased</b> | <b>Currency Sold</b> | <b>Counterparty</b> | <b>Settlement Date</b> | <b>Unrealized Appreciation (Depreciation)</b> |
|---------------------------|----------------------|---------------------|------------------------|---|
| USD 30,190                | EUR 24,000           | Deutsche Bank AG    | 9/05/12                | \$ 3  |
| USD 1,756,637             | CAD 1,784,000        | UBS AG              | 10/17/12               | (51,520)                                      |
| USD 219,347               | GBP 140,000          | Citibank NA         | 10/17/12               | (2,919)                                       |
| USD 2,400,001             | GBP 1,546,000        | UBS AG              | 10/17/12               | (54,454)                                      |
| USD 4,273,223             | EUR 3,485,500        | Citibank NA         | 10/22/12               | (113,100)                                     |
| <b>Total</b>              |                      |                     |                        | <b>\$ (221,990)</b>                           |

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

| <b>Index</b>   | <b>Pay<br/>Fixed<br/>Rate</b> | <b>Counterparty</b>     | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Depreciation</b> |
|--|-------------------------------|-------------------------|----------------------------|--------------------------------------|------------------------------------|
| Dow Jones<br>CDX North<br>America High<br>Yield Index<br>Series 18,<br>Version 2 | 5.00%                         | JPMorgan<br>Chase & Co. | 6/20/17                    | USD 3,614                            | \$(146,707)                        |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instrument. 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

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**

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 Fund's own assumptions used in determining the fair value of investments and derivative financial instrument)

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Fund'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 instrument 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 Fund'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 Fund's investments and derivative financial instrument 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             | —           | —             | \$7,043,642  | \$7,043,642   |
| Common                 |             |               |              |               |
| Stocks                 | \$1,674,432 | \$788,716     | 6,034        | 2,469,182     |
| Corporate              |             |               |              |               |
| Bonds                  | —           | 36,877,443    | 2,355,204    | 39,232,647    |
| Floating               |             |               |              |               |
| Rate Loan              |             |               |              |               |
| Interests              | —           | 327,615,178   | 23,180,519   | 350,795,697   |
| Other Interests        | —           | —             | 835,765      | 835,765       |
| Short-Term             |             |               |              |               |
| Securities             | 1,779,337   | —             | —            | 1,779,337     |
| Total                  | \$3,453,769 | \$365,281,337 | \$33,421,164 | \$402,156,270 |

|   | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| Derivative Financial Instruments <sup>1</sup> |         |         |         |       |
| Assets:                                       |         |         |         |       |
| Foreign currency                              |         |         |         |       |
| exchange                                      |         |         |         |       |
| contracts                                     | —       | \$3     | —       | \$3   |
| Liabilities:                                  |         |         |         |       |

|                                     |   |             |   |             |
|-------------------------------------|---|-------------|---|-------------|
| Credit contracts                    | — | (146,707)   | — | (146,707)   |
| Foreign currency exchange contracts | — | (221,993)   | — | (221,993)   |
| Total                               | — | \$(368,697) | — | \$(368,697) |

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

Certain of the Fund'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:

| Valuation Inputs          | Level 1  | Level 2         | Level 3 | Total           |
|---------------------------|----------|-----------------|---------|-----------------|
| Assets:                   |          |                 |         |                 |
| Cash                      | \$3,216  | —               | —       | \$3,216         |
| Foreign currency at value | 74,079   | —               | —       | 74,079          |
| Liabilities:              |          |                 |         |                 |
| Loan payable              | —        | \$(117,000,000) | —       | (117,000,000)   |
| Total                     | \$77,295 | \$(117,000,000) | —       | \$(116,922,705) |

There were no transfers between levels during the year ended August 31, 2012.

See Notes to Financial Statements.

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**Consolidated Schedule of Investments (concluded) BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**

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 Fund's Level 3 investments as of August 31, 2012:

|                              | Value              | Valuation Techniques        | Unobservable Inputs <sup>1</sup>                                     | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>2</sup> |
|------------------------------|--------------------|-----------------------------|--|------------------------------|--|
| <b>Assets:</b>               |                    |                             |  |                              |  |
| Common Stocks                | \$ 6,034           | Market Comparable Companies | EBITDA Multiple<br>Illiquidity Discount<br>Proforma Revenue Increase | 5.0x<br>20%<br>37%           | 5.0x<br>20%<br>37%                                   |
| Corporate Bonds              | 2,015,774          | Market Comparable Companies | EBITDA Multiple<br>Illiquidity Discount<br>Proforma Revenue Increase | 5.0x<br>20%<br>37%           | 5.0x<br>20%<br>37%                                   |
| Floating Rate Loan Interests | 4,420,404          | Market Comparable Companies | Illiquidity Discount<br>Yield  | 50%<br>9.65%                 | 50%<br>9.65%   |
|                              |                    | Cost                        | N/A <sup>3</sup>   |                              |  |
| <b>Total<sup>4</sup></b>     | <b>\$6,442,212</b> |                             |  |                              |  |

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

| Unobservable Input        | Impact to                | Impact to                |
|---------------------------|--------------------------|--------------------------|
|                           | Value if Input Increases | Value if Input Decreases |
| EBITDA Multiple           | Increase                 | Decrease                 |
| Illiquidity Discount      | Decrease                 | Increase                 |
| Proforma Revenue Increase | Increase                 | Decrease                 |
| Yield                     | Decrease                 | Increase                 |

<sup>2</sup>Unobservable inputs are weighted based on the value of the investments included in the range.

The Fund 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 Fund.

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.

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A reconciliation of Level 3 investments is presented when the Fund had a significant amount of Level 3 investments at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used in determining fair value:

|   | Asset-Backed Common |                | Corporate          | Floating                  | Other            | Total               |
|---|---------------------|----------------|--------------------|---------------------------|------------------|---------------------|
|   | Securities          | Stocks         | Bonds              | Rate<br>Loan<br>Interests | Interests        |                     |
| <b>Assets:</b>  |                     |                |                    |                           |                  |                     |
| Opening balance, as of August 31, 2011                          | \$7,328,370         | \$191,645      | \$2,293,544        | \$23,078,475              | \$742,860        | \$33,634,894        |
| Transfers into Level 3 <sup>5</sup>                             | —                   | —              | —                  | 3,624,442                 | —                | 3,624,442           |
| Transfers out of Level 3 <sup>6</sup>                           | —                   | —              | —                  | (12,473,405)              | —                | (12,473,405)        |
| Accrued discounts/premiums                                      | 102,532             | —              | 82,157             | 120,872                   | —                | 305,561             |
| Net realized gain (loss)  | (113,969 )          | (1,361,242)    | (4,362,357)        | 40,452                    | —                | (5,797,116)         |
| Net change in unrealized appreciation/depreciation <sup>7</sup> | 369,528             | 1,177,556      | 4,597,146          | (561,315 )                | 92,905           | 5,675,820           |
| Purchases   | 5,001,366           | —              | 143,230            | 11,197,600                | —                | 16,342,196          |
| Sales   | (5,644,185)         | (1,925 )       | (398,516 )         | (1,846,602 )              | —                | (7,891,228)         |
| <b>Closing Balance, as of August 31, 2012.</b>                  | <b>\$7,043,642</b>  | <b>\$6,034</b> | <b>\$2,355,204</b> | <b>\$23,180,519</b>       | <b>\$835,765</b> | <b>\$33,421,164</b> |

As of August 31, 2011, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value on the same investments. <sup>5</sup> As a result, investments with a beginning of year value of \$3,624,442 transferred from Level 2 to Level 3 in the disclosure hierarchy.

As of August 31, 2011, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value on the same <sup>6</sup> investments. As a result, investments with a beginning of year value of \$12,473,405 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup>The change in unrealized appreciation/depreciation on investments still held as of August 31, 2012 was \$(162,162). See Notes to Financial Statements.

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Consolidated Schedule of Investments August 31, 2012

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

|   | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Asset-Backed Securities</b>  |                      |              |
| <b>Asset-Backed Securities 6.2%</b>   |                      |              |
| 321 Henderson Receivables I LLC,<br>Series 2010-3A, Class A,<br>3.82%, 12/15/48 (a)               | USD 4,369            | \$4,566,048  |
| AmeriCredit Automobile Receivables Trust,<br>Series 2012-2, Class D, 3.38%, 4/09/18               | 1,990                | 2,043,706    |
| Capital One Multi-Asset Execution Trust,<br>Series 4-3C, 6.63%, 4/19/17 (b)                       | GBP 2,650            | 4,302,523    |
| Conseco Financial Corp., Series 1995-5,<br>Class M1, 7.65%, 9/15/26 (b)                           | USD 631              | 642,083      |
| Countrywide Asset-Backed Certificates (b):  |                      |              |
| Series 2007-10, Class 2A1,<br>0.29%, 6/25/47  | 414                  | 411,851      |
| Series 2007-12, Class 2A1,<br>0.59%, 8/25/47  | 945                  | 934,253      |
| Series 2007-7, Class 2A2,<br>0.40%, 10/25/47  | 3,230                | 3,004,507    |
| CSAM Funding, Series 2A, Class B1,<br>7.05%, 10/15/16 (a)   | 750                  | 757,800      |
| Ford Credit Floorplan Master Owner Trust:   |                      |              |
| Series 2010-5, Class C,<br>2.07%, 9/15/15 (a)   | 890                  | 896,004      |
| Series 2011-2, Class C, 2.37%, 9/15/15  | 1,125                | 1,127,976    |
| Series 2011-2, Class D, 2.86%, 9/15/15  | 1,145                | 1,147,944    |
| Fraser Sullivan CLO Ltd., Series 2012-7A,<br>Class C, 4.47%, 4/20/23 (a)(b)                       | 1,090                | 968,574      |
| Gannett Peak CLO Ltd., Series 2006-1X,<br>Class A2, 0.81%, 10/27/20 (b)                           | 1,330                | 1,120,525    |
| Goldentree Loan Opportunities VI Ltd.,<br>Series 2012-6A, Class D,<br>4.66%, 4/17/22 (a)(b)       | 1,500                | 1,363,650    |
| GSAA Trust, Series 2007-3, Class 1A2,<br>0.41%, 3/25/47 (b)                                       | 3,102                | 1,346,850    |
| ING Investment Management, Series 2012-2A,<br>Class D, 4.99%, 10/15/22 (a)(b)                     | 1,800                | 1,604,898    |
| Santander Consumer Acquired Receivables<br>Trust, Series 2011-S1A, Class D,<br>3.15%, 8/15/16 (a) | 2,331                | 2,321,397    |
| Santander Drive Auto Receivables Trust:   |                      |              |
| Series 2011-S1A, Class D,<br>3.10%, 5/15/17 (a)   | 1,069                | 1,071,802    |
| Series 2011-S2A, Class B,   |                      |              |

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|  |           |            |
|--|-----------|------------|
| 2.06%, 6/15/17 (a)<br>Series 2011-S2A, Class C,                              | 560       | 560,521    |
| 2.86%, 6/15/17 (a)<br>Series 2012-3, Class D, 3.64%, 5/15/18                 | 580       | 585,926    |
| SLC Student Loan Trust, Series 2006-A,<br>Class A4, 0.58%, 1/15/19 (b)       | 2,865     | 2,920,532  |
| Spirit Issuer Plc, Series A2, 3.60%, 12/28/31                                | 1,003     | 999,959    |
| World Financial Network Credit Card Master<br>Trust, Series 2012-C, Class B, | GBP 1,800 | 1,943,530  |
| 3.57%, 8/15/22   | USD 3,000 | 3,013,596  |
|  |           | 39,656,455 |

**Interest Only Asset-Backed Securities 0.3%**

|   |        |            |
|---|--------|------------|
| Sterling Bank Trust, Series 2004-2, Class Note,<br>2.08%, 3/30/30 (a) | 11,663 | 922,072    |
| Sterling Coofs Trust, Series 1, 2.36%, 4/15/29                        | 10,312 | 786,325    |
|   |        | 1,708,397  |
| <b>Total Asset-Backed Securities 6.5%</b>                             |        | 41,364,852 |

| <b>Common Stocks (c)</b>                      | <b>Shares</b> | <b>Value</b> |
|---|---------------|--------------|
| <b>Auto Components 0.6%</b>                   |               |              |
| Delphi Automotive Plc                         | 121,926       | \$3,693,135  |
| <b>Construction &amp; Engineering 0.0%</b>    |               |              |
| USI United Subcontractors                     | 6,454         | 16,135       |
| <b>Diversified Financial Services 0.3%</b>    |               |              |
| Kcad Holdings I Ltd.                          | 300,277,327   | 1,991,139    |
| <b>Hotels, Restaurants &amp; Leisure 0.1%</b> |               |              |
| BLB Worldwide Holdings, Inc.                  | 51,947        | 597,391      |
| Travelport Worldwide Ltd. (b)                 | 176,501       | 22,945       |
|   |               | 620,336      |
| <b>Media 0.0%</b>                             |               |              |
| Cumulus Media, Inc., Class A                  | 113,813       | 315,262      |
| <b>Metals &amp; Mining 0.0%</b>               |               |              |
| Euramax International                         | 234           | 49,856       |
| <b>Software 0.3%</b>                          |               |              |
| Bankruptcy Management Solutions, Inc.         | 880           | 9            |
| HMH Holdings/EduMedia                         | 71,219        | 1,744,868    |
|   |               | 1,744,877    |
| <b>Total Common Stocks 1.3%</b>               |               | 8,430,740    |

| <b>Corporate Bonds</b>  | <b>Par<br/>(000)</b> |           |
|---|----------------------|-----------|
| <b>Aerospace &amp; Defense 0.5%</b>                               |                      |           |
| Huntington Ingalls Industries, Inc.,<br>7.13%, 3/15/21 (d)        | USD 650              | 703,625   |
| Kratos Defense & Security Solutions, Inc.,<br>10.00%, 6/01/17 (d) | 1,966                | 2,093,790 |
| Meccanica Holdings USA, Inc.,<br>6.25%, 7/15/19 (a)(d)            | 559                  | 505,809   |
|   |                      | 3,303,224 |
| <b>Airlines 1.0%</b>  |                      |           |

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|   |           |           |
|---|-----------|-----------|
| American Airlines Pass-Through Trust,<br>Series 2011-2, Class A,<br>8.63%, 10/15/21 (d) | 871       | 923,779   |
| Continental Airlines, Inc.,<br>6.75%, 9/15/15 (a)(d)                                    | 1,350     | 1,398,937 |
| Delta Air Lines, Inc., Series 2009-1 Series B,<br>9.75%, 6/17/18 (d)                    | 253       | 273,071   |
| US Airways Pass Through Trust:<br>Series 2011-1, Class C<br>10.88%, 10/22/14            | 1,599     | 1,638,817 |
| Series 2012-1, Class C 9.13%, 10/01/15  | 2,706     | 2,760,120 |
|   |           | 6,994,724 |
| <b>Auto Components 1.1%</b>   |           |           |
| Icahn Enterprises LP (b)(e):<br>4.00%, 8/15/13  | 1,240     | 1,240,000 |
| 4.00%, 8/15/13 (a)  | 3,620     | 3,620,000 |
| Jaguar Land Rover Plc, 8.25%, 3/15/20   | GBP 554   | 927,840   |
| Titan International, Inc., 7.88%, 10/01/17 (d)  | USD 1,330 | 1,393,175 |
|   |           | 7,181,015 |
| <b>Beverages 0.2%</b>   |           |           |
| Crown European Holdings SA:<br>7.13%, 8/15/18   | EUR 428   | 592,172   |
| 7.13%, 8/15/18 (a)  | 544       | 752,668   |
|   |           | 1,344,840 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Corporate Bonds</b>                      |            |                    |
| <b>Building Products 0.6%</b>               |            |                    |
| Building Materials Corp. of America (a)(d): |            |                    |
| 7.00%, 2/15/20                              | USD 1,345  | \$1,455,962        |
| 6.75%, 5/01/21                              | 1,030      | 1,125,275          |
| USG Corp., 9.75%, 1/15/18                   | 1,390      | 1,490,775          |
|   |            | 4,072,012          |
| <b>Capital Markets 0.7%</b>                 |            |                    |
| E*Trade Financial Corp.:                    |            |                    |
| 12.50%, 11/30/17                            | 2,515      | 2,870,244          |
| 2.25%, 8/31/19 (a)(e)(f)                    | 249        | 212,895            |
| SteelRiver Transmission Co. LLC,            |            |                    |
| 4.71%, 6/30/17 (a)                          | 1,204      | 1,243,800          |
|   |            | 4,326,939          |
| <b>Chemicals 2.9%</b>                       |            |                    |
| Ashland, Inc., 4.75%, 8/15/22 (a)(d)        | 675        | 676,687            |
| Celanese US Holdings LLC,                   |            |                    |
| 5.88%, 6/15/21 (d)                          | 805        | 889,525            |
| Hexion US Finance Corp.:                    |            |                    |
| 6.63%, 4/15/20 (c)                          | 395        | 398,950            |
| 9.00%, 11/15/20                             | 735        | 628,425            |
| Huntsman International LLC,                 |            |                    |
| 8.63%, 3/15/21 (d)                          | 655        | 749,975            |
| INEOS Finance Plc (a)(d):                   |            |                    |
| 8.38%, 2/15/19                              | 1,665      | 1,752,412          |
| 7.50%, 5/01/20                              | 515        | 525,300            |
| INEOS Group Holdings Plc, 8.50%, 2/15/16    |            |                    |
| (a)   | 345        | 325,163            |
| LyondellBasell Industries NV,               |            |                    |
| 5.75%, 4/15/24 (d)(c)                       | 2,520      | 2,853,900          |
| Nova Chemicals Corp., 8.38%, 11/01/16 (d)   | 5,500      | 6,105,000          |
| Orion Engineered Carbons Bondco GmbH,       |            |                    |
| 9.63%, 6/15/18 (a)                          | 898        | 947,390            |
| Tronox Finance LLC, 6.38%, 8/15/20 (a)(d)   | 2,880      | 2,908,800          |
|   |            | 18,761,527         |
| <b>Commercial Banks 2.4%</b>                |            |                    |
| CIT Group, Inc. (d):                        |            |                    |
| 5.25%, 4/01/14 (a)                          | 3,614      | 3,754,043          |
| 4.75%, 2/15/15 (a)                          | 2,409      | 2,505,360          |
| 5.00%, 5/15/17                              | 890        | 927,825            |
| 5.50%, 2/15/19 (a)                          | 2,040      | 2,126,700          |
| HSBC Bank Plc, 3.10%, 5/24/16 (a)(d)        | 2,560      | 2,683,313          |
| HSBC Holdings Plc, 6.25%, 3/19/18           | EUR 1,000  | 1,424,999          |

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|   |         |            |
|---|---------|------------|
| Nordea Bank AB, 4.50%, 3/26/20              | 1,020   | 1,304,907  |
| Regions Financial Corp., 4.88%, 4/26/13 (d) | USD 907 | 911,535    |
|   |         | 15,638,682 |

**Commercial Services & Supplies 1.0%**

|  |         |           |
|--|---------|-----------|
| ARAMARK Corp., 8.50%, 2/01/15 (d)                          | 980     | 1,004,510 |
| ARAMARK Holdings Corp.,<br>8.63%, 5/01/16 (a)(g)           | 890     | 911,146   |
| Brickman Group Holdings, Inc.,<br>9.13%, 11/01/18 (a)      | 63      | 63,630    |
| Clean Harbors, Inc., 5.25%, 8/01/20 (a)(d)                 | 607     | 622,934   |
| Covanta Holding Corp., 6.38%, 10/01/22 (d)                 | 1,130   | 1,235,510 |
| Mead Products LLC/ACCO Brands Corp.,<br>6.75%, 4/30/20 (a) | 290     | 306,675   |
| Mobile Mini, Inc., 7.88%, 12/01/20 (d)                     | 915     | 981,337   |
| Verisure Holding AB:<br>8.75%, 9/01/18                     | EUR 526 | 661,603   |
| 8.75%, 12/01/18  | 221     | 246,007   |
| West Corp., 8.63%, 10/01/18                                | USD 165 | 167,475   |
|  |         | 6,200,827 |

**Communications Equipment 1.8%**

|  |       |           |
|--|-------|-----------|
| ADC Telecommunications, Inc.,<br>3.50%, 7/15/15 (d)(f) | 6,670 | 6,811,137 |
| Avaya, Inc., 9.75%, 11/01/15 (d)                       | 510   | 442,425   |

**Corporate Bonds**

**Par  
(000) Value**

**Communications Equipment (concluded)**

|   |         |            |
|---|---------|------------|
| Hughes Satellite Systems Corp.,<br>6.50%, 6/15/19 (d) | USD 850 | \$ 910,563 |
| Zayo Group LLC/Zayo Capital, Inc.:<br>8.13%, 1/01/20  | 1,890   | 2,008,125  |
| 10.13%, 7/01/20                                       | 1,460   | 1,565,850  |
|   |         | 11,738,100 |

**Construction Materials 0.5%**

|  |       |           |
|--|-------|-----------|
| HD Supply, Inc., 8.13%, 4/15/19 (a)(d) | 3,085 | 3,347,225 |
|--|-------|-----------|

**Consumer Finance 0.7%**

|   |       |           |
|---|-------|-----------|
| Ford Motor Credit Co. LLC (d):<br>3.88%, 1/15/15  | 2,475 | 2,575,341 |
| 7.00%, 4/15/15                                    | 400   | 445,272   |
| Hyundai Capital America,<br>3.75%, 4/06/16 (a)(d) | 1,285 | 1,353,586 |
|   |       | 4,374,199 |

**Containers & Packaging 0.6%**

|  |         |         |
|--|---------|---------|
| Ardagh Packaging Finance Plc:<br>7.38%, 10/15/17 | EUR 200 | 266,025 |
| 7.38%, 10/15/17                                  | 100     | 133,012 |
| 7.38%, 10/15/17 (a)(d)                           | USD 299 | 320,304 |
| 7.38%, 10/15/17 (a)                              | EUR 587 | 780,783 |
| Berry Plastics Corp.:<br>4.34%, 9/15/14 (b)      | USD 700 | 689,500 |

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|  |           |            |
|--|-----------|------------|
| 8.25%, 11/15/15 (d)  | 490       | 515,725    |
| 9.75%, 1/15/21   | 670       | 742,025    |
| Beverage Packaging Holdings Luxembourg II SA,<br>8.00%, 12/15/16 | EUR 274   | 337,744    |
| Sealed Air Corp., 8.38%, 9/15/21 (a)(d)                          | USD 215   | 241,875    |
|  |           | 4,026,993  |
| <b>Distributors 0.2%</b>   |           |            |
| VWR Funding, Inc., 7.25%, 9/15/17 (a)(h)                         | 1,029     | 1,041,862  |
| <b>Diversified Consumer Services 0.1%</b>                        |           |            |
| Laureate Education, Inc., 9.25%, 9/01/19 (a)                     | 835       | 835,000    |
| <b>Diversified Financial Services 5.2%</b>                       |           |            |
| Ally Financial, Inc. (d):  |           |            |
| 8.30%, 2/12/15   | 2,460     | 2,730,600  |
| 7.50%, 9/15/20   | 1,630     | 1,866,350  |
| 8.00%, 11/01/31  | 2,140     | 2,530,550  |
| 8.00%, 11/01/31  | 950       | 1,127,644  |
| Banque Paribas, 6.95%, 7/22/13 (d)                               | 2,100     | 2,172,330  |
| CNG Holdings, Inc., 9.38%, 5/15/20 (a)                           | 700       | 714,000    |
| DPL, Inc., 7.25%, 10/15/21 (a)(d)                                | 255       | 290,700    |
| Gala Group Finance Plc, 8.88%, 9/01/18                           | GBP 400   | 592,268    |
| The Goldman Sachs Group, Inc. (d):                               |           |            |
| 6.00%, 5/01/14   | USD 1,150 | 1,227,728  |
| 5.13%, 1/15/15   | 3,515     | 3,757,219  |
| 3.30%, 5/03/15   | 3,285     | 3,391,253  |
| Intesa Sanpaolo SpA, 2.38%, 12/21/12 (d)                         | 3,335     | 3,282,107  |
| Morgan Stanley (d):  |           |            |
| 5.25%, 11/02/12  | 795       | 800,641    |
| 5.30%, 3/01/13   | 825       | 841,545    |
| Reynolds Group Issuer, Inc.:                                     |           |            |
| 7.75%, 10/15/16  | EUR 63    | 81,817     |
| 7.13%, 4/15/19 (d)   | USD 1,990 | 2,144,225  |
| 9.88%, 8/15/19 (a)   | 1,710     | 1,808,325  |
| 6.88%, 2/15/21 (d)   | 1,070     | 1,158,275  |
| 8.25%, 2/15/21 (a)   | 220       | 216,150    |
| SLM Corp., Series A, 5.00%, 10/01/13 (d)                         | 150       | 154,500    |
| Spirit Issuer Plc, 5.86%, 12/28/21                               | GBP 1,570 | 2,050,432  |
| WMG Acquisition Corp.,<br>9.50%, 6/15/16 (a)(d)                  | USD 280   | 305,900    |
|  |           | 33,244,559 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Corporate Bonds</b>  |            |                    |
| <b>Diversified Telecommunication Services 1.9%</b>                                      |            |                    |
| ITC Deltacom, Inc., 10.50%, 4/01/16   | USD 1,350  | \$1,454,625        |
| Level 3 Communications, Inc.,<br>8.88%, 6/01/19 (a)(d)                                  | 735        | 749,700            |
| Level 3 Financing, Inc.:<br>4.47%, 2/15/15 (b)  | 1,725      | 1,707,750          |
| 8.13%, 7/01/19  | 3,083      | 3,229,443          |
| 7.00%, 6/01/20 (a)  | 655        | 651,725            |
| OTE Plc, 5.00%, 8/05/13   | EUR 120    | 130,820            |
| Qwest Communications International, Inc.,<br>8.00%, 10/01/15 (d)                        | USD 2,500  | 2,616,250          |
| Telefonica Emisiones SAU, 4.69%, 11/11/19   | EUR 50     | 58,042             |
| Telenet Finance V Luxembourg SCA:<br>6.25%, 8/15/22                                     | 171        | 216,159            |
| 6.75%, 8/15/24  | 397        | 506,837            |
| Windstream Corp., 8.13%, 8/01/13 (d)  | USD 590    | 622,450            |
|   |            | 11,943,801         |
| <b>Electric Utilities 0.3%</b>  |            |                    |
| Mirant Mid Atlantic Pass Through Trust,<br>Series B, 9.13%, 6/30/17                     | 677        | 727,398            |
| Nisource Finance Corp. (d):<br>6.40%, 3/15/18   | 440        | 526,631            |
| 5.25%, 2/15/43  | 800        | 884,331            |
|   |            | 2,138,360          |
| <b>Electrical Equipment 0.1%</b>  |            |                    |
| Belden, Inc., 5.50%, 9/01/22 (a)  | 510        | 511,275            |
| <b>Electronic Equipment, Instruments &amp; Components 1.1%</b>                          |            |                    |
| Agilent Technologies, Inc., 4.45%, 9/14/12 (d)  | 7,325      | 7,331,197          |
| <b>Energy Equipment &amp; Services 1.9%</b>   |            |                    |
| Calfrac Holdings LP, 7.50%, 12/01/20 (a)(d)   | 1,105      | 1,082,900          |
| Compagnie Ge'ne'rale de Ge'ophysique,<br>Veritas (d):<br>7.75%, 5/15/17                 | 330        | 344,850            |
| 6.50%, 6/01/21  | 2,115      | 2,202,244          |
| FTS International Services LLC / FTS<br>International Bonds Inc,<br>8.13%, 11/15/18 (a) | 1,690      | 1,744,925          |
| Gulfmark Offshore, Inc.,<br>6.38%, 3/15/22 (a)(d)                                       | 185        | 188,700            |
| Hornbeck Offshore Services, Inc.,<br>5.88%, 4/01/20 (d)                                 | 375        | 382,500            |

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|   |       |            |
|---|-------|------------|
| Key Energy Services, Inc., 6.75%, 3/01/21 (d)         | 1,040 | 1,058,200  |
| MEG Energy Corp., 6.38%, 1/30/23 (a)(d)               | 445   | 463,913    |
| Oil States International, Inc.,<br>6.50%, 6/01/19 (d) | 725   | 770,312    |
| Peabody Energy Corp.,<br>6.25%, 11/15/21 (a)(d)       | 2,085 | 2,121,487  |
| Transocean, Inc. (d):<br>4.95%, 11/15/15              | 1,040 | 1,133,936  |
| 5.05%, 12/15/16                                       | 180   | 199,372    |
| 6.00%, 3/15/18  | 230   | 266,334    |
|   |       | 11,959,673 |

**Food & Staples Retailing 0.2%**

|  |           |           |
|--|-----------|-----------|
| Bakkavor Finance 2 Plc, 8.25%, 2/15/18 | GBP 214   | 299,024   |
| Rite Aid Corp., 9.25%, 3/15/20         | USD 1,095 | 1,125,113 |
|  |           | 1,424,137 |

**Food Products 0.4%**

|  |     |           |
|--|-----|-----------|
| Constellation Brands, Inc., 6.00%, 5/01/22 (d) | 660 | 741,675   |
| Post Holdings, Inc., 7.38%, 2/15/22 (a)(d)     | 665 | 700,744   |
| Smithfield Foods, Inc., 6.63%, 8/15/22 (d)     | 969 | 992,013   |
|  |     | 2,434,432 |

**Gas Utilities 0.3%**

|  |       |           |
|--|-------|-----------|
| Florida Gas Transmission Co. LLC,<br>4.00%, 7/15/15 (a)(d) | 2,000 | 2,099,556 |
|--|-------|-----------|

**Corporate Bonds**

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

**Health Care Equipment & Supplies 1.1%**

|  |         |            |
|--|---------|------------|
| Biomet, Inc., 6.50%, 8/01/20 (a)                                     | USD 751 | \$ 779,163 |
| CareFusion Corp., 5.13%, 8/01/14 (d)                                 | 3,000   | 3,213,291  |
| DJO Finance LLC:<br>10.88%, 11/15/14                                 | 587     | 612,681    |
| 8.75%, 3/15/18 (a)(d)  | 300     | 318,750    |
| 7.75%, 4/15/18   | 540     | 494,100    |
| Fresenius Medical Care US Finance II, Inc.,<br>5.63%, 7/31/19 (a)(d) | 960     | 1,026,000  |
| Teleflex, Inc., 6.88%, 6/01/19 (d)                                   | 675     | 722,250    |
|  |         | 7,166,235  |

**Health Care Providers & Services 3.2%**

|   |         |           |
|---|---------|-----------|
| Aviv Healthcare Properties LP,<br>7.75%, 2/15/19 (d)      | 995     | 1,034,800 |
| CHS/Community Health Systems, Inc.:<br>5.13%, 8/15/18 (d) | 490     | 505,312   |
| 7.13%, 7/15/20  | 471     | 493,373   |
| Crown Newco 3 Plc, 7.00%, 2/15/18                         | GBP 541 | 865,470   |
| DaVita, Inc., 5.75%, 8/15/22                              | USD 974 | 1,012,960 |
| HCA, Inc. (d):<br>6.50%, 2/15/20                          | 2,845   | 3,125,944 |
| 5.88%, 3/15/22  | 4,210   | 4,478,387 |
| Hologic, Inc., 6.25%, 8/01/20 (a)(d)                      | 1,389   | 1,470,604 |
| IASIS Healthcare LLC, 8.38%, 5/15/19                      | 1,351   | 1,288,516 |

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|   |           |            |
|---|-----------|------------|
| Omnicare, Inc., 7.75%, 6/01/20 (d)            | 1,135     | 1,251,337  |
| Tenet Healthcare Corp. (d):                   |           |            |
| 10.00%, 5/01/18                               | 3,032     | 3,486,800  |
| 8.88%, 7/01/19                                | 395       | 449,313    |
| United Surgical Partners International, Inc., |           |            |
| 9.00%, 4/01/20 (a)                            | 470       | 504,663    |
| Vanguard Health Holding Co. II LLC,           |           |            |
| 7.75%, 2/01/19 (a)                            | 800       | 834,000    |
|   |           | 20,801,479 |
| <b>Health Care Technology 0.8%</b>            |           |            |
| IMS Health, Inc., 12.50%, 3/01/18 (a)(d)      | 4,300     | 5,052,500  |
| <b>Hotels, Restaurants &amp; Leisure 3.3%</b> |           |            |
| Affinity Gaming LLC/Affinity Gaming Finance   |           |            |
| Corp., 9.00%, 5/15/18 (a)                     | 330       | 335,775    |
| Caesars Entertainment Operating Co., Inc.:    |           |            |
| 11.25%, 6/01/17                               | 475       | 511,813    |
| 8.50%, 2/15/20 (a)(d)                         | 1,010     | 996,113    |
| Caesars Operating Escrow LLC,                 |           |            |
| 9.00%, 2/15/20 (a)                            | 1,908     | 1,898,460  |
| Carlson Wagonlit BV, 6.88%, 6/15/19 (a)(d)    | 370       | 384,800    |
| Choice Hotels International, Inc.,            |           |            |
| 5.75%, 7/01/22 (d)                            | 240       | 257,400    |
| Cirsa Funding Luxembourg SA,                  |           |            |
| 8.75%, 5/15/18                                | EUR 305   | 336,634    |
| Enterprise Inns Plc:                          |           |            |
| 6.50%, 12/06/18                               | GBP 2,232 | 3,065,632  |
| 6.88%, 2/15/21                                | 2,070     | 2,432,270  |
| Gategroup Finance Luxembourg SA,              |           |            |
| 6.75%, 3/01/19                                | EUR 290   | 372,969    |
| Spirit Issuer Plc (b):                        |           |            |
| 1.45%, 12/28/28                               | GBP 3,325 | 3,378,947  |
| 5.47%, 12/28/34                               | 4,500     | 5,216,091  |
| Travelport LLC, 6.46%, 12/01/16 (a)(b)(g)     | USD 961   | 742,755    |
| Tropicana Entertainment LLC, 9.63%, 12/15/    |           |            |
| 14 (c)(i)                                     | 375       |            |
| Wynn Las Vegas LLC, 5.38%, 3/15/22 (a)(d)     | 1,258     | 1,286,305  |
|   |           | 21,215,964 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par</b> | <b>(000) Value</b> |
|--|------------|--------------------|
| <b>Corporate Bonds</b>   |            |                    |
| <b>Household Durables 0.7%</b>                                   |            |                    |
| Beazer Homes USA, Inc.,<br>6.63%, 4/15/18 (a)(d)                 | USD 910    | \$ 930,475         |
| Berkline/Benchcraft LLC,<br>4.50%, 11/03/12 (c)(i)               | 200        |                    |
| Libbey Glass, Inc., 6.88%, 5/15/20 (a)(d)                        | 250        | 266,563            |
| Spie BondCo 3 SCA, 11.00%, 8/15/19                               | EUR 348    | 444,280            |
| Standard Pacific Corp., 8.38%, 1/15/21 (d)                       | USD 2,400  | 2,676,000          |
|  |            | 4,317,318          |
| <b>Household Products 0.0%</b>                                   |            |                    |
| Ontex IV SA, 9.00%, 4/15/19                                      | EUR 253    | 292,766            |
| <b>Independent Power Producers &amp; Energy Traders 2.8%</b>     |            |                    |
| The AES Corp. (d):<br>7.75%, 10/15/15                            | USD 2,440  | 2,757,200          |
| 9.75%, 4/15/16   | 710        | 848,450            |
| 7.38%, 7/01/21   | 185        | 211,825            |
| Calpine Corp. (a)(d):<br>7.25%, 10/15/17                         | 405        | 433,350            |
| 7.50%, 2/15/21   | 530        | 588,300            |
| Energy Future Holdings Corp.,<br>10.00%, 1/15/20 (d)             | 2,805      | 3,092,513          |
| Energy Future Intermediate Holding Co. LLC:<br>10.00%, 12/01/20  | 6,225      | 6,987,562          |
| 11.75%, 3/01/22 (a)(d)   | 670        | 713,550            |
| GenOn REMA LLC, 9.24%, 7/02/17 (d)                               | 560        | 602,123            |
| Laredo Petroleum, Inc.:<br>9.50%, 2/15/19                        | 630        | 715,050            |
| 7.38%, 5/01/22   | 515        | 553,625            |
| QEP Resources, Inc., 5.38%, 10/01/22 (d)                         | 476        | 487,900            |
|  |            | 17,991,448         |
| <b>Industrial Conglomerates 1.4%</b>                             |            |                    |
| Sequa Corp. (a):<br>11.75%, 12/01/15                             | 2,950      | 3,097,500          |
| 13.50%, 12/01/15   | 5,870      | 6,222,199          |
|  |            | 9,319,699          |
| <b>Insurance 1.9%</b>  |            |                    |
| Allied World Assurance Co. Holdings, Ltd.,<br>7.50%, 8/01/16 (d) | 3,000      | 3,478,470          |
| American International Group, Inc.,<br>3.00%, 3/20/15 (d)        | 3,120      | 3,209,123          |
| CNO Financial Group, Inc.,<br>9.00%, 1/15/18 (a)(d)              | 2,353      | 2,573,593          |

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|   |         |                       |
|---|---------|-----------------------|
| Forethought Financial Group, Inc.,<br>8.63%, 4/15/21 (a)(d) | 750     | 779,757               |
| Genworth Financial, Inc., 7.63%, 9/24/21 (d)                | 990     | 1,011,582             |
| MPL 2 Acquisition Canco, Inc.,<br>9.88%, 8/15/18 (a)        | 595     | 532,525               |
| Muenchener Rueckversicherungs AG,<br>6.00%, 5/26/41 (b)     | EUR 400 | 528,578<br>12,113,628 |

**IT Services 1.0%**

|  |           |                        |
|--|-----------|------------------------|
| Ceridian Corp., 8.88%, 7/15/19 (a)         | USD 1,395 | 1,496,137              |
| Epicor Software Corp., 8.63%, 5/01/19      | 1,260     | 1,297,800              |
| First Data Corp.:<br>7.38%, 6/15/19 (a)(d) | 1,175     | 1,213,188              |
| 6.75%, 11/01/20 (a)(d)                     | 1,235     | 1,225,737              |
| 8.25%, 1/15/21 (a)                         | 90        | 89,213                 |
| 12.63%, 1/15/21                            | 1,018     | 1,030,725<br>6,352,800 |

**Machinery 0.8%**

|   |       |           |
|---|-------|-----------|
| UR Financing Escrow Corp.,<br>5.75%, 7/15/18 (a)(d) | 1,244 | 1,315,530 |
| UR Merger Sub Corp. (a)(d):<br>7.38%, 5/15/20       | 805   | 853,300   |

**Corporate Bonds**

**Par  
(000) Value**

**Machinery (concluded)**

|   |           |                          |
|---|-----------|--------------------------|
| UR Merger Sub Corp. (a)(d) (concluded):<br>7.63%, 4/15/22 | USD 2,518 | \$2,719,440<br>4,888,270 |
|---|-----------|--------------------------|

**Media 6.0%**

|  |       |           |
|--|-------|-----------|
| AMC Networks, Inc., 7.75%, 7/15/21 (d)                                   | 525   | 594,563   |
| CCH II LLC, 13.50%, 11/30/16 (d)   | 4,106 | 4,496,112 |
| Cengage Learning Acquisitions, Inc.,<br>11.50%, 4/15/20 (a)(d)           | 1,000 | 1,052,500 |
| Checkout Holding Corp.,<br>16.10%, 11/15/15 (a)(f)                       | 1,570 | 957,700   |
| Clear Channel Communications, Inc.,<br>9.00%, 3/01/21                    | 842   | 722,015   |
| Clear Channel Worldwide Holdings, Inc.:<br>Series A, 9.25%, 12/15/17 (d) | 933   | 1,009,972 |
| Series B, 7.63%, 3/15/20   | 2,266 | 2,198,020 |
| Series B, 9.25%, 12/15/17 (d)  | 5,007 | 5,438,854 |
| DIRECTV Holdings LLC, 3.13%, 2/15/16 (d)                                 | 3,000 | 3,161,256 |
| DISH DBS Corp. (d):<br>7.00%, 10/01/13                                   | 1,267 | 1,338,269 |
| 7.13%, 2/01/16   | 200   | 220,000   |
| 5.88%, 7/15/22 (a)   | 2,025 | 2,040,187 |
| Intelsat Jackson Holdings SA,<br>7.25%, 10/15/20 (a)(d)                  | 1,950 | 2,101,125 |
| Intelsat Luxemburg SA:   |       |           |

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|  |       |            |
|--|-------|------------|
| 11.25%, 2/04/17  | 360   | 378,000    |
| 11.50%, 2/04/17 (g)  | 280   | 294,000    |
| Interactive Data Corp., 10.25%, 8/01/18                    | 2,210 | 2,491,775  |
| Lamar Media Corp., 5.88%, 2/01/22 (d)                      | 675   | 715,500    |
| NAI Entertainment Holdings LLC,<br>8.25%, 12/15/17 (a)(d)  | 1,301 | 1,450,615  |
| ProQuest LLC, 9.00%, 10/15/18 (a)                          | 600   | 550,500    |
| ProtoStar I Ltd., 18.00%, 10/15/12 (a)(c)(e)(i)            | 3,454 | 1,727      |
| Truven Health Analytics, Inc.,<br>10.63%, 6/01/20 (a)      | 540   | 576,450    |
| Unitymedia Hessen GmbH & Co. KG:<br>8.13%, 12/01/17 (a)(d) | 4,090 | 4,427,425  |
| 7.50%, 3/15/19   | 1,440 | 1,558,109  |
| Virgin Media Secured Finance Plc,<br>6.50%, 1/15/18 (d)    | 1,000 | 1,090,000  |
|  |       | 38,864,674 |

**Metals & Mining 1.9%**

|  |           |            |
|--|-----------|------------|
| Eco-Bat Finance Plc, 7.75%, 2/15/17                                  | EUR 495   | 628,837    |
| FMG Resources August 2006<br>Property Ltd. (a)(d):<br>6.88%, 2/01/18 | USD 915   | 871,538    |
| 6.88%, 4/01/22   | 410       | 377,200    |
| Global Brass and Copper, Inc.,<br>9.50%, 6/01/19 (a)                 | 695       | 731,488    |
| Kaiser Aluminum Corp.,<br>8.25%, 6/01/20 (a)(d)                      | 510       | 540,600    |
| New Gold, Inc., 7.00%, 4/15/20 (a)(d)                                | 175       | 184,188    |
| New World Resources NV, 7.88%, 5/01/18                               | EUR 995   | 1,245,253  |
| Novelis, Inc., 8.75%, 12/15/20 (d)                                   | USD 3,875 | 4,330,312  |
| Schmolz + Bickenbach Luxembourg SA,<br>9.88%, 5/15/19                | EUR 365   | 370,721    |
| Steel Dynamics, Inc., 6.38%, 8/15/22 (a)(d)                          | USD 555   | 574,425    |
| Xstrata Canada Financial Corp.,<br>2.85%, 11/10/14 (a)(d)            | 2,450     | 2,508,469  |
|  |           | 12,363,031 |

**Multiline Retail 0.1%**

|   |     |         |
|---|-----|---------|
| Dollar General Corp., 4.13%, 7/15/17 (b)(d) | 342 | 355,680 |
|---|-----|---------|

**Oil, Gas & Consumable Fuels 6.8%**

|   |     |         |
|---|-----|---------|
| Access Midstream Partners LP,<br>6.13%, 7/15/22 (d) | 510 | 529,125 |
|---|-----|---------|

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Corporate Bonds</b>  |              |              |
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>              |              |              |
| Alpha Natural Resources, Inc. (d):                              |              |              |
| 6.00%, 6/01/19  | USD 655      | \$ 589,500   |
| 6.25%, 6/01/21  | 485          | 434,075      |
| Berry Petroleum Co., 6.38%, 9/15/22 (d)                         | 485          | 516,525      |
| BP Capital Markets Plc, 5.25%, 11/07/13 (d)                     | 6,000        | 6,329,100    |
| CCS, Inc., 11.00%, 11/15/15 (a)                                 | 1,310        | 1,355,850    |
| Chaparral Energy, Inc., 7.63%, 11/15/22 (a)                     | 305          | 322,538      |
| Chesapeake Energy Corp. (d):                                    |              |              |
| 6.88%, 11/15/20   | 405          | 420,188      |
| 6.13%, 2/15/21  | 620          | 615,350      |
| Coffeyville Resources LLC,                                      |              |              |
| 9.00%, 4/01/15 (a)(d)   | 274          | 291,810      |
| Concho Resources, Inc., 5.50%, 10/01/22 (d)                     | 560          | 578,200      |
| Consol Energy, Inc., 8.25%, 4/01/20 (d)                         | 2,150        | 2,316,625    |
| Crosstex Energy LP, 8.88%, 2/15/18 (d)                          | 135          | 144,113      |
| Denbury Resources, Inc., 8.25%, 2/15/20                         | 71           | 80,585       |
| EP Energy LLC/EP Energy Finance, Inc., 6.88%,<br>5/01/19 (a)(d) | 630          | 675,675      |
| Holly Energy Partners LP,                                       |              |              |
| 6.50%, 3/01/20 (a)(d)   | 215          | 224,675      |
| Kinder Morgan Energy Partners LP,                               |              |              |
| 5.95%, 2/15/18 (d)  | 3,215        | 3,823,542    |
| Kodiak Oil & Gas Corp., 8.13%, 12/01/19 (a)                     | 865          | 919,062      |
| Linn Energy LLC:  |              |              |
| 6.25%, 11/01/19 (a)(d)  | 2,400        | 2,370,000    |
| 8.63%, 4/15/20  | 515          | 556,200      |
| 7.75%, 2/01/21  | 695          | 724,537      |
| MarkWest Energy Partners LP,                                    |              |              |
| 5.50%, 2/15/23 (d)  | 370          | 378,325      |
| Newfield Exploration Co., 5.63%, 7/01/24 (d)                    | 690          | 748,650      |
| Oasis Petroleum, Inc.:  |              |              |
| 7.25%, 2/01/19  | 380          | 400,900      |
| 6.50%, 11/01/21   | 410          | 418,200      |
| Offshore Group Investments Ltd.:                                |              |              |
| 11.50%, 8/01/15   | 1,190        | 1,314,950    |
| 11.50%, 8/01/15 (a)   | 1,130        | 1,248,650    |
| OGX Petroleo e Gas Participacoes SA (a):                        |              |              |
| 8.50%, 6/01/18 (d)  | 2,671        | 2,370,512    |
| 8.38%, 4/01/22  | 605          | 514,250      |
| PetroBakken Energy Ltd., 8.63%, 2/01/20 (a)                     | 1,760        | 1,799,600    |
| Range Resources Corp. (d):                                      |              |              |

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|  |       |                       |
|--|-------|-----------------------|
| 5.75%, 6/01/21   | 1,735 | 1,845,606             |
| 5.00%, 8/15/22   | 805   | 838,206               |
| Ruby Pipeline LLC, 4.50%, 4/01/17 (a)(d)                     | 1,215 | 1,242,447             |
| Sabine Pass Liquefied Natural Gas LP, 7.50%,<br>11/30/16 (d) | 1,445 | 1,546,150             |
| Samson Investment Co., 9.75%, 2/15/20 (a)                    | 21    | 21,630                |
| SandRidge Energy, Inc.:                                      |       |                       |
| 7.50%, 3/15/21   | 320   | 324,000               |
| 7.50%, 3/15/21 (a)   | 430   | 435,375               |
| 8.13%, 10/15/22 (a)  | 290   | 303,050               |
| 7.50%, 2/15/23 (a)   | 765   | 768,825               |
| SESI LLC (d):  |       |                       |
| 6.38%, 5/01/19   | 755   | 800,300               |
| 7.13%, 12/15/21  | 745   | 828,812               |
| SM Energy Co. (d):   |       |                       |
| 6.50%, 11/15/21  | 605   | 632,225               |
| 6.50%, 1/01/23 (a)   | 285   | 297,113               |
| Targa Resources Partners LP,<br>6.88%, 2/01/21 (d)           | 525   | 564,375<br>43,459,426 |

**Paper & Forest Products 0.5%**

|  |       |           |
|--|-------|-----------|
| Longview Fibre Paper & Packaging, Inc., 8.00%,<br>6/01/16 (a)(d) | 395   | 408,825   |
| NewPage Corp., 11.38%, 12/31/14 (c)(i)                           | 3,445 | 2,333,987 |

**Par  
(000) Value**

**Corporate Bonds**

**Paper & Forest Products (concluded)**

|   |         |                         |
|---|---------|-------------------------|
| Sappi Papier Holding GmbH,<br>8.38%, 6/15/19 (a)(d) | USD 305 | \$ 321,013<br>3,063,825 |
|---|---------|-------------------------|

**Pharmaceuticals 0.6%**

|   |       |                        |
|---|-------|------------------------|
| Aristotle Holding, Inc., 2.65%, 2/15/17 (a)(d)                  | 2,710 | 2,815,427              |
| Valeant Pharmaceuticals International,<br>6.50%, 7/15/16 (a)(d) | 1,260 | 1,329,300<br>4,144,727 |

**Real Estate Investment Trusts (REITs) 0.5%**

|  |       |                        |
|--|-------|------------------------|
| Felcor Lodging LP, 6.75%, 6/01/19                              | 1,390 | 1,490,775              |
| Ventas Realty LP / Ventas Capital Corp.,<br>4.75%, 6/01/21 (d) | 1,300 | 1,427,210<br>2,917,985 |

**Real Estate Management & Development 1.4%**

|  |           |           |
|--|-----------|-----------|
| Punch Taverns Finance Plc, Series A2R,<br>6.82%, 7/15/20 | GBP 1,201 | 1,773,814 |
| Realogy Corp.:   |           |           |
| 11.50%, 4/15/17  | USD 215   | 228,438   |
| 12.00%, 4/15/17  | 225       | 235,687   |
| 7.88%, 2/15/19 (a)(d)                                    | 2,485     | 2,559,550 |
| 7.63%, 1/15/20 (a)(d)                                    | 1,425     | 1,553,250 |
| 9.00%, 1/15/20 (a)(d)                                    | 435       | 469,800   |



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|   |       |                        |
|---|-------|------------------------|
| Shea Homes LP, 8.63%, 5/15/19 (d)                                       | 1,750 | 1,946,875<br>8,767,414 |
| <b>Road &amp; Rail 1.2%</b>   |       |                        |
| Asciano Finance Ltd., 3.13%, 9/23/15 (a)(d)                             | 3,400 | 3,431,209              |
| Florida East Coast Railway Corp.,<br>8.13%, 2/01/17                     | 530   | 556,500                |
| The Hertz Corp.:<br>7.50%, 10/15/18                                     | 540   | 582,525                |
| 6.75%, 4/15/19  | 375   | 393,750                |
| 6.75%, 4/15/19 (a)  | 405   | 425,250                |
| 7.38%, 1/15/21 (d)  | 2,160 | 2,349,000<br>7,738,234 |
| <b>Software 0.6%</b>  |       |                        |
| Infor US, Inc., 9.38%, 4/01/19 (a)                                      | 2,000 | 2,165,000              |
| Nuance Communications, Inc., 5.38%, 8/15/<br>20 (a)(d)                  | 1,385 | 1,416,162<br>3,581,162 |
| <b>Specialty Retail 0.6%</b>  |       |                        |
| Claire s Stores, Inc., 9.00%, 3/15/19 (a)                               | 605   | 627,688                |
| Party City Holdings, Inc., 8.88%, 8/01/20 (a)                           | 599   | 633,442                |
| Penske Automotive Group, Inc.,<br>5.75%, 10/01/22 (a)                   | 705   | 719,100                |
| QVC, Inc., 5.13%, 7/02/22 (a)(d)  | 370   | 387,813                |
| Sally Holdings LLC (d):<br>6.88%, 11/15/19                              | 920   | 1,028,100              |
| 5.75%, 6/01/22  | 425   | 457,406<br>3,853,549   |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>                        |       |                        |
| Levi Strauss & Co., 6.88%, 5/01/22 (d)                                  | 380   | 394,250                |
| <b>Tobacco 0.5%</b>   |       |                        |
| Reynolds American, Inc., 7.63%, 6/01/16 (d)                             | 2,500 | 3,010,467              |
| <b>Transportation Infrastructure 0.8%</b>                               |       |                        |
| Aguila 3 SA, 7.88%, 1/31/18 (a)   | 498   | 524,768                |
| Federal Express Corp. 2012 Pass Through Trust,<br>2.63%, 1/15/18 (a)(d) | 1,468 | 1,481,971              |
| Penske Truck Leasing Co. LP/PTL Finance Corp.,<br>3.13%, 5/11/15 (a)(d) | 3,372 | 3,426,852<br>5,433,591 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par<br/>(000) Value</b> |
|--|----------------------------|
| <b>Corporate Bonds</b>   |                            |
| <b>Wireless Telecommunication Services 2.7%</b>                            |                            |
| Cricket Communications, Inc.,<br>7.75%, 5/15/16 (d)                        | USD 2,250 \$ 2,373,750     |
| Crown Castle Towers LLC, 4.52%, 1/15/35 (a)                                | 3,000 3,167,604            |
| Digicel Group Ltd. (a):  |                            |
| 9.13%, 1/15/15   | 2,267 2,289,670            |
| 8.25%, 9/01/17   | 1,335 1,415,100            |
| 10.50%, 4/15/18  | 490 529,200                |
| SBA Telecommunications, Inc.,<br>5.75%, 7/15/20 (a)(d)                     | 328 342,760                |
| Sprint Capital Corp., 6.88%, 11/15/28 (d)                                  | 1,470 1,330,350            |
| Sprint Nextel Corp. (a)(d):  |                            |
| 9.00%, 11/15/18  | 3,070 3,622,600            |
| 7.00%, 3/01/20   | 1,510 1,653,450            |
| Sunrise Communications International SA,<br>7.00%, 12/31/17                | EUR 150 203,292            |
| Telefonica Emisiones SAU, 4.80%, 2/21/18                                   | 200 240,493                |
|  | 17,168,269                 |
| <b>Total Corporate Bonds 67.0%</b>   | <b>430,902,550</b>         |
| <b>Floating Rate Loan Interests (b)</b>                                    |                            |
| <b>Aerospace &amp; Defense 0.2%</b>  |                            |
| TransDigm, Inc., Term Loan B, 4.00%, 2/14/17                               | USD 1,158 1,162,295        |
| <b>Airlines 0.1%</b>   |                            |
| Delta Air Lines, Inc., Credit Term Loan B,<br>5.50%, 4/20/17               | 690 694,536                |
| US Airways Group, Inc., Term Loan,<br>2.74%, 3/21/14                       | 145 140,106                |
|  | 834,642                    |
| <b>Auto Components 1.4%</b>  |                            |
| Autoparts Holdings Ltd.:   |                            |
| First Lien Term Loan, 6.50%, 7/28/17                                       | 993 972,650                |
| Second Lien Term Loan, 10.50%, 1/29/18                                     | 1,500 1,305,000            |
| Federal-Mogul Corp.:   |                            |
| Term Loan B, 2.17% 2.18%, 12/29/14   | 2,149 2,051,210            |
| Term Loan C, 2.17% 2.18%, 12/28/15   | 351 334,863                |
| The Goodyear Tire & Rubber Co., Term Loan<br>(Second Lien), 4.75%, 4/30/19 | 2,985 2,973,806            |
| Schaeffler AG, Term Loan C2, 6.00%, 1/27/17                                | 1,060 1,063,095            |
|  | 8,700,624                  |
| <b>Beverages 0.0%</b>  |                            |
| Le-Nature s, Inc., Tranche B Term Loan,                                    |                            |

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|  |           |                      |
|--|-----------|----------------------|
| 3/01/11 (c)(e)(i)  | 1,000     | 100                  |
| <b>Biotechnology 0.2%</b>  |           |                      |
| Grifols, Inc., Term Loan B, 4.50%, 6/01/17   | 1,077     | 1,079,338            |
| <b>Building Products 1.5%</b>  |           |                      |
| Armstrong World Industries, Inc., Term Loan B, 4.00%, 3/09/18                        | 1,265     | 1,260,735            |
| CPG International, Inc., Term Loan B, 6.00%, 2/18/17                                 | 985       | 968,994              |
| Goodman Global, Inc.:<br>Initial Term Loan (First Lien), 5.75%, 10/28/16             | 4,421     | 4,425,349            |
| Term Loan (Second Lien), 9.00%, 10/30/17   | 1,145     | 1,160,494            |
| Momentive Performance Materials, Inc. (Nautilus), Extended Term Loan, 3.62%, 5/05/15 | EUR 1,508 | 1,736,169            |
| United Subcontractors, Inc., Term Loan (First Lien), 4.47%, 6/30/15                  | USD 158   | 142,504<br>9,694,245 |

|   | Par       | (000) Value          |
|---|-----------|----------------------|
| <b>Floating Rate Loan Interests (b)</b>   |           |                      |
| <b>Capital Markets 0.9%</b>   |           |                      |
| American Capital Holdings, Term Loan, 5.50%, 7/19/16                                | USD 1,317 | \$ 1,321,939         |
| HarbourVest Partners LLC, Term Loan B, 6.25%, 12/16/16                              | 2,074     | 2,070,974            |
| Nuveen Investments, Inc.:<br>Extended (First Lien), Term Loan, 5.95% 5.96%, 5/13/17 | 198       | 197,799              |
| Extended Term Loan, 5.92% 5.96%, 5/12/17  | 1,137     | 1,139,710            |
| Incremental Term Loan, 7.25%, 5/13/17   | 790       | 793,555<br>5,523,977 |

|  |           |           |
|--|-----------|-----------|
| <b>Chemicals 2.0%</b>                                      |           |           |
| American Rock Salt Holdings LLC, Term Loan, 5.50%, 4/25/17 | 1,232     | 1,196,721 |
| Chemtura Corp., Exit Term Loan B, 5.50%, 8/27/16           | 1,100     | 1,103,212 |
| Evergreen Acqco 1 LP, Term Loan B, 6.25%, 7/09/19          | 785       | 792,363   |
| Gentek, Inc., Term Loan, 5.00% 5.75%, 10/06/15             | 112       | 111,623   |
| INEOS US Finance LLC, 6 Year Term Loan, 6.50%, 5/04/18     | 4,463     | 4,469,416 |
| MacDermid, Inc., Tranche C Term Loan, 2.32%, 4/11/14       | EUR 437   | 543,488   |
| Nexeo Solutions LLC, Term Loan B, 5.00%, 9/08/17           | USD 1,284 | 1,249,256 |
| PQ Corp.(FKA Niagara Acquisition, Inc.), Term              |           |           |

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|  |       |            |
|--|-------|------------|
| Loan B, 3.98%, 7/30/14                       | 2,103 | 2,065,362  |
| Styron Sarl LLC, Term Loan B, 8.00%, 8/02/17 | 556   | 517,955    |
| Tronox, Inc.:                                |       |            |
| Delayed Draw Term Loan, 4.25%, 2/08/18       | 213   | 212,700    |
| Term Loan B, 4.25%, 2/08/18                  | 782   | 779,902    |
|  |       | 13,041,998 |

**Commercial Services & Supplies 2.4%**

|  |       |            |
|--|-------|------------|
| ACCO Brands Corp., Term Loan B,<br>4.25%, 4/30/19  | 955   | 954,407    |
| Altegrity, Inc.(FKA US Investigations<br>Services, Inc.), Tranche D Term Loan,<br>7.75%, 2/20/15 | 3,356 | 3,338,011  |
| AWAS Finance Luxembourg 2012 SA, Term<br>Loan, 5.75%, 7/16/18                                    | 1,345 | 1,345,000  |
| AWAS Finance Luxembourg Sarl, Term Loan B,<br>5.25%, 6/10/16                                     | 1,072 | 1,072,142  |
| Delos Aircraft, Inc., Term Loan B2,<br>4.75%, 4/12/16  | 1,450 | 1,464,500  |
| KAR Auction Services, Inc., Term Loan B,<br>5.00%, 5/19/17                                       | 1,483 | 1,482,957  |
| Protection One, Inc., Term Loan,<br>5.75%, 3/21/19   | 828   | 836,204    |
| Synagro Technologies, Inc., Term Loan B,<br>2.24%, 4/02/14                                       | 1,135 | 1,006,256  |
| Volume Services America, Inc., Term Loan B,<br>10.50% 10.75%, 9/16/16                            | 2,555 | 2,554,500  |
| West Corp., Term Loan B6, 5.75%, 6/29/18   | 1,295 | 1,299,053  |
|  |       | 15,353,030 |

**Communications Equipment 2.0%**

|   |           |            |
|---|-----------|------------|
| Avaya, Inc.:                                    |           |            |
| Extended Term Loan B3, 4.93%, 10/26/17          | 232       | 207,022    |
| Term Loan B1, 3.18%, 10/24/14                   | 1,761     | 1,690,153  |
| CommScope, Inc., Term Loan,<br>4.25%, 1/12/18   | 1,234     | 1,233,931  |
| Telesat Canada, Term Loan A, 4.41%, 3/24/17     | CAD 3,940 | 3,817,093  |
| Zayo Group, LLC, Term Loan B,<br>7.13%, 7/02/19 | USD 5,845 | 5,930,863  |
|   |           | 12,879,062 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par</b> | <b>(000) Value</b> |
|---|------------|--------------------|
| <b>Floating Rate Loan Interests (b)</b>   |            |                    |
| <b>Construction &amp; Engineering 0.6%</b>  |            |                    |
| Safeway Services LLC, First Out Term Loan,<br>9.00%, 12/16/17                         | USD 3,750  | \$3,750,000        |
| <b>Construction Materials 0.4%</b>  |            |                    |
| HD Supply, Inc., Senior Debt B,<br>7.25%, 10/12/17                                    | 2,340      | 2,390,708          |
| <b>Consumer Finance 0.1%</b>  |            |                    |
| Springleaf Financial Funding Co. (FKA AGFS<br>Funding Co.), Term Loan, 5.50%, 5/10/17 | 925        | 893,319            |
| <b>Containers &amp; Packaging 0.1%</b>  |            |                    |
| Sealed Air Corp., Term Loan B,<br>4.75%, 10/03/18                                     | 343        | 344,457            |
| <b>Diversified Consumer Services 1.3%</b>   |            |                    |
| Coinmach Service Corp., Term Loan B,<br>3.33%, 11/20/14                               | 4,548      | 4,362,895          |
| Education Management LLC, Term Loan C3,<br>8.25%, 3/29/18                             | 1,391      | 1,224,276          |
| Laureate Education, Inc., Extended Term Loan,<br>5.25%, 6/18/18                       | 1,686      | 1,644,151          |
| ServiceMaster Co.:  |            |                    |
| Delayed Draw Term Loan, 2.74%, 7/24/14  | 123        | 122,271            |
| Term Loan, 2.75% 2.97%, 7/24/14   | 1,236      | 1,227,873          |
|   |            | 8,581,466          |
| <b>Diversified Financial Services 0.9%</b>  |            |                    |
| Residential Capital LLC, DIP Term Loan A1,<br>5.00%, 11/18/13                         | 2,905      | 2,912,263          |
| Reynolds Group Holdings, Inc., Term Loan C,<br>6.50%, 8/09/18                         | 2,554      | 2,585,781          |
|   |            | 5,498,044          |
| <b>Diversified Telecommunication Services 2.0%</b>                                    |            |                    |
| Hawaiian Telcom Communications, Inc., Term<br>Loan B, 7.00%, 2/28/17                  | 1,755      | 1,776,938          |
| Level 3 Financing, Inc.:  |            |                    |
| 2016 Term Loan B, 4.75%, 2/01/16  | 765        | 766,530            |
| 2019 Term Loan B, 5.25%, 8/01/19  | 625        | 625,913            |
| Term Loan B2, 5.75%, 9/03/18  | 2,400      | 2,406,336          |
| Term Loan B3, 5.75%, 8/31/18  | 2,800      | 2,807,392          |
| Telesat LLC, Term Loan B, 4.25%, 3/28/19  | 3,725      | 3,716,283          |
| US Telepacific Corp., Term Loan B,<br>5.75%, 2/23/17                                  | 497        | 474,427            |
|   |            | 12,573,819         |
| <b>Electric Utilities 0.0%</b>  |            |                    |

|   |       |            |
|---|-------|------------|
| TPF Generation Holdings LLC, Synthetic Letter of Credit Deposit (First Lien), 2.36%, 12/13/13 | 47    | 46,897     |
| <b>Electronic Equipment, Instruments &amp; Components 0.1%</b>                                |       |            |
| Sensata Technologies Finance Co. LLC, Term Loan, 4.00%, 5/11/18                               | 711   | 711,457    |
| <b>Energy Equipment &amp; Services 1.7%</b>   |       |            |
| Dynegy Midwest Generation LLC, Coal Co. Term Loan, 9.25%, 8/04/16                             | 2,315 | 2,400,818  |
| Dynegy Power LLC, Gas Co. Term Loan, 9.25%, 8/04/16   | 4,236 | 4,434,192  |
| MEG Energy Corp., Term Loan B, 4.00%, 3/16/18   | 1,985 | 1,987,243  |
| Tervita Corp. (FKA CCS Corp.), Term Loan B, 3.23%, 11/14/14                                   | 1,830 | 1,795,646  |
|   |       | 10,617,899 |
| <b>Food &amp; Staples Retailing 0.1%</b>  |       |            |
| Pilot Travel Centers LLC, Term Loan B2, 4.25%, 8/07/19  | 610   | 611,525    |
| US Foods, Inc. (FKA U.S. Foodservice, Inc.) Extended Term Loan B, 5.75%, 3/31/17              | 225   | 217,466    |
|   |       | 828,991    |

|   | Par       | (000) Value |
|---|-----------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                           |           |             |
| <b>Food Products 0.9%</b>   |           |             |
| Advance Pierre Foods:   |           |             |
| Term Loan (First Lien), 7.00%, 9/30/16                            | USD 2,027 | \$2,036,168 |
| Term Loan (Second Lien), 11.25%, 9/29/17                          | 1,300     | 1,307,800   |
| Del Monte Foods Co., Term Loan, 4.50%, 3/08/18                    | 918       | 905,868     |
| Pinnacle Foods Finance LLC, Term Loan E, 4.75%, 10/17/18          | 1,130     | 1,125,122   |
| Solvest Ltd. (Dole):  |           |             |
| Term Loan B-2, 5.00% 6.00%, 7/06/18                               | 97        | 96,898      |
| Term Loan C-2, 5.00% 6.00%, 7/06/18                               | 173       | 173,398     |
|   |           | 5,645,254   |
| <b>Health Care Equipment &amp; Supplies 1.6%</b>                  |           |             |
| Bausch & Lomb, Inc., Term Loan B, 5.25%, 5/17/19                  | 2,055     | 2,061,843   |
| BSN Medical Acquisition Holding GmbH, Term Loan B, 6.00%, 7/27/19 | 700       | 701,750     |
| DJO Finance LLC, Term Loan B3, 6.25%, 9/15/17                     | 2,165     | 2,166,371   |
| Hologic, Inc., Term Loan B, 4.50%, 8/01/19                        | 2,795     | 2,811,966   |
| Hupah Finance, Inc., Term Loan B, 6.25%, 1/21/19                  | 998       | 1,001,241   |
| Immucor, Inc., Term Loan B, 7.25%, 8/17/18                        | 646       | 648,418     |
| LHP Hospital Group, Inc., Term Loan,                              |           |             |

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|                |     |            |
|----------------|-----|------------|
| 9.00%, 7/03/18 | 860 | 866,450    |
|                |     | 10,258,039 |

**Health Care Providers & Services 2.1%**

|  |       |            |
|--|-------|------------|
| Ardent Health Services, Term Loan (First Lien),<br>6.50%, 9/15/15  | 1     | 1,287      |
| ConvaTec, Inc., Term Loan, 5.75%, 12/22/16                         | 1,258 | 1,260,770  |
| DaVita, Inc.:<br>Term Loan B, 4.50%, 10/20/16                      | 1,970 | 1,974,925  |
| Term Loan B2, 4.00%, 9/02/19                                       | 1,010 | 1,005,112  |
| Emergency Medical Services Corp., Term Loan,<br>5.25%, 5/25/18     | 292   | 291,689    |
| Harden Healthcare LLC:<br>Add on Term Loan A, 7.75%, 3/02/15       | 3,100 | 3,004,076  |
| Term Loan A, 8.50%, 3/02/15  | 514   | 504,009    |
| HCA, Inc., Extended Term Loan B3,<br>3.48%, 5/01/18                | 890   | 875,956    |
| inVentiv Health, Inc.:<br>Combined Term Loan, 6.50%, 8/04/16       | 453   | 421,357    |
| Incremental Term Loan B-3,<br>6.75%, 5/15/18                       | 431   | 402,290    |
| Medpace, Inc., Term Loan,<br>6.50% 7.25%, 6/16/17                  | 2,729 | 2,605,837  |
| Sheridan Holdings, Inc., First Lien Term Loan,<br>6.00%, 6/29/18   | 370   | 370,307    |
| US Renal Care, Inc., First Lien Term Loan,<br>6.25% 7.25%, 7/02/19 | 860   | 866,450    |
|  |       | 13,584,065 |

**Health Care Technology 0.2%**

|  |     |           |
|--|-----|-----------|
| IMS Health, Inc., Term Loan B,<br>4.50%, 8/25/17       | 901 | 903,326   |
| Kinetic Concepts, Inc., Term Loan B, 7.00%,<br>5/04/18 | 617 | 622,039   |
|  |     | 1,525,365 |

**Hotels, Restaurants & Leisure 2.9%**

|   |       |           |
|---|-------|-----------|
| Alpha D2 Ltd., Term Loan B, 5.75%, 4/28/17  | 1,566 | 1,574,219 |
| Caesars Entertainment Operating Co., Inc.:<br>Extended Term Loan B6, 5.49%, 1/26/18 | 470   | 413,158   |
| Incremental Term Loan B4,<br>9.50%, 10/31/16  | 1,230 | 1,254,672 |
| Term Loan B1, 3.24%, 1/28/15  | 2,104 | 1,995,514 |
| Term Loan B3, 3.24% 3.46%, 1/28/15  | 6,389 | 6,059,247 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par<br/>(000) Value</b>    |
|--|-------------------------------|
| <b>Floating Rate Loan Interests (b)</b>                              |                               |
| <b>Hotels, Restaurants &amp; Leisure (concluded)</b>                 |                               |
| Dunkin' Brands, Inc., Term Loan B2,<br>4.00%, 11/23/17               | USD 2,350 \$2,324,742         |
| OSI Restaurant Partners LLC:   |                               |
| Revolver, 2.49% 2.56%, 6/14/13                                       | 43 43,091                     |
| Term Loan B, 2.56%, 6/14/14  | 113 112,232                   |
| Sabre, Inc., Non-Extended Initial Term Loan,<br>2.23%, 9/30/14       | 429 424,990                   |
| SeaWorld Parks & Entertainment, Inc., Term<br>Loan B, 4.00%, 8/17/17 | 855 855,420                   |
| Six Flags Theme Parks, Inc., Term Loan B,<br>4.25%, 12/20/18         | 1,155 1,157,703               |
| Travelport LLC:  |                               |
| Extended Tranche A Term Loan,<br>6.44%, 9/28/12                      | 443 132,755                   |
| Extended Tranche B Term Loan,<br>13.94%, 12/01/16                    | 1,427 114,134                 |
| Twin River Worldwide Holdings, Inc., Term Loan,<br>8.50%, 11/05/15   | 1,198 1,201,888               |
| Wendy's International, Inc., Term Loan B,<br>4.75%, 5/15/19          | 1,235 1,240,508<br>18,904,273 |
| <b>Household Durables 0.0%</b>                                       |                               |
| Berkline/Benchcraft LLC, Term Loan B,<br>14.00%, 11/03/11 (c)(i)     | 166 27,964                    |
| <b>Household Products 0.1%</b>                                       |                               |
| Prestige Brands, Inc., Term Loan,<br>5.25% 6.25%, 1/31/19            | 856 862,601                   |
| <b>Independent Power Producers &amp; Energy Traders<br/>0.5%</b>     |                               |
| The AES Corp., Term Loan, 4.25%, 6/01/18                             | 1,481 1,484,953               |
| Calpine Corp., Term Loan B, 4.50%, 4/02/18                           | 1,070 1,071,477               |
| GenOn Energy, Inc., Term Loan B,<br>6.00%, 12/01/17                  | 438 441,428<br>2,997,858      |
| <b>Industrial Conglomerates 0.4%</b>                                 |                               |
| Sequa Corp., Term Loan,<br>3.69% 3.72%, 12/03/14                     | 2,324 2,308,350               |
| <b>Insurance 0.2%</b>  |                               |
| Asurion LLC, Term Loan (First Lien),<br>5.50%, 5/24/18               | 1,512 1,515,889               |
| <b>Internet Software &amp; Services 0.1%</b>                         |                               |



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|   |       |            |
|---|-------|------------|
| Web.com Group, Inc., Term Loan B,<br>7.00%, 10/27/17              | 960   | 955,498    |
| <b>IT Services 2.1%</b>   |       |            |
| Ceridian Corp., Extended Term Loan,<br>5.99%, 5/09/17             | 1,087 | 1,086,287  |
| First Data Corp.:<br>Extended 2018 Term Loan B,<br>4.24%, 3/23/18 | 5,119 | 4,833,398  |
| Non-Extended Term Loan B-1,<br>2.99%, 9/24/14                     | 97    | 95,980     |
| Non-Extended Term Loan B-3,<br>2.99%, 9/24/14                     | 62    | 61,398     |
| Genpact International, Inc., Term Loan B,<br>4.25%, 8/16/19       | 1,070 | 1,070,000  |
| InfoGroup, Inc., Term Loan, 5.75%, 5/25/18                        | 1,061 | 938,901    |
| Neustar, Inc., Term Loan B, 5.00%, 11/08/18                       | 2,040 | 2,049,785  |
| TransUnion LLC, Term Loan B, 5.50%, 2/12/18                       | 3,131 | 3,151,903  |
|   |       | 13,287,652 |
| <b>Leisure Equipment &amp; Products 0.3%</b>                      |       |            |
| Eastman Kodak Co., DIP Term Loan B,<br>8.50%, 7/19/13             | 1,461 | 1,447,501  |

|   | Par     | (000) Value |
|---|---------|-------------|
| <b>Floating Rate Loan Interests (b)</b>                                       |         |             |
| <b>Leisure Equipment &amp; Products (concluded)</b>                           |         |             |
| FGI Operating Company, LLC, Term Loan,<br>5.50% 6.50%, 4/19/19                | USD 485 | \$ 486,518  |
|   |         | 1,934,019   |
| <b>Machinery 1.5%</b>   |         |             |
| Intelligrated, Inc., First Lien Term Loan,<br>6.75%, 7/30/18                  | 1,100   | 1,089,000   |
| Navistar International Corp., Term Loan B,<br>7.00%, 8/17/17                  | 1,036   | 1,041,009   |
| Rexnord Corp., Term Loan B, 5.00%, 4/02/18                                    | 1,480   | 1,486,067   |
| Terex Corp.:  |         |             |
| Term Loan, 6.00%, 4/28/17   | EUR 308 | 385,059     |
| Term Loan B, 5.50%, 4/28/17   | USD 993 | 997,462     |
| Tomkins LLC, Term Loan B, 4.25%, 9/29/16                                      | 1,897   | 1,902,428   |
| Wabash National Corp., Term Loan B,<br>6.00%, 5/02/19                         | 2,758   | 2,775,326   |
|   |         | 9,676,351   |
| <b>Media 6.2%</b>   |         |             |
| Affinion Group, Inc., Term Loan B,<br>5.00%, 7/16/15                          | 519     | 440,253     |
| AMC Networks, Inc., Term Loan B,<br>4.00%, 12/31/18                           | 2,178   | 2,176,650   |
| Capsugel Holdings US, Inc., Term Loan B,<br>4.75%, 8/01/18                    | 663     | 663,479     |
| Cengage Learning Acquisitions, Inc., Tranche 1<br>Incremental, 7.50%, 7/03/14 | 2,020   | 1,949,691   |

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|  |           |           |
|--|-----------|-----------|
| Charter Communications Operating LLC:  |           |           |
| Extended Term Loan C, 3.49%, 9/06/16   | 2,348     | 2,342,549 |
| Term Loan D, 4.00%, 5/15/19  | 915       | 913,615   |
| Clear Channel Communications, Inc.:  |           |           |
| Term Loan B, 3.88%, 1/28/16  | 2,363     | 1,829,528 |
| Term Loan C, 3.88%, 1/28/16  | 783       | 595,208   |
| Cumulus Media, Inc., First Lien Term Loan,<br>5.75%, 9/17/18                 | 1,492     | 1,494,567 |
| EMI Music Publishing Ltd., Term Loan B,<br>5.50%, 6/29/18                    | 770       | 775,198   |
| Houghton Mifflin Harcourt Publishing Co.,<br>DIP Term Loan B, 7.25%, 6/01/18 | 2,175     | 2,199,014 |
| Hubbard Broadcasting, Term Loan B,<br>5.25%, 4/28/17                         | 789       | 790,146   |
| Intelsat Jackson Holdings SA, Tranche B Term<br>Loan, 5.25%, 4/02/18         | 4,179     | 4,193,002 |
| Interactive Data Corp., Term Loan B,<br>4.50%, 2/12/18                       | 2,376     | 2,379,469 |
| Kabel Deutschland GmbH, Term Loan F,<br>4.25%, 2/01/19                       | 3,195     | 3,189,217 |
| Lavena Holding 4 GmbH (Prosiebensat.1<br>Media AG):                          |           |           |
| Term Loan (Second Lien), 4.45%, 9/02/16                                      | EUR 904   | 957,984   |
| Term Loan B, 2.95%, 3/06/15  | 304       | 349,790   |
| Term Loan C, 3.32%, 3/04/16  | 304       | 351,701   |
| Newsday LLC, Fixed Rate Term Loan,<br>10.50%, 8/01/13                        | USD 4,505 | 4,529,417 |
| Sinclair Television Group, Inc., Term Loan B,<br>4.00%, 10/28/16             | 1,220     | 1,218,827 |
| Univision Communications, Inc., Extended Term<br>Loan, 4.48%, 3/31/17        | 2,985     | 2,885,560 |
| UPC Broadband Holding BV, Term Loan U,<br>4.12%, 12/29/17                    | EUR 97    | 121,039   |
| UPC Financing Partnership:   |           |           |
| Term Loan, 4.75%, 12/29/17   | USD 1,045 | 1,048,051 |
| Term Loan T, 3.75%, 12/30/16   | 355       | 351,674   |
| WC Luxco Sarl, Term Loan B3,<br>4.25%, 3/15/18                               | 529       | 525,958   |
| Weather Channel, Term Loan B,<br>4.25%, 2/13/17                              | 522       | 523,628   |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|  | <b>Par<br/>(000) Value</b>       |
|--|----------------------------------|
| <b>Floating Rate Loan Interests (b)</b>                              |                                  |
| <b>Media (concluded)</b>   |                                  |
| WideOpenWest Finance LLC, First Lien<br>Term Loan, 6.25%, 7/17/18    | USD 745 \$ 744,538<br>39,539,753 |
| <b>Metals &amp; Mining 1.1%</b>                                      |                                  |
| Constellium Holdco BV, Term Loan B,<br>9.25%, 5/25/18                | 1,305 1,278,900                  |
| Novelis, Inc.:<br>Incremental Term Loan B2,<br>4.00%, 3/10/17        | 2,473 2,455,903                  |
| Term Loan, 4.00%, 3/10/17  | 2,945 2,926,875                  |
| Walter Energy, Inc., Term Loan B,<br>4.00%, 4/02/18                  | 336 330,790<br>6,992,468         |
| <b>Multiline Retail 0.7%</b>   |                                  |
| 99¢ Only Stores, Term Loan,<br>5.25%, 1/11/19                        | 910 915,538                      |
| Hema Holding BV:<br>Second Lien Term Loan, 5.14%, 1/05/17            | EUR 2,600 3,065,887              |
| Term Loan B, 2.14%, 7/06/15  | 334 404,294                      |
| Term Loan C, 2.89%, 7/05/16  | 334 406,392<br>4,792,111         |
| <b>Oil, Gas &amp; Consumable Fuels 1.3%</b>                          |                                  |
| Chesapeake Energy Corp., Unsecured Term<br>Loan, 8.50%, 12/01/17     | USD 2,735 2,740,880              |
| Everest Acquisition LLC, Term Loan B1,<br>5.00%, 4/24/18             | 1,690 1,694,225                  |
| Gibson Energy ULC, Term Loan B,<br>4.75%, 6/15/18                    | 1,236 1,240,287                  |
| Obsidian Natural Gas Trust, Term Loan,<br>7.00%, 11/02/15            | 2,412 2,411,790<br>8,087,182     |
| <b>Paper &amp; Forest Products 0.4%</b>                              |                                  |
| Ainsworth Lumber Co. Ltd., Term Loan,<br>5.25%, 6/26/14              | 875 846,563                      |
| NewPage Corp., DIP Term Loan,<br>8.00%, 3/07/13                      | 1,450 1,463,601                  |
| Verso Paper Finance Holdings LLC, Term Loan,<br>6.50% 7.24%, 2/01/13 | 735 367,603<br>2,677,767         |
| <b>Pharmaceuticals 0.9%</b>  |                                  |
| Aptalis Pharma, Inc., Term Loan B,                                   |                                  |

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|  |       |           |
|--|-------|-----------|
| 5.50%, 2/10/17   | 1,478 | 1,471,959 |
| Pharmaceutical Product Development, Inc.,<br>Term Loan B, 6.25%, 12/05/18          | 1,728 | 1,746,644 |
| RPI Finance Trust, Incremental Tranche 2,<br>4.00%, 11/09/18                       | 464   | 464,324   |
| Valeant Pharmaceuticals International, Inc.,<br>Series A Tranche B, 4.75%, 2/13/19 | 485   | 486,125   |
| Warner Chilcott Corp.:<br>Incremental Term Loan B-1,<br>4.25%, 3/15/18             | 292   | 290,518   |
| Term Loan B-1, 4.25%, 3/15/18  | 769   | 765,029   |
| Term Loan B-2, 4.25%, 3/15/18  | 385   | 382,515   |
|  |       | 5,607,114 |

**Professional Services 0.6%**

|   |       |           |
|---|-------|-----------|
| Booz Allen Hamilton, Inc., Term Loan B,<br>4.50%, 7/31/19 | 1,390 | 1,391,737 |
| Emdeon, Inc., Term Loan B1,<br>5.00%, 11/02/18            | 931   | 931,544   |

**Par  
(000) Value**

**Floating Rate Loan Interests (b)**

**Professional Services (concluded)**

|   |         |            |
|---|---------|------------|
| ON Assignment, Inc., Term Loan B,<br>5.00%, 5/15/19     | USD 612 | \$ 608,659 |
| Truven Health Analytics, Term Loan B,<br>6.75%, 6/06/19 | 1,190   | 1,198,425  |
|   |         | 4,130,365  |

**Real Estate Investment Trusts (REITs) 0.7%**

|                              |       |           |
|------------------------------|-------|-----------|
| iStar Financial, Inc.:       |       |           |
| Term Loan A1, 5.00%, 6/28/13 | 4,418 | 4,421,028 |
| Term Loan A2, 7.00%, 6/30/14 | 210   | 210,197   |
|                              |       | 4,631,225 |

**Real Estate Management & Development 0.8%**

|   |       |           |
|---|-------|-----------|
| Realogy Corp.:  |       |           |
| Extended Letter of Credit Loan,<br>4.50%, 10/10/16            | 123   | 118,701   |
| Extended Term Loan, 4.49%, 10/10/16                           | 4,773 | 4,607,771 |
| Stockbridge SBE Holdings LLC, Term Loan B,<br>13.00%, 5/02/17 | 425   | 422,875   |
|   |       | 5,149,347 |

**Road & Rail 0.4%**

|  |       |           |
|--|-------|-----------|
| RailAmerica, Inc., Term Loan B,<br>4.00%, 3/01/19                  | 2,224 | 2,223,046 |
| Road Infrastructure Investment LLC,<br>Term Loan B, 6.25%, 3/30/18 | 643   | 640,170   |
|  |       | 2,863,216 |

**Semiconductors & Semiconductor Equipment 0.3%**

|   |       |           |
|---|-------|-----------|
| Freescale Semiconductor, Inc., Extended<br>Term Loan B, 4.50%, 12/01/16 | 1,422 | 1,364,361 |
| NXP BV, Term Loan A-2, 5.50%, 3/03/17                                   | 401   | 405,425   |

1,769,786

**Software 1.0%**

|   |       |           |
|---|-------|-----------|
| Bankruptcy Management Solutions, Inc., Term Loan (First Lien), 7.50%, 8/20/14 | 719   | 211,045   |
| Infor US, Inc. (FKA Lawson Software, Inc.), Term Loan B, 6.25%, 4/05/18       | 2,110 | 2,131,400 |
| Sophia, LP, Term Loan B, 6.25%, 7/19/18                                       | 918   | 925,271   |
| SS&C Technologies, Inc.:  |       |           |
| Term Loan B-1, 5.00%, 6/07/19   | 1,347 | 1,348,573 |
| Term Loan B-2, 5.00%, 6/07/19   | 139   | 139,508   |
| WaveDivision Holdings LLC, Term Loan B, 5.50%, 8/23/19                        | 1,770 | 1,776,602 |
|   |       | 6,532,399 |

**Specialty Retail 2.0%**

|   |       |           |
|---|-------|-----------|
| Academy Ltd., Term Loan, 6.00%, 8/03/18                               | 1,791 | 1,797,268 |
| Bass Pro Group LLC, Term Loan, 5.25%, 6/13/17                         | 783   | 788,581   |
| Burlington Coat Factory Warehouse Corp., Term Loan B1, 5.50%, 2/23/17 | 216   | 216,397   |
| Claire's Stores, Inc., Term Loan B, 2.98% - 3.20%, 5/29/14            | 1,024 | 1,004,841 |
| General Nutrition Centers, Inc., Term Loan B, 4.25%, 3/02/18          | 2,535 | 2,531,426 |
| Harbor Freight Tools USA, Inc., Term Loan B, 5.50%, 11/14/17          | 530   | 529,253   |
| Michaels Stores, Inc., Extended Term Loan B3, 5.00%, 7/29/16          | 1,870 | 1,878,997 |
| Party City Holdings, Inc., Term Loan B, 5.75%, 7/26/19                | 1,285 | 1,290,885 |
| PETCO Animal Supplies, Inc., Term Loan, 4.50%, 11/24/17               | 1,213 | 1,213,340 |
| Toys 'R Us Delaware, Inc.:  |       |           |
| Term Loan, 6.00%, 9/01/16   | 435   | 427,487   |
| Term Loan B3, 5.25%, 5/25/18  | 618   | 593,712   |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
**(Percentages shown are based on Net Assets)**

|   | <b>Par<br/>(000) Value</b>       |
|---|----------------------------------|
| <b>Floating Rate Loan Interests (b)</b>   |                                  |
| <b>Specialty Retail (concluded)</b>   |                                  |
| The Yankee Candle Co., Inc., Term Loan B,<br>5.25%, 4/02/19   | USD 663 \$ 665,911<br>12,938,098 |
| <b>Textiles, Apparel &amp; Luxury Goods 0.3%</b>  |                                  |
| Ascend Performance Materials LLC,<br>Term Loan B, 6.75%, 4/10/18                                      | 1,272 1,260,150                  |
| Wolverine Worldwide, Inc., Term Loan B,<br>4.21%, 6/26/19   | 830 835,171<br>2,095,321         |
| <b>Wireless Telecommunication Services 1.6%</b>   |                                  |
| Crown Castle International Corp., Term Loan B,<br>4.00%, 1/31/19                                      | 297 296,334                      |
| MetroPCS Wireless, Inc., Term Loan B-3,<br>4.00%, 3/16/18   | 1,032 1,028,362                  |
| Vodafone Americas Finance 2, Inc., Term Loan,<br>6.88%, 8/11/15 (g)                                   | 8,583 8,926,671<br>10,251,367    |
| <b>Total Floating Rate Loan Interests 49.2%</b>   | <b>316,047,065</b>               |
| <b>Non-Agency Mortgage-Backed Securities</b>  |                                  |
| <b>Collateralized Mortgage Obligations 3.4%</b>   |                                  |
| Adjustable Rate Mortgage Trust, Series 2007-1,<br>Class 3A21, 5.87%, 3/25/37 (b)                      | 1,489 1,484,256                  |
| Countrywide Alternative Loan Trust,<br>Series 2005-54CB, Class 3A4,<br>5.50%, 11/25/35                | 6,981 5,852,914                  |
| Countrywide Home Loan Mortgage Pass-<br>Through Trust:<br>Series 2005-17, Class 1A6<br>5.50%, 9/25/35 | 2,328 2,313,294                  |
| Series 2006-17, Class A2<br>6.00%, 12/25/36   | 4,526 4,107,852                  |
| Series 2007-16, Class A1<br>6.50%, 10/25/37   | 2,371 2,111,885                  |
| Series 2007-HY5, Class 3A1<br>5.78%, 9/25/37 (b)  | 2,806 2,336,687                  |
| GSR Mortgage Loan Trust, Series 2005-AR5,<br>Class 2A3, 3.00%, 10/25/35 (b)                           | 2,402 1,946,962                  |
| Morgan Stanley Reremic Trust, Series 2010-R4,<br>Class 4A, 0.47%, 2/26/37 (a)(b)                      | 2,003 1,898,298<br>22,052,148    |

**Commercial Mortgage-Backed Securities 7.2%**

|  |       |           |
|--|-------|-----------|
| Banc of America Commercial Mortgage, Inc. (b):<br>Series 2007-3, Class A2 5.89%, 6/10/49             | 491   | 490,950   |
| Series 2007-4, Class A4 5.92%, 2/10/51   | 2,150 | 2,525,354 |
| Citigroup/Deutsche Bank Commercial Mortgage<br>Trust, Series 2007-CD4, Class A2B,<br>5.21%, 12/11/49 | 307   | 312,028   |
| Credit Suisse Mortgage Capital Certificates:<br>Series 2006-C5, Class AM<br>5.34%, 12/15/39          | 1,850 | 1,882,164 |
| Series 2007-C2, Class A2<br>5.45%, 1/15/49 (b)   | 656   | 662,178   |
| Series 2007-C3, Class A2<br>5.87%, 6/15/39 (b)   | 761   | 760,280   |
| Series 2007-C4, Class A3<br>5.96%, 9/15/39 (b)   | 2,815 | 2,938,314 |
| Series 2007-C5, Class AAB<br>5.62%, 9/15/40 (b)  | 2,085 | 2,231,678 |
| Extended Stay America Trust,<br>Series 2010-ESHA, Class C,<br>4.86%, 11/05/27 (a)                    | 2,320 | 2,351,554 |

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

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

|  |           |             |
|--|-----------|-------------|
| First Union Commercial Mortgage Securities,<br>Inc., Series 1997-C2, Class G,<br>7.50%, 11/18/29 (b)   | USD 3,310 | \$3,469,479 |
| Greenwich Capital Commercial Funding Corp.:<br>Series 2006-GG7, Class AM<br>6.06%, 7/10/38 (b)         | 1,610     | 1,710,216   |
| Series 2007-GG9, Class A4<br>5.44%, 3/10/39  | 2,110     | 2,388,336   |
| GS Mortgage Securities Corp. II, Series 2006-<br>GG6, Class AM, 5.62%, 4/10/38 (b)                     | 3,680     | 3,854,690   |
| JPMorgan Chase Commercial Mortgage<br>Securities Corp.:<br>Series 2004-LN2, Class A2<br>5.12%, 7/15/41 | 2,315     | 2,458,942   |
| Series 2007-CB18, Class A4<br>5.44%, 6/12/47   | 2,110     | 2,408,782   |
| Series 2007-CB19, Class A4<br>5.92%, 2/12/49 (b)   | 2,140     | 2,486,657   |
| LB-UBS Commercial Mortgage Trust,<br>Series 2007-C6, Class A4,<br>5.86%, 7/15/40 (b)                   | 4,745     | 5,544,262   |
| Morgan Stanley Capital I, Series 2007-IQ15,<br>Class A2, 6.04%, 6/11/49 (b)                            | 1,983     | 1,988,570   |
| Wachovia Bank Commercial Mortgage Trust (b):   |           |             |

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|  |        |                         |
|--|--------|-------------------------|
| Series 2007-C33, Class A2<br>6.08%, 2/15/51                                    | 871    | 871,458                 |
| Series 2007-C33, Class A4<br>6.12%, 2/15/51                                    | 2,030  | 2,362,583               |
| WF-RBS Commercial Mortgage Trust:<br>Series 2012-C8, Class B<br>4.31%, 8/15/45 | 1,085  | 1,095,827               |
| Series 2012-C8, Class C<br>5.04%, 8/15/45 (b)                                  | 1,395  | 1,360,591<br>46,154,893 |
| <b>Interest Only Commercial Mortgage-Backed Securities</b> 0.4%                |        |                         |
| Morgan Stanley Capital I, Series 2012-C4,<br>Class XA, 2.89%, 3/15/45 (a)(b)   | 15,573 | 2,297,016               |
| <b>Total Non-Agency Mortgage-Backed Securities</b> 11.0%                       |        | 70,504,057              |

|   | <b>Beneficial<br/>Interest<br/>(000)</b> |           |
|---|--|-----------|
| <b>Other Interests (j)</b>                    |  |           |
| <b>Auto Components</b> 0.0%                   |  |           |
| Lear Corp. Escrow                             | 1,000                                    | 10,625    |
| <b>Diversified Financial Services</b> 0.2%    |  |           |
| J.G. Wentworth LLC Preferred Equity Interests | 1  | 1,598,298 |
| <b>Household Durables</b> 0.0%                |  |           |
| Berkline Benchcraft Equity LLC                | 3  |           |
| <b>Total Other Interests</b> 0.2%             |  | 1,608,923 |

|   |               |           |
|---|---------------|-----------|
| <b>Preferred Securities</b>                       |               |           |
| <b>Preferred Stocks</b> 0.1%                      | <b>Shares</b> |           |
| <b>Auto Components</b> 0.1%                       |               |           |
| Dana Holding Corp., 4.00% (a)(c)(e)               | 6,000         | 701,250   |
| <b>Trust Preferreds</b> 0.3%                      | <b>Shares</b> |           |
| <b>Diversified Financial Services</b> 0.3%        |               |           |
| GMAC Capital Trust I, Series 2,8.13%, 2/15/40 (b) | 89,360        | 2,208,335 |
| <b>Total Preferred Securities</b> 0.4%            |               | 2,909,585 |

See Notes to Financial Statements.

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Consolidated Schedule of Investments (continued) **BlackRock Limited Duration Income Trust (BLW)**  
 (Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Taxable Municipal Bonds</b>  |              |            |
| State of California, GO:  |              |            |
| 5.65%, 4/01/39 (b)  | USD 455      | \$ 468,577 |
| 5.25%, 4/01/14  | 1,075        | 1,148,691  |
| State of California, GO, Various Purpose 3,<br>Mandatory Put Bond, 5.10%, 8/01/14 | 1,350        | 1,394,402  |
| State of Illinois, GO, 3.32%, 1/01/13   | 5,075        | 5,119,000  |
| <b>Total Taxable Municipal Bonds 1.3%</b>   |              | 8,130,670  |

**US Government Sponsored Agency Securities**

**Collateralized Mortgage Obligations 0.6%**

|   |       |           |
|---|-------|-----------|
| Freddie Mac Mortgage-Backed Securities,<br>Series 3986, Class M, 4.50%, 9/15/41 | 3,218 | 3,505,212 |
|---|-------|-----------|

**Interest Only Collateralized Mortgage Obligations  
1.6%**

|   |        |            |
|---|--------|------------|
| Fannie Mae Mortgage-Backed Securities:  |        |            |
| Series 2010-126, Class UI,<br>5.50%, 10/25/40   | 12,000 | 1,915,949  |
| Series 2012-M9, Class X1,<br>4.25%, 12/25/17 (b)  | 21,190 | 3,747,685  |
| Series K707, Class X1,<br>1.70%, 12/25/18 (b)   | 43,319 | 3,541,671  |
| Freddie Mac Mortgage-Backed Securities,<br>Series K710, Class X1,<br>1.92%, 5/25/19 (b) | 13,436 | 1,304,695  |
|   |        | 10,510,000 |

**Mortgage-Backed Securities 6.8%**

|   |        |            |
|---|--------|------------|
| Fannie Mae Mortgage-Backed Securities (d):                    |        |            |
| 5.00%, 7/01/20 8/01/23  | 12,321 | 13,421,539 |
| 3.50%, 8/01/26  | 11,942 | 12,886,005 |
| Freddie Mac Mortgage-Backed Securities,<br>4.50%, 4/01/25 (d) | 15,787 | 17,324,832 |
|   |        | 43,632,376 |

**Total US Government Sponsored Agency Securities  
9.0%**

57,647,588

**US Treasury Obligations**

**US Treasury Obligations 0.3%**

|   |       |           |
|---|-------|-----------|
| US Treasury Note, 0.38%, 4/15/15 (d)      | 1,745 | 1,749,907 |
| <b>Total US Treasury Obligations 0.3%</b> |       | 1,749,907 |

**Warrants (k)**

**Shares**

**Software 0.0%**

|  |       |             |
|--|-------|-------------|
| Bankruptcy Management Solutions, Inc.,<br>Expires 9/28/17  | 435   |             |
| HMH Holdings/EduMedia (Issued/Exercisable<br>3/09/10, 19 Shares for 1 Warrant, Expires<br>6/22/19, Strike Price \$42.27) | 3,100 |             |
| <b>Total Warrants 0.0%</b>   |       |             |
| <b>Total Long-Term Investments</b><br>(Cost \$931,118,842) 146.2%  |       | 939,295,937 |

**Short-Term Securities**

|   |           |           |
|---|-----------|-----------|
| BlackRock Liquidity Funds, TempFund,<br>Institutional Class, 0.15% (I)(m) | 2,323,267 | 2,323,267 |
| <b>Total Short-Term Securities</b><br>(Cost \$2,323,267) 0.4%             |           | 2,323,267 |

**Options Purchased****Contracts Value**

|  |        |             |
|--|--------|-------------|
| <b>Over-the-Counter Call Options 0.0%</b><br>Marsico Parent Superholdco LLC, Strike Price<br>USD 942.86, Expires 12/14/19, Broker<br>Goldman Sachs Group, Inc. | 46     |             |
| <b>Over-the-Counter Put Options 0.0%</b><br>S&P 500 Index, Strike Price USD 1,375.00,<br>Expires 10/19/12, Broker Deutsche Bank AG                             | 14,000 | \$ 316,881  |
| <b>Total Options Purchased</b><br>(Cost \$362,978) 0.0%  |        | 316,881     |
| <b>Total Investments Before Options Written</b><br>(Cost \$933,805,087) 146.6%   |        | 941,936,085 |

**Options Written**

|  |       |                |
|--|-------|----------------|
| <b>Over-the-Counter Put Options (0.0%)</b><br>S&P 500 Index, Strike Price USD 1,325.00,<br>Expires 10/19/12, Broker Deutsche Bank AG | 6,000 | (72,378)       |
| <b>Total Options Written</b><br>(Premiums Received \$75,600) (0.0%)  |       | (72,378)       |
| <b>Total Investments, Net of Outstanding Options Written</b><br>146.6%   |       | 941,863,707    |
| <b>Liabilities in Excess of Other Assets (46.6)%</b>   |       | (299,472,425)  |
| <b>Net Assets 100.0%</b>   |       | \$ 642,391,282 |

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

| <b>Counterparty</b>       | <b>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|---------------------------|--------------|------------------------------------|
| Goldman Sachs Group, Inc. | \$1,041,862  | \$12,863                           |

(i) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.

(j) Other interests represent beneficial interests in liquidation trusts and other reorganization or private entities.

Warrants entitle the Fund 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 Fund during the year ended August 31, 2012, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| <b>Affiliate</b>  | <b>Shares<br/>Held at<br/>August 31,<br/>2011</b> | <b>Net<br/>Activity</b> | <b>Shares<br/>Held at<br/>August 31,<br/>2012</b> | <b>Income</b> |
|---|---|-------------------------|---|---------------|
| BlackRock Liquidity<br>Funds, Temp Fund,<br>Institutional Class | 5,229,778   | (2,906,511)             | 2,323,267   | \$4,038       |

(m) Represents the current yield as of report date.  
See Notes to Financial Statements.

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## Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)

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)%       | 3/07/12    | Open          | \$1,243,313 | \$1,235,628                           |
| Barclays Capital, Inc.             | 0.60 %        | 3/30/12    | Open          | 1,368,400   | 1,371,935                             |
| Barclays Capital, Inc.             | 0.40 %        | 4/03/12    | Open          | 6,117,520   | 6,127,783                             |
| Barclays Capital, Inc.             | 0.60 %        | 4/03/12    | Open          | 3,308,826   | 3,317,153                             |
| Credit Suisse Securities (USA) LLC | 0.38 %        | 4/03/12    | Open          | 2,812,500   | 2,816,983                             |
| Credit Suisse Securities (USA) LLC | 0.65 %        | 4/03/12    | Open          | 7,115,345   | 7,134,742                             |
| Barclays Capital, Inc.             | 0.60 %        | 4/04/12    | Open          | 730,235     | 732,061                               |
| UBS Securities LLC                 | 0.60 %        | 4/05/12    | Open          | 4,781,685   | 4,793,560                             |
| Barclays Capital, Inc.             | 0.35 %        | 4/09/12    | Open          | 3,569,655   | 3,574,687                             |
| Credit Suisse Securities (USA) LLC | 0.65 %        | 4/09/12    | Open          | 200,750     | 201,276                               |
| UBS Securities LLC                 | 0.35 %        | 4/12/12    | Open          | 3,541,363   | 3,546,252                             |
| Barclays Capital, Inc.             | (0.50)%       | 4/13/12    | Open          | 922,569     | 920,762                               |
| UBS Securities LLC                 | 0.10 %        | 4/16/12    | Open          | 443,700     | 443,870                               |

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|                                    |        |         |      |            |            |
|------------------------------------|--------|---------|------|------------|------------|
| UBS Securities LLC                 | 0.25 % | 4/17/12 | Open | 1,031,063  | 1,032,043  |
| Barclays Capital, Inc.             | 0.40 % | 4/18/12 | Open | 14,976,893 | 14,999,525 |
| BNP Paribas Securities Corp.       | 0.37 % | 4/18/12 | Open | 804,500    | 805,625    |
| Credit Suisse Securities (USA) LLC | 0.35 % | 4/18/12 | Open | 2,144,625  | 2,147,461  |
| Credit Suisse Securities (USA) LLC | 0.65 % | 4/18/12 | Open | 3,085,060  | 3,092,636  |
| Credit Suisse Securities (USA) LLC | 0.70 % | 4/18/12 | Open | 614,625    | 616,250    |
| UBS Securities LLC                 | 0.60 % | 4/19/12 | Open | 2,636,700  | 2,642,633  |
| Barclays Capital, Inc.             | 0.60 % | 4/23/12 | Open | 1,081,088  | 1,083,448  |

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

| Counterparty                  | Interest Rate | Trade Date | Maturity Date | Face Value  | Face Value Including Accrued Interest |
|-------------------------------|---------------|------------|---------------|-------------|---------------------------------------|
| UBS Securities LLC            | 0.65 %        | 4/23/12    | Open          | \$1,067,850 | \$1,070,376                           |
| UBS Securities LLC            | 0.54 %        | 4/24/12    | Open          | 249,340     | 249,826                               |
| Barclays Capital, Inc.        | 0.60 %        | 4/30/12    | Open          | 5,397,431   | 5,408,586                             |
| Deutsche Bank Securities Inc. | 0.50 %        | 4/30/12    | Open          | 1,416,620   | 1,419,060                             |
| UBS Securities, LLC           | 0.55 %        | 4/30/12    | Open          | 1,556,650   | 1,559,599                             |
| Barclays Capital, Inc.        | 0.60 %        | 5/02/12    | Open          | 346,222     | 346,926                               |

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|  |       |         |      |            |            |
|--|-------|---------|------|------------|------------|
| Barclays<br>Capital,<br>Inc.             | 0.65% | 5/02/12 | Open | 7,876,787  | 7,894,137  |
| Barclays<br>Capital,<br>Inc.             | 0.00% | 5/03/12 | Open | 340,706    | 340,706    |
| Barclays<br>Capital,<br>Inc.             | 0.60% | 5/03/12 | Open | 673,035    | 674,393    |
| UBS<br>Securities<br>LLC                 | 0.34% | 5/03/12 | Open | 3,198,769  | 3,202,424  |
| Barclays<br>Capital,<br>Inc.             | 0.40% | 5/07/12 | Open | 2,403,144  | 2,406,268  |
| Barclays<br>Capital,<br>Inc.             | 0.60% | 5/07/12 | Open | 425,914    | 426,744    |
| Barclays<br>Capital,<br>Inc.             | 0.65% | 5/07/12 | Open | 12,103,786 | 12,129,355 |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.35% | 5/07/12 | Open | 5,682,044  | 5,688,508  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.38% | 5/07/12 | Open | 1,196,656  | 1,198,134  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.65% | 5/07/12 | Open | 1,585,356  | 1,588,705  |
| UBS<br>Securities<br>LLC                 | 0.00% | 5/07/12 | Open | 503,750    | 503,750    |
| UBS<br>Securities<br>LLC                 | 0.40% | 5/07/12 | Open | 1,175,513  | 1,177,041  |
| Barclays<br>Capital,<br>Inc.             | 0.60% | 5/08/12 | Open | 1,914,624  | 1,918,325  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.35% | 5/08/12 | Open | 3,399,630  | 3,403,464  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.38% | 5/08/12 | Open | 1,277,250  | 1,278,814  |

See Notes to Financial Statements.

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## Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)

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

| Counterparty                       | Interest Rate | Trade Date | Maturity Date | Face Value  | Face Value Including Accrued Interest |
|------------------------------------|---------------|------------|---------------|-------------|---------------------------------------|
| Credit Suisse Securities (USA) LLC | 0.65%         | 5/08/12    | Open          | \$4,886,525 | \$4,896,760                           |
| Credit Suisse Securities (USA) LLC | 0.65%         | 5/10/12    | Open          | 1,154,554   | 1,156,930                             |
| UBS Securities LLC                 | 0.00%         | 5/10/12    | Open          | 459,375     | 459,375                               |
| UBS Securities LLC                 | 0.55%         | 5/10/12    | Open          | 2,979,465   | 2,984,654                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 5/11/12    | Open          | 3,119,100   | 3,122,557                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 5/14/12    | Open          | 1,034,800   | 1,035,907                             |
| UBS Securities LLC                 | 0.65%         | 5/14/12    | Open          | 789,074     | 790,641                               |
| Barclays Capital, Inc.             | 0.55%         | 5/18/12    | Open          | 1,768,145   | 1,771,008                             |
| Credit Suisse Securities (USA) LLC | 0.35%         | 5/18/12    | Open          | 425,825     | 426,264                               |
| Barclays Capital, Inc.             | 0.60%         | 5/23/12    | Open          | 1,071,446   | 1,073,250                             |
| Credit Suisse Securities (USA) LLC | 0.60%         | 5/23/12    | Open          | 386,750     | 387,401                               |
| Deutsche Bank Securities Inc.      | 0.23%         | 5/31/12    | Open          | 1,747,181   | 1,748,219                             |
| Barclays Capital,                  |               |            |               |             |                                       |

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|  |       |         |      |           |           |
|--|-------|---------|------|-----------|-----------|
| Inc.<br>Barclays<br>Capital,<br>Inc.     | 0.35% | 6/05/12 | Open | 3,155,100 | 3,157,799 |
| Barclays<br>Capital,<br>Inc.             | 0.55% | 6/05/12 | Open | 3,220,714 | 3,225,044 |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.60% | 6/05/12 | Open | 557,356   | 558,174   |
| UBS<br>Securities<br>LLC                 | 0.65% | 6/05/12 | Open | 2,614,980 | 2,619,137 |
| UBS<br>Securities<br>LLC                 | 0.45% | 6/05/12 | Open | 748,125   | 748,948   |
| UBS<br>Securities<br>LLC                 | 0.54% | 6/05/12 | Open | 726,512   | 727,471   |
| UBS<br>Securities<br>LLC                 | 0.65% | 6/05/12 | Open | 1,908,125 | 1,911,157 |
| UBS<br>Securities<br>LLC.                | 0.55% | 6/05/12 | Open | 3,565,000 | 3,569,793 |
| UBS<br>Securities<br>LLC.                | 0.60% | 6/05/12 | Open | 3,578,500 | 3,583,748 |

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

| Counterparty                             | Interest Rate | Trade Date | Maturity Date | Face Value  | Face Value Including Accrued Interest |
|--|---------------|------------|---------------|-------------|---------------------------------------|
| UBS<br>Securities<br>LLC.                | 0.65%         | 6/05/12    | Open          | \$3,376,663 | \$3,382,028                           |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.65%         | 6/07/12    | Open          | 469,219     | 469,947                               |
| Deutsche<br>Bank<br>Securities<br>Inc.   | (1.50)%       | 6/07/12    | Open          | 384,362     | 382,985                               |
| UBS<br>Securities,<br>LLC                | 0.65%         | 6/07/12    | Open          | 1,748,812   | 1,751,528                             |
| Deutsche<br>Bank<br>Securities<br>Inc.   | (1.50)%       | 6/11/12    | Open          | 517,450     | 515,682                               |
| UBS                                      |               |            |               |             |                                       |



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|  |         |         |      |           |           |
|--|---------|---------|------|-----------|-----------|
| Securities<br>LLC                        | 0.65 %  | 6/13/12 | Open | 310,912   | 311,362   |
| Barclays<br>Capital,<br>Inc.             | (0.50)% | 6/22/12 | Open | 413,250   | 412,842   |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 6/26/12 | Open | 1,347,675 | 1,349,180 |
| Barclays<br>Capital,<br>Inc.             | 0.35 %  | 6/28/12 | Open | 1,109,750 | 1,110,451 |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 6/28/12 | Open | 1,540,425 | 1,542,094 |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 6/29/12 | Open | 2,089,118 | 2,091,347 |
| Barclays<br>Capital,<br>Inc.             | 0.65 %  | 6/29/12 | Open | 2,131,975 | 2,134,439 |
| Deutsche<br>Bank<br>Securities<br>Inc.   | (2.00)% | 7/02/12 | Open | 2,130,888 | 2,123,666 |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 7/05/12 | Open | 1,997,161 | 1,999,092 |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 7/10/12 | Open | 505,224   | 505,670   |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 7/12/12 | Open | 359,775   | 360,081   |
| UBS<br>Securities,<br>LLC                | 0.65 %  | 7/16/12 | Open | 334,400   | 334,684   |
| Deutsche<br>Bank<br>Securities<br>Inc.   | (0.50)% | 7/19/12 | Open | 1,154,215 | 1,153,510 |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 7/20/12 | Open | 2,217,661 | 2,219,250 |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.35 %  | 7/23/12 | Open | 1,764,037 | 1,764,724 |

See Notes to Financial Statements.

## Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)

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

| Counterparty                       | Interest Rate | Trade Date | Maturity Date | Face Value  | Face Value Including Accrued Interest |
|------------------------------------|---------------|------------|---------------|-------------|---------------------------------------|
| Credit Suisse Securities (USA) LLC | 0.38 %        | 7/25/12    | Open          | \$6,172,500 | \$6,174,976                           |
| Credit Suisse Securities (USA) LLC | 0.65 %        | 7/26/12    | Open          | 2,793,026   | 2,794,891                             |
| Deutsche Bank Securities Inc.      | 0.60 %        | 7/26/12    | Open          | 1,863,000   | 1,864,149                             |
| Credit Suisse Securities (USA) LLC | 0.65 %        | 7/31/12    | Open          | 1,503,555   | 1,504,424                             |
| UBS Securities LLC                 | 0.65 %        | 8/01/12    | Open          | 2,056,122   | 2,057,273                             |
| Credit Suisse Securities (USA) LLC | 0.35 %        | 8/02/12    | Open          | 6,011,338   | 6,013,091                             |
| Barclays Capital, Inc.             | 0.60 %        | 8/03/12    | Open          | 8,204,132   | 8,208,098                             |
| Barclays Capital, Inc.             | 0.65 %        | 8/03/12    | Open          | 592,806     | 593,116                               |
| Credit Suisse Securities (USA) LLC | 0.65 %        | 8/03/12    | Open          | 1,754,388   | 1,755,306                             |
| Deutsche Bank Securities Inc.      | 0.65 %        | 8/03/12    | Open          | 7,920,575   | 7,924,723                             |
| UBS Securities LLC                 | (0.25)%       | 8/03/12    | Open          | 891,325     | 891,145                               |
| UBS Securities LLC                 | 0.60 %        | 8/03/12    | Open          | 2,915,325   | 2,916,734                             |
| UBS                                |               |            |               |             |                                       |

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|  |         |         |         |            |            |
|--|---------|---------|---------|------------|------------|
| Securities<br>LLC                        | 0.65 %  | 8/03/12 | Open    | 2,794,025  | 2,795,488  |
| Barclays<br>Capital,<br>Inc.             | 0.60 %  | 8/08/12 | Open    | 6,607,719  | 6,610,361  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.35 %  | 8/08/12 | Open    | 363,757    | 363,842    |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.31 %  | 8/10/12 | 9/13/12 | 42,410,687 | 42,423,469 |
| UBS<br>Securities<br>LLC                 | (1.00)% | 8/13/12 | Open    | 639,450    | 639,113    |
| Deutsche<br>Bank<br>Securities<br>Inc.   | 0.00 %  | 8/16/12 | Open    | 1,105,325  | 1,105,325  |
| Credit Suisse<br>Securities<br>(USA) LLC | (0.25)% | 8/20/12 | Open    | 2,470,675  | 2,470,469  |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.60 %  | 8/22/12 | Open    | 1,383,901  | 1,384,132  |

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

| Counterparty                             | Interest<br>Rate | Trade<br>Date | Maturity<br>Date | Face Value | Face Value<br>Including<br>Accrued<br>Interest |
|--|------------------|---------------|------------------|------------|--|
| Barclays<br>Capital,<br>Inc.             | (0.25)%          | 8/24/12       | Open             | \$562,800  | \$562,769                                      |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.65 %           | 8/24/12       | Open             | 735,687    | 735,794  |
| UBS<br>Securities<br>LLC                 | 0.65 %           | 8/27/12       | Open             | 840,607    | 840,683  |
| Deutsche<br>Bank<br>Securities<br>Inc.   | 0.70 %           | 8/28/12       | Open             | 2,548,800  | 2,548,998                                      |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.65 %           | 8/29/12       | Open             | 315,000    | 315,017  |
| Credit Suisse<br>Securities<br>(USA) LLC | (0.25)%          | 8/29/12       | Open             | 931,838    | 931,818  |

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|  |        |         |      |                      |                      |
|--|--------|---------|------|----------------------|----------------------|
| Credit Suisse<br>Securities<br>(USA) LLC | 0.35 % | 8/30/12 | Open | 779,100              | 779,115              |
| Credit Suisse<br>Securities<br>(USA) LLC | 0.65 % | 8/30/12 | Open | 3,022,669            | 3,022,778            |
| Deutsche<br>Bank<br>Securities<br>Inc.   | 0.70 % | 8/30/12 | Open | 4,164,387            | 4,164,550            |
| <b>Total</b>                             |        |         |      | <b>\$296,475,635</b> | <b>\$296,781,900</b> |

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

| <b>Contracts</b> | <b>Issue</b>                  | <b>Exchange</b>              | <b>Expiration</b> | <b>Notional Value</b> | <b>Unrealized Appreciation</b> |
|------------------|-------------------------------|------------------------------|-------------------|-----------------------|--------------------------------|
| 8                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | September<br>2012 | USD 1,992,200         | \$ 18,278                      |
| 114              | 5-Year US<br>Treasury<br>Note | Chicago<br>Board<br>of Trade | December<br>2012  | USD 14,211,703        | 57,299                         |
| 8                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | March<br>2013     | USD 1,992,900         | 30,178                         |
| 6                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | June 2013         | USD 1,494,525         | 26,609                         |
| 6                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | September<br>2013 | USD 1,494,300         | 30,059                         |
| 6                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | December<br>2013  | USD 1,493,925         | 33,358                         |
| 6                | 90-Day<br>Euro-Dollar         | Chicago<br>Mercantile        | March<br>2014     | USD 1,493,550         | 36,283                         |
| <b>Total</b>     |                               |                              |                   |                       | <b>\$ 232,064</b>              |

See Notes to Financial Statements.

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## Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)

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

| Contracts    | Issue                    | Exchange               | Expiration     | Notional Value | Unrealized Depreciation |
|--------------|--------------------------|------------------------|----------------|----------------|-------------------------|
| 15           | Euro-Bund                | Eurex                  | September 2012 | USD 2,717,225  | \$ (5,618)              |
| 60           | S&P 500 E-Mini Index     | Chicago Mercantile     | September 2012 | USD 4,215,300  | (288,888)               |
| 18           | 10-Year US Treasury Note | Board of Trade Chicago | December 2012  | USD 2,406,938  | (16,266)                |
| 9            | 2-Year US Treasury Note  | Board of Trade Chicago | December 2012  | USD 1,985,203  | (1,256)                 |
| <b>Total</b> |                          |                        |                |                | \$ (312,028)            |

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

| Currency Purchased | Currency Sold  | Counterparty              | Settlement Date | Unrealized Appreciation (Depreciation) |
|--------------------|----------------|---------------------------|-----------------|--|
| USD 226,440        | EUR 180,000    | Deutsche Bank AG          | 9/05/12         | \$ 36                                  |
| GBP 1,500,000      | USD 2,370,743  | Credit Suisse Group AG    | 10/17/12        | 10,677                                 |
| GBP 1,781,000      | USD 2,760,427  | Credit Suisse Group AG    | 10/17/12        | 67,112                                 |
| GBP 154,000        | USD 240,329    | Goldman Sachs Group, Inc. | 10/17/12        | 4,163                                  |
| GBP 1,781,000      | USD 2,760,732  | UBS AG                    | 10/17/12        | 66,807                                 |
| USD 3,752,547      | CAD 3,811,000  | UBS AG                    | 10/17/12        | (110,112)                              |
| USD 634,540        | GBP 405,000    | Citigroup Inc.            | 10/17/12        | (8,443)                                |
| USD 152,004        | GBP 97,000     | Citigroup Inc.            | 10/17/12        | (1,995)                                |
| USD 2,063,293      | GBP 1,306,000  | Credit Suisse Group AG    | 10/17/12        | (10,129)                               |
| USD 17,052         | GBP 11,000     | Deutsche Bank AG          | 10/17/12        | (412)                                  |
| USD 23,843,996     | GBP 15,359,500 | UBS AG                    | 10/17/12        | (540,946)                              |
| USD 2,769,681      | GBP 1,781,000  | UBS AG                    | 10/17/12        | (57,858)                               |
| USD 1,900,050      | GBP 1,225,000  | UBS AG                    | 10/17/12        | (44,776)                               |
| USD 1,830,386      | GBP 1,160,000  | UBS AG                    | 10/17/12        | (11,245)                               |
| USD 145,406        | GBP 93,000     | UBS AG                    | 10/17/12        | (2,242)                                |
| USD 304,940        | GBP 193,000    | UBS AG                    | 10/17/12        | (1,469)                                |
| EUR 180,000        | USD 226,555    | Deutsche Bank AG          | 10/22/12        | (36)                                   |
| USD 208,570        | EUR 170,000    | BNP Paribas SA            | 10/22/12        | (5,364)                                |

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|                |                |  |          |                |
|----------------|----------------|--|----------|----------------|
| USD 17,762,288 | EUR 14,488,000 | Citigroup Inc.                         | 10/22/12 | (469,970)      |
| USD 251,996    | EUR 205,000    | Citigroup Inc.                         | 10/22/12 | (5,984)        |
| USD 111,679    | EUR 90,000     | Royal Bank of<br>Scotland<br>Group Plc | 10/22/12 | (1,581)        |
| USD 37,410     | EUR 30,000     | Royal Bank of<br>Scotland Group<br>Plc | 10/22/12 | (343)          |
| USD 292,577    | EUR 237,000    | UBS AG                                 | 10/22/12 | (5,673)        |
| USD 273,963    | EUR 222,000    | UBS AG                                 | 10/22/12 | (5,410)        |
| <b>Total</b>   |                |  |          | \$ (1,135,193) |

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

| <b>Issuer</b>                                       | <b>Pay<br/>Fixed<br/>Rate</b> | <b>Counterparty</b> | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Depreciation</b> |
|---|-------------------------------|---------------------|----------------------------|--------------------------------------|------------------------------------|
| Australia & New<br>Zealand<br>Banking<br>Group Ltd. | 1.00%                         | Deutsche<br>Bank AG | 9/20/17                    | USD 1,643                            | \$ (7,706)                         |
| Commonwealth<br>Bank of<br>Australia                | 1.00%                         | Deutsche<br>Bank AG | 9/20/17                    | USD 3,200                            | (15,039)                           |
| National Australia<br>Bank Ltd.                     | 1.00%                         | Deutsche<br>Bank AG | 9/20/17                    | USD 3,200                            | (10,539)                           |
| Westpac<br>Banking Corp.                            | 1.00%                         | Deutsche<br>Bank AG | 9/20/17                    | USD 1,643                            | (9,965)                            |
| <b>Total</b>  |                               |                     |                            |                                      | \$ (43,249)                        |

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

| <b>Index</b>   | <b>Pay<br/>Fixed<br/>Rate</b> | <b>Counterparty</b>     | <b>Expiration<br/>Date</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Depreciation</b> |
|--|-------------------------------|-------------------------|----------------------------|--------------------------------------|------------------------------------|
| Dow Jones CDX<br>North America<br>Investment<br>Grade Index<br>Series 16,<br>Version 1 | 1.00%                         | Morgan<br>Stanley       | 6/20/16                    | USD 7,700                            | \$ (19,743)                        |
| Dow Jones CDX<br>North America<br>High Yield Index<br>Series 18,<br>Version 2          | 5.00%                         | JPMorgan<br>Chase & Co. | 6/20/17                    | USD 6,955                            | (282,361)                          |
| <b>Total</b>   |                               |                         |                            |                                      | \$ (302,104)                       |

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

| <b>Receive</b> | <b>Notional</b> |
|----------------|-----------------|
|----------------|-----------------|

| <b>Index</b>   | <b>Fixed Rate</b> | <b>Counterparty</b> | <b>Expiration Date</b> | <b>Credit Rating<sup>1</sup></b> | <b>Amount (000)<sup>2</sup></b> | <b>Unrealized Appreciation</b> |
|--|-------------------|---------------------|------------------------|----------------------------------|---------------------------------|--------------------------------|
| Dow Jones CDX North America Investment Grade Index Series 16 | 1.00%             | Morgan Stanley      | 6/20/16                | BBB+                             | USD 7,700                       | \$125,337                      |

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

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

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

| <b>Fixed Rate</b>  | <b>Floating Rate</b> | <b>Counterparty</b> | <b>Expiration Date</b> | <b>Notional Amount (000)</b> | <b>Unrealized Depreciation</b> |
|--------------------|----------------------|---------------------|------------------------|------------------------------|--------------------------------|
| 1.10% <sup>3</sup> | 3-month LIBOR        | Deutsche Bank AG    | 5/14/17                | USD 14,500                   | \$(260,243)                    |

<sup>3</sup> Fund pays the fixed rate and receives the floating rate.

For Fund compliance purposes, the Fund'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 Fund 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.

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**Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)**

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instrument. 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 Fund'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 Fund'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 instrument 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 Fund'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 Fund's investments and derivative financial instrument 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.               | —           | \$31,519,611 | \$9,845,241 | \$41,364,852 |
| Common Stocks                          | \$4,008,397 | 2,415,060    | 2,007,283   | 8,430,740    |
| Corporate Bonds                        | —           | 430,900,823  | 1,727       | 430,902,550  |
| Floating Rate Loan                     |             |              |             |              |
| Interests                              | —           | 277,452,086  | 38,594,979  | 316,047,065  |
| Non-Agency Mortgage-Backed Securities. | —           | 70,504,057   | —           | 70,504,057   |
| Other Interests                        | —           | —            | 1,608,923   | 1,608,923    |
| Preferred Securities.                  | 2,208,335   | 701,250      | —           | 2,909,585    |
| Taxable Municipal Bonds                | —           | 8,130,670    | —           | 8,130,670    |



|   |             |               |              |               |
|---|-------------|---------------|--------------|---------------|
| US Government<br>Sponsored<br>Agency<br>Securities. | —           | 57,647,588    | —            | 57,647,588    |
| US Treasury<br>Obligations                          | —           | 1,749,907     | —            | 1,749,907     |
| Short-Term<br>Securities                            | 2,323,267   | —             | —            | 2,323,267     |
| Total   | \$8,539,999 | \$881,021,052 | \$52,058,153 | \$941,619,204 |

|   | Level 1     | Level 2       | Level<br>3 | Total         |
|---|-------------|---------------|------------|---------------|
| Derivative Financial Instruments <sup>1</sup> |             |               |            |               |
| Assets:                                       |             |               |            |               |
| Equity<br>contracts                           | —           | \$316,881     | —          | \$316,881     |
| Interest rate<br>contracts                    | \$232,064   | —             | —          | 232,064       |
| Foreign currency<br>exchange<br>contracts     | —           | 148,795       | —          | 148,795       |
| Credit<br>contracts                           | —           | 125,337       | —          | 125,337       |
| Liabilities:                                  |             |               |            |               |
| Equity contracts.                             | (288,888)   | (72,378 )     | —          | (361,266 )    |
| Foreign currency<br>exchange<br>contracts     | —           | (1,283,988)   | —          | (1,283,988)   |
| Interest rate<br>contracts                    | (23,140 )   | (260,243 )    | —          | (283,383 )    |
| Credit<br>contracts                           | —           | (345,353 )    | —          | (345,353 )    |
| Total   | \$(79,964 ) | \$(1,370,949) | —          | \$(1,450,913) |

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.

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## Consolidated Schedule of Investments (continued) BlackRock Limited Duration Income Trust (BLW)

The following table summarizes the valuation techniques used and unobservable inputs developed by the Global Valuation Committee to determine the fair value of certain of the Fund's Level 3 investments as of August 31, 2012:

|                              | Value              | Valuation Techniques   | Unobservable Inputs <sup>1</sup>                          | Range of Unobservable Inputs | Weighted Average of Unobservable Inputs <sup>2</sup> |
|------------------------------|--------------------|--|---|------------------------------|--|
| <b>Assets:</b>               |                    |  |   |                              |  |
| Common Stocks                | \$1,991,139        | Market Comparable Companies                                  | EBITDA Multiple<br>Forward EBITDA<br>Multiple             | 5.9x<br>4.6x                 | 5.9x<br>4.6x   |
| Floating Rate Loan Interests | 7,653,752          | Discounted Cash Flows<br>Market Comparable Companies<br>Cost | Discount Rate<br>Illiquidity Discount<br>N/A <sup>3</sup> | 25%<br>50%                   | 25%<br>50%   |
| <b>Total<sup>4</sup></b>     | <b>\$9,644,891</b> |  |   |                              |  |

<sup>1</sup> 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 | Value if Input Decreases |
| EBITDA Multiple         | Increase                 | Decrease                 |
| Forward EBITDA Multiple | Increase                 | Decrease                 |
| Discount Rate           | Decrease                 | Increase                 |
| Illiquidity Discount    | Decrease                 | Increase                 |

<sup>2</sup> Unobservable inputs are weighted based on the value of the investments included in the range.

The Fund 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

<sup>3</sup> 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 Fund.

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 Fund had a significant amount of Level 3 investments and derivatives at the beginning and/or end of the year in relation to net assets. The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were

used in determining fair value:

|  | Asset-Backed<br>Securities | Common<br>Stocks | Corporate<br>Bonds | Floating<br>Rate<br>Loan<br>Interests | Non-Agency<br>Mortgage<br>Backed | Other<br>Interests | Preferred<br>Stocks |
|--|----------------------------|------------------|--------------------|---------------------------------------|----------------------------------|--------------------|---------------------|
| Assets:  |                            |                  |                    |                                       |                                  |                    |                     |
| Opening balance, as of<br>August 31, 2011                              | \$ 11,549,300              | \$ 3,358,522     | \$ 186,065         | \$ 38,869,232                         | \$ 2,829,283                     | \$ 1,441,471       | \$ 384,565          |
| Transfers into Level 3 <sup>5</sup>                                    | —                          | 4                | —                  | 3,182,000                             | —                                | —                  | —                   |
| Transfers out of Level 3 <sup>6</sup>                                  | (1,941,543 )               | —                | —                  | (14,585,485 )                         | (2,829,283 )                     | —                  | —                   |
| Accrued discounts/premiums   | (623,854 )                 | —                | 704                | 106,881                               | —                                | —                  | —                   |
| Net realized gain (loss)   | (56,962 )                  | (3,616,665 )     | 66,012             | (736,606 )                            | —                                | 1,456              | 452,430             |
| Net change in unrealized<br>appreciation/<br>depreciation <sup>7</sup> | 835,003                    | 2,024,501        | (57,054 )          | 1,192,622                             | —                                | 167,451            | (384,565)           |
| Purchases  | 3,941,682                  | 240,952          | —                  | 14,526,740                            | —                                | —                  | —                   |
| Sales  | (3,858,385 )               | (31 )            | (194,000)          | (3,960,405 )                          | —                                | (1,455 )           | (452,430)           |
| Closing Balance, as of<br>August 31, 2012                              | \$ 9,845,241               | \$ 2,007,283     | \$ 1,727           | \$ 38,594,979                         | —                                | \$ 1,608,923       | —                   |

As of August 31, 2011, the Fund used observable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used significant unobservable inputs in determining the value on the same investments.<sup>5</sup> As a result, investments with a beginning of year value of \$3,182,004 transferred from Level 2 to Level 3 in the disclosure hierarchy.

As of August 31, 2011, the Fund used significant unobservable inputs in determining the value of certain investments. As of August 31, 2012, the Fund used observable inputs in determining the value on the same investments.<sup>6</sup> As a result, investments with a beginning of year value of \$19,356,311 transferred from Level 3 to Level 2 in the disclosure hierarchy.

<sup>7</sup>The change in unrealized appreciation/depreciation on securities still held as of August 31, 2012 was \$115,553. See Notes to Financial Statements.

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**Consolidated Schedule of Investments (concluded) BlackRock Limited Duration Income Trust (BLW)**

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

|   | Credit<br>Contracts |
|---|---------------------|
| Liabilities:  |                     |
| Opening balance, as of August 31, 2011                          | \$(3,846 )          |
| Transfers into Level 3 <sup>1</sup>                             | —                   |
| Transfers out of Level 3 <sup>1</sup>                           | —                   |
| Accrued discounts/premium                                       | —                   |
| Net realized gain (loss)  | —                   |
| Net change in unrealized appreciation/depreciation <sup>2</sup> | 3,846               |
| Purchases   | —                   |
| Issues <sup>3</sup>   | —                   |
| Sales   | —                   |
| Settlements <sup>4</sup>  | —                   |
| Closing Balance, as of August 31, 2012                          | —                   |

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

<sup>2</sup>Included in the related 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.

<sup>3</sup>Issues represent upfront cash received on certain derivative financial instruments.

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

Certain of the Fund'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<br>3 | Total        |
|--|---------|----------------|------------|--------------|
| Assets:  |         |                |            |              |
| Cash   | \$3,216 | —              | —          | \$3,216      |
| Cash pledged as collateral for financial futures contracts         | 445,500 | —              | —          | 445,500      |
| Foreign currency at value  | 361,383 | —              | —          | 361,383      |
| Liabilities:   |         |                |            |              |
| Cash received as collateral for open reverse repurchase agreements | —       | \$(1,137,000 ) | —          | (1,137,000 ) |
| Reverse repurchase   |         |                |            |              |

|             |           |                 |   |                 |
|-------------|-----------|-----------------|---|-----------------|
| agreements. | —         | (296,475,635)   | — | (296,475,635)   |
| Total       | \$810,099 | \$(297,612,635) | — | \$(296,802,536) |

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 31, 2012 to August 31, 2012, all transfers between Level 1 and Level 2 are required to be disclosed. As of February 29, 2012, the Fund used observable inputs in determining the value of certain equity securities. During the year, the Fund began valuing these securities using unadjusted price quotations from an exchange. As a result, investments with a beginning of period value of \$8,353,516 transferred from Level 2 to Level 1 in the disclosure hierarchy.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

| August 31, 2012  | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF)* | BlackRock<br>Floating Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA)* | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW)* |
|--|--|--|--|--|
| <b>Assets</b>  |  |  |  |  |
| Investments at value unaffiliated                                  | \$ 184,057,985   | \$ 197,226,759   | \$ 400,376,933   | \$ 939,612,818   |
| Investments at value affiliated                                    | 2,326,441  | 1,177,221  | 1,779,337  | 2,323,267  |
| Cash   | —  | 23,952   | 3,216  | 3,216  |
| Cash pledged as collateral for financial futures contracts         | —  | —  | —  | 445,500  |
| Interest receivable  | 1,154,049  | 1,308,922  | 2,636,528  | 9,736,384  |
| Investments sold receivable  | 1,305,465  | 1,390,131  | 2,807,306  | 2,342,444  |
| Swap premiums paid   | 95,656   | 101,453  | 211,602  | 711,301  |
| Foreign currency at value <sup>3</sup>                             | 12,292   | 29,476   | 74,079   | 361,383  |
| Unrealized appreciation on foreign currency exchange contracts     | 145  | —  | 3  | 148,795  |
| Unrealized appreciation on swaps                                   | —  | —  | —  | 125,337  |
| Swaps receivable   | —  | —  | —  | 19,952   |
| Principal paydown receivable                                       | —  | —  | 11,364   | —  |
| Variation margin receivable  | —  | —  | —  | 4,975  |
| Prepaid expenses   | 1,024  | 2,583  | 4,729  | 25,865   |
| Other assets   | —  | —  | —  | 801,454  |
| <b>Total assets</b>  | <b>188,953,057</b>   | <b>201,260,497</b>   | <b>407,905,097</b>   | <b>956,662,691</b>   |
| <b>Liabilities</b>   |  |  |  |  |
| Reverse repurchase agreements                                      | —  | —  | —  | 296,475,635  |
| Loan payable   | 55,000,000   | 60,000,000   | 117,000,000  | —  |
| Investments purchased payable                                      | 5,826,414  | 6,095,175  | 12,743,972   | 13,168,959   |
| Unrealized depreciation on foreign currency exchange contracts     | 132,044  | 99,745   | 221,993  | 1,283,988  |
| Cash received as collateral for open reverse repurchase agreements | —  | —  | —  | 1,137,000  |
| Investment advisory fees payable                                   | 150,023  | 120,339  | 244,575  | 421,650  |
| Unrealized depreciation on swaps                                   | 66,320   | 70,339   | 146,707  | 605,596  |
| Interest expense payable   | 40,468   | 24,557   | 88,798   | 294,146  |
| Swaps payable  | 17,243   | 18,288   | 38,143   | 160,235  |
| Officer's and Directors' fees payable                              | 1,043  | 1,211  | 1,560  | 195,285  |
| Swap premiums received   | —  | —  | —  | 105,594  |
| Income dividends payable   | 69,336   | 35,503   | —  | —  |
| Options written at value <sup>4</sup>                              | —  | —  | —  | 72,378   |
| Reorganization costs payable.                                      | —  | 214,181  | 161,485  | —  |
| Other accrued expenses payable                                     | 195,573  | 249,245  | 267,864  | 350,943  |
| <b>Total liabilities</b>   | <b>61,498,464</b>  | <b>66,928,583</b>  | <b>130,915,097</b>   | <b>314,271,409</b>   |
| <b>Net Assets</b>  | <b>\$ 127,454,593</b>  | <b>\$ 134,331,914</b>  | <b>\$ 276,990,000</b>  | <b>\$ 642,391,282</b>                                      |

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|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Net Assets Consist of  |                |                |                |                |
| Paid-in capital <sup>5,6,7</sup>                                 | \$ 128,073,072 | \$ 228,794,096 | \$ 350,243,550 | \$ 702,492,569 |
| Undistributed (distributions in excess of) net investment income | 1,539,340      | 397,573        | 1,633,469      | 6,920,831      |
| Accumulated net realized loss                                    | (4,225,054 )   | (89,672,634 )  | (74,249,068 )  | (74,265,114 )  |
| Net unrealized appreciation/depreciation                         | 2,067,235      | (5,187,121 )   | (637,951 )     | 7,242,996      |
| Net Assets   | \$ 127,454,593 | \$ 134,331,914 | \$ 276,990,000 | \$ 642,391,282 |
| Net asset value per share  | \$ 14.12       | \$ 10.83       | \$ 14.98       | \$ 17.38       |
| <sup>1</sup> Investments at cost unaffiliated                    | \$ 181,792,608 | \$ 202,244,456 | \$ 400,647,586 | \$ 931,481,820 |
| <sup>2</sup> Investments at cost affiliated                      | \$ 2,326,441   | \$ 1,177,221   | \$ 1,779,337   | \$ 2,323,267   |
| <sup>3</sup> Foreign currency at cost                            | \$ 12,163      | \$ 28,990      | \$ 73,060      | \$ 359,725     |
| <sup>4</sup> Premiums received                                   | —              | —              | —              | \$ 75,600      |
| <sup>5</sup> Par value per share.                                | \$ 0.001       | \$ 0.10        | \$ 0.10        | \$ 0.001       |
| <sup>6</sup> Shares outstanding                                  | 9,027,106      | 12,401,086     | 18,484,687     | 36,954,709     |
| <sup>7</sup> Shares authorized.                                  | unlimited      | 200 million    | 200 million    | unlimited      |
| * Consolidated Statement of Assets and Liabilities.              |                |                |                |                |

See Notes to Financial Statements.

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## Statements of Operations

|  | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF) <sup>1</sup> | BlackRock<br>Floating<br>Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA) <sup>1</sup> | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) <sup>1</sup> |
|--|--|--|---|--|
| Year Ended August 31, 2012                             |  |  |   |  |
| Investment Income                                      |  |  |   |  |
| Interest   | \$ 10,070,715  | \$ 10,897,301  | \$ 22,407,052   | \$ 54,822,830  |
| Dividends  | 12,386   | —  | —   | 249,704  |
| Dividends — affiliated                                 | 662  | 588  | 1,172   | 13,046   |
| Foreign taxes withheld                                 | —  | —  | —   | (11,775 )  |
| Total income   | 10,083,763   | 10,897,889   | 22,408,224  | 55,073,805   |
| Expenses   |  |  |   |  |
| Investment advisory                                    | 1,630,124  | 1,313,668  | 2,675,121   | 4,746,770  |
| Professional   | 71,991   | 252,378  | 229,090   | 214,552  |
| Borrowing costs <sup>2</sup>                           | 114,018  | 124,508  | 246,770   | —  |
| Custodian  | 65,643   | 69,608   | 117,537   | 171,299  |
| Reorganization   | —  | 214,181  | 161,485   | —  |
| Accounting services                                    | 36,171   | 42,197   | 60,231  | 88,691   |
| Transfer agent   | 23,064   | 31,196   | 42,922  | 78,480   |
| Officer and Directors                                  | 14,191   | 15,155   | 30,636  | 62,988   |
| Printing   | 11,839   | 24,139   | 30,310  | 54,988   |
| Registration   | 9,248  | 9,319  | 9,329   | 12,720   |
| Miscellaneous  | 18,122   | 39,900   | 36,590  | 75,519   |
| Total expenses excluding interest expense              | 1,994,411  | 2,136,249  | 3,640,021   | 5,506,007  |
| Interest expense                                       | 373,756  | 424,790  | 836,368   | 1,030,948  |
| Total expenses   | 2,368,167  | 2,561,039  | 4,476,389   | 6,536,955  |
| Less fees waived by Manager                            | (375 )   | (311 )   | (667 )  | (2,198 )   |
| Total expenses after fees waived                       | 2,367,792  | 2,560,728  | 4,475,722   | 6,534,757  |
| Net investment income                                  | 7,715,971  | 8,337,161  | 17,932,502  | 48,539,048   |
| Realized and Unrealized Gain (Loss)                    |  |  |   |  |
| Net realized gain (loss) from:                         |  |  |   |  |
| Investments  | (396,383 )   | (3,318,182 )   | (5,975,807 )  | (5,301,188 )   |
| Financial futures contracts                            | —  | —  | —   | 84,892   |
| Foreign currency transactions                          | 758,136  | 644,462  | 1,023,045   | 3,549,362  |
| Options written  | —  | —  | —   | 276,020  |
| Swaps  | (20,125 )  | (21,400 )  | (44,658 )   | (316,054 )   |
|  | 341,628  | (2,695,120 )   | (4,997,420 )  | (1,706,968 )   |
| Net change in unrealized appreciation/depreciation on: |  |  |   |  |
| Investments  | 7,850,460  | 11,188,847 <sup>3</sup>  | 21,890,847  | 34,983,027   |
| Financial futures contracts                            | —  | —  | —   | (243,033 )   |
| Foreign currency translations                          | (105,573 )   | (85,016 )  | (163,496 )  | (577,233 )   |
| Options written  | —  | —  | —   | 366,780  |



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|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Swaps   | (66,320 )     | (70,339 )     | (146,707 )    | (560,240 )    |
| Unfunded loan commitments                               | 38,703        | 45,062        | 77,372        | 111,558       |
|   | 7,717,270     | 11,078,554    | 21,658,016    | 34,080,859    |
| Total realized and unrealized gain                      | 8,058,898     | 8,383,434     | 16,660,596    | 32,373,891    |
| Net Increase in Net Assets Resulting<br>from Operations | \$ 15,774,869 | \$ 16,720,595 | \$ 34,593,098 | \$ 80,912,939 |

<sup>1</sup>Consolidated Statement of Operations.

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

<sup>3</sup>Net of income tax of \$104,609.

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|  | BlackRock Defined<br>Opportunity Credit Trust<br>(BHL)<br>Year Ended August 31, |               |
|--|---|---------------|
|  | 2012  | 2011          |
| Increase (Decrease) in Net Assets:                   |   |               |
| Operations   |   |               |
| Net investment income                                | \$7,715,971   | \$7,713,890   |
| Net realized gain                                    | 341,628   | 2,153,352     |
| Net change in unrealized appreciation/depreciation   | 7,717,270   | (6,154,792 )  |
| Net increase in net assets resulting from operations | 15,774,869  | 3,712,450     |
| Dividends to Shareholders From                       |   |               |
| Net investment income                                | (7,217,171 )  | (7,140,522 )  |
| Capital Share Transactions                           |   |               |
| Reinvestment of dividends                            | —   | 263,352       |
| Net Assets   |   |               |
| Total increase (decrease) in net assets              | 8,557,698   | (3,164,720 )  |
| Beginning of year                                    | 118,896,895   | 122,061,615   |
| End of year  | \$127,454,593   | \$118,896,895 |
| Undistributed net investment income                  | \$1,539,340   | \$316,267     |

See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|  | BlackRock Diversified<br>Income Strategies Fund, Inc.<br>(DVF)<br>Year Ended August 31, |               |
|--|---|---------------|
|  | 2012 <sup>1</sup>   | 2011          |
| Increase (Decrease) in Net Assets:   |   |               |
| Operations   |   |               |
| Net investment income  | \$8,337,161   | \$9,340,837   |
| Net realized loss  | (2,695,120 )  | (3,171,498 )  |
| Net change in unrealized appreciation/depreciation                                   | 11,078,554  | (458,676 )    |
| Net increase in net assets resulting from operations                                 | 16,720,595  | 5,710,663     |
| Dividends and Distributions to Shareholders From                                     |   |               |
| Net investment income  | (8,705,562 )  | (8,509,258 )  |
| Tax return of capital  | —   | (739,496 )    |
| Decrease in net assets resulting from dividends and<br>distributions to shareholders | (8,705,562 )  | (9,248,754 )  |
| Capital Share Transactions   |   |               |
| Refund of offering costs previously charged to paid-in capital                       | 10,123  | —             |
| Reinvestment of dividends  | —   | 460,151       |
| Net increase in net assets derived from capital share transactions                   | 10,123  | 460,151       |
| Net Assets   |   |               |
| Total increase (decrease) in net assets  | 8,025,156   | (3,077,940 )  |
| Beginning of year  | 126,306,758   | 129,384,698   |
| End of year  | \$134,331,914   | \$126,306,758 |
| Distributions in excess of net investment income                                     | \$397,573   | \$(252,833 )  |

<sup>1</sup>Consolidated Statement of Changes in Net Assets.  
See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|  | BlackRock Floating Rate<br>Income Strategies Fund, Inc.<br>(FRA)<br>Year Ended August 31, |               |
|--|---|---------------|
|  | 2012 <sup>1</sup>   | 2011          |
| Increase (Decrease) in Net Assets:   |   |               |
| Operations   |   |               |
| Net investment income  | \$ 17,932,502   | \$ 17,704,917 |
| Net realized gain (loss)   | (4,997,420 )  | 2,197,485     |
| Net change in unrealized appreciation/depreciation                                   | 21,658,016  | (8,915,990 )  |
| Net increase in net assets resulting from operations                                 | 34,593,098  | 10,986,412    |
| Dividends and Distributions to Shareholders From                                     |   |               |
| Net investment income  | (17,066,400 )   | (15,965,641 ) |
| Tax return of capital  | —   | (1,072,049 )  |
| Decrease in net assets resulting from dividends and<br>distributions to shareholders | (17,066,400 )   | (17,037,690 ) |
| Capital Share Transactions   |   |               |
| Reinvestment of dividends  | 258,718   | 876,684       |
| Net Assets   |   |               |
| Total increase (decrease) in net assets  | 17,785,416  | (5,174,594 )  |
| Beginning of year  | 259,204,584   | 264,379,178   |
| End of year  | \$276,990,000   | \$259,204,584 |
| Undistributed (distributions in excess of) net investment income                     | \$1,633,469   | \$(138,319 )  |

<sup>1</sup>Consolidated Statement of Changes in Net Assets.  
See Notes to Financial Statements.

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## Statements of Changes in Net Assets

|  | BlackRock Limited Duration<br>Income Trust (BLW)<br>Year Ended August 31, |               |
|--|---|---------------|
|  | 2012 <sup>1</sup>   | 2011          |
| Increase (Decrease) in Net Assets:                   |   |               |
| Operations   |   |               |
| Net investment income                                | \$48,539,048  | \$49,530,733  |
| Net realized gain (loss)                             | (1,706,968 )  | 3,272,761     |
| Net change in unrealized appreciation/depreciation   | 34,080,859  | (17,061,349 ) |
| Net increase in net assets resulting from operations | 80,912,939  | 35,742,145    |
| Dividends to Shareholders From                       |   |               |
| Net investment income                                | (48,930,681 )   | (45,830,635 ) |
| Capital Share Transactions                           |   |               |
| Reinvestment of dividends                            | 591,363   | 524,981       |
| Net Assets   |   |               |
| Total increase (decrease) in net assets              | 32,573,621  | (9,563,509 )  |
| Beginning of year                                    | 609,817,661   | 619,381,170   |
| End of year  | \$642,391,282   | \$609,817,661 |
| Undistributed net investment income                  | \$6,920,831   | \$4,392,851   |

<sup>1</sup>Consolidated Statement of Changes in Net Assets.  
See Notes to Financial Statements.

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## Statements of Cash Flows

|   | BlackRock<br>Defined<br>Opportunity<br>Credit Trust<br>(BHL) | BlackRock<br>Diversified<br>Income<br>Strategies<br>Fund, Inc.<br>(DVF) <sup>1</sup> | BlackRock<br>Floating Rate<br>Income<br>Strategies<br>Fund, Inc.<br>(FRA) <sup>1</sup> | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) <sup>1</sup> |
|---|--|--|--|--|
| Year Ended August 31, 2012  |  |  |  |  |
| Cash Used for Operating Activities  |  |  |  |  |
| Net increase in net assets resulting from operations  | \$ 15,774,869  | \$ 16,720,595  | \$ 34,593,098  | \$ 80,912,939  |
| Adjustments to reconcile net increase in net assets<br>resulting from operations to net cash provided<br>by operating activities: |  |  |  |  |
| Increase in interest receivable   | (789,070 )   | (685,661 )   | (1,571,858 )   | (2,150,320 )   |
| Increase in swap receivable   | —  | —  | —  | (10,421 )  |
| Decrease in dividends receivable — affiliated   | —  | —  | —  | 623  |
| Decrease in dividends receivable — unaffiliated   | —  | —  | —  | 6,000  |
| Increase in variation margin receivable.  | —  | —  | —  | (2,750 )   |
| Increase in cash pledged as collateral for<br>financial futures contracts.  | —  | —  | —  | (367,000 )   |
| Decrease in cash pledged as collateral for<br>reverse repurchase agreements   | —  | —  | —  | 1,995,000  |
| Increase in other assets  | —  | —  | —  | (31,866 )  |
| Decrease in prepaid expenses  | 16,929   | 18,711   | 37,868   | 13,531   |
| Increase in cash received as collateral for open<br>reverse repurchase agreements   | —  | —  | —  | 1,137,000  |
| Increase in investment advisory fees payable  | 9,088  | 6,252  | 15,957   | 28,337   |
| Increase (decrease) in interest expense payable   | (10,496 )  | (15,773 )  | (71,892 )  | 75,332   |
| Decrease in deferred income   | (7,454 )   | (6,757 )   | (15,592 )  | —  |
| Increase (decrease) in other accrued expenses<br>payable  | (119,951 )   | 104,011  | (12,168 )  | (95,790 )  |
| Increase in swaps payable   | 17,243   | 18,288   | 38,143   | 90,913   |
| Increase in reorganization costs payable  | —  | 214,181  | 161,485  | —  |
| Increase in Officer's and Directors' fees payable   | 591  | 788  | 561  | 21,599   |
| Net periodic and termination payments of swaps  | (115,781 )   | (122,852 )   | (256,260 )   | (975,469 )   |
| Net realized and unrealized gain on investments   | (7,300,762 )   | (7,738,972 )   | (15,637,551 )  | (28,705,337 )  |
| Amortization of premium and accretion of discount<br>on investments   | (827,806 )   | (872,165 )   | (1,955,799 )   | (804,064 )   |
| Premiums received from options written  | —  | —  | —  | 75,600   |
| Proceeds from sales of long-term investments  | 90,443,132   | 99,441,106   | 198,013,417  | 507,993,100  |
| Purchases of long-term investments  | (101,935,504)  | (109,238,340)  | (223,632,642)  | (564,903,314)  |
| Net proceeds from sales (purchases) of<br>short-term securities   | (95,688 )  | (1,177,221 )   | 3,617,330  | 2,906,511  |
| Cash used for operating activities  | (4,940,660 )   | (3,333,809 )   | (6,675,903 )   | (2,789,846 )   |
| Cash Provided by Financing Activities   |  |  |  |  |
| Refund of offering costs  | —  | 10,123   | —  | —  |
| Cash receipts from borrowings   | 98,200,000   | 82,000,000   | 157,000,000  | 208,660,129  |

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|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Cash payments on borrowings                          | (86,200,000 ) | (69,000,000 ) | (133,000,000) | (157,312,071) |
| Cash dividends paid to shareholder                   | (7,203,200 )  | (8,715,707 )  | (16,911,851 ) | (48,455,317 ) |
| Decrease in bank overdraft                           | —             | (1,044,731 )  | (573,035 )    | —             |
| Cash provided by financing activities                | 4,796,800     | 3,249,685     | 6,515,114     | 2,892,741     |
| Cash Impact from Foreign Exchange Fluctuations       |               |               |               |               |
| Cash impact from foreign exchange fluctuations       | 561           | 870           | 918           | 1,753         |
| Cash and Foreign Currency                            |               |               |               |               |
| Net increase (decrease) in cash and foreign currency | (143,299 )    | (83,254 )     | (159,871 )    | 104,648       |
| Cash and foreign currency at beginning of year       | 155,591       | 136,682       | 237,166       | 259,951       |
| Cash and foreign currency at end of year             | \$12,292      | \$53,428      | \$77,295      | \$364,599     |
| Cash Flow Information                                |               |               |               |               |
| Cash paid during the year for interest               | \$384,252     | \$440,563     | \$908,260     | \$955,616     |
| Non-cash Financing Activities                        |               |               |               |               |
| Capital shares issued in reinvestment of dividends   | —             | —             | \$258,718     | \$591,363     |

<sup>1</sup>Consolidated Statement of Cash Flows.

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

See Notes to Financial Statements.

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Financial Highlights **BlackRock Defined Opportunity Credit Trust (BHL)**

|   | Year Ended August 31, |           |           |           | Period   |              |
|---|-----------------------|-----------|-----------|-----------|--|--------------|
|   | 2012                  | 2011      | 2010      | 2009      | January 31, 2008 <sup>1</sup> to August 31, 2008 |              |
| <b>Per Share Operating Performance</b>  |                       |           |           |           |  |              |
| Net asset value, beginning of period  | \$13.17               | \$13.55   | \$12.53   | \$14.31   | \$14.33  | <sup>2</sup> |
| Net investment income <sup>3</sup>  | 0.85                  | 0.86      | 0.85      | 0.87      | 0.47   |              |
| Net realized and unrealized gain (loss)   | 0.90                  | (0.45)    | 0.87      | (1.55)    | 0.21   |              |
| Net increase (decrease) from investment operations                                  | 1.75                  | 0.41      | 1.72      | (0.68)    | 0.68   |              |
| Dividends and distributions from:   |                       |           |           |           |  |              |
| Net investment income   | (0.80)                | (0.79)    | (0.70)    | (1.09)    | (0.62)   |              |
| Tax return of capital   | —                     | —         | —         | (0.01)    | (0.06)   |              |
| Total dividends and distributions   | (0.80)                | (0.79)    | (0.70)    | (1.10)    | (0.68)   |              |
| Capital changes with respect to issuance of shares                                  | —                     | —         | —         | —         | (0.02)   |              |
| Net asset value, end of period  | \$14.12               | \$13.17   | \$13.55   | \$12.53   | \$14.31  |              |
| Market price, end of period   | \$13.94               | \$12.65   | \$12.86   | \$11.03   | \$12.66  |              |
| <b>Total Investment Return<sup>4</sup></b>  |                       |           |           |           |  |              |
| Based on net asset value  | 13.94%                | 2.93%     | 14.39%    | (2.16)%   | 4.79%  | <sup>5</sup> |
| Based on market price   | 17.12%                | 4.17%     | 23.33%    | (2.65)%   | (11.44)%   | <sup>5</sup> |
| <b>Ratios to Average Net Assets</b>   |                       |           |           |           |  |              |
| Total expenses  | 1.91%                 | 2.02%     | 1.91%     | 2.39%     | 1.78%  | <sup>6</sup> |
| Total expenses after fees waived and paid indirectly                                | 1.91%                 | 2.02%     | 1.90%     | 2.39%     | 1.78%  | <sup>6</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.61% <sup>7</sup>    | 1.71%     | 1.65%     | 1.94%     | 1.48%  | <sup>6</sup> |
| Net investment income   | 6.24%                 | 6.10%     | 6.40%     | 8.11%     | 5.52%  | <sup>6</sup> |
| <b>Supplemental Data</b>  |                       |           |           |           |  |              |
| Net assets, end of period (000)   | \$127,455             | \$118,897 | \$122,062 | \$112,862 | \$127,695  |              |
| Borrowings outstanding, end of period (000)   | \$55,000              | \$43,000  | \$24,000  | \$27,000  | \$38,500   |              |
| Average borrowings outstanding, during the period (000)                             | \$39,077              | \$36,369  | \$24,633  | \$31,141  | \$13,788   |              |
| Portfolio turnover  | 53%                   | 91%       | 102%      | 41%       | 18%  |              |
| Asset coverage, end of period per \$1,000   | \$3,317               | \$3,765   | \$6,086   | \$5,180   | \$4,317  |              |

<sup>1</sup>Commencement of operations.<sup>2</sup>



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

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

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

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

<sup>6</sup>Annualized.

<sup>7</sup>For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.52%.

See Notes to Financial Statements.

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Financial Highlights **BlackRock Diversified Income Strategies Fund, Inc. (DVF)**

|   | <b>Year Ended August 31,</b> |             |             |             |             |
|---|------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2012<sup>1</sup></b>      | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
| <b>Per Share Operating Performance</b>  |                              |             |             |             |             |
| Net asset value, beginning of year  | \$ 10.19                     | \$ 10.47    | \$ 8.74     | \$ 13.94    | \$ 17.50    |
| Net investment income <sup>2</sup>  | 0.67                         | 0.75        | 0.80        | 1.06        | 1.61        |
| Net realized and unrealized gain (loss)   | 0.67                         | (0.28 )     | 1.78        | (4.88 )     | (3.41 )     |
| Net increase (decrease) from investment operations                                  | 1.34                         | 0.47        | 2.58        | (3.82 )     | (1.80 )     |
| Dividends and distributions from:   |                              |             |             |             |             |
| Net investment income   | (0.70 )                      | (0.69 )     | (0.80 )     | (1.14 )     | (1.72 )     |
| Tax return of capital   |                              | (0.06 )     | (0.05 )     | (0.24 )     | (0.04 )     |
| Total dividends and distributions   | (0.70 )                      | (0.75 )     | (0.85 )     | (1.38 )     | (1.76 )     |
| Net asset value, end of year  | \$ 10.83                     | \$ 10.19    | \$ 10.47    | \$ 8.74     | \$ 13.94    |
| Market price, end of year   | \$ 10.54                     | \$ 9.84     | \$ 10.45    | \$ 8.80     | \$ 12.77    |
| <b>Total Investment Return <sup>3</sup></b>   |                              |             |             |             |             |
| Based on net asset value  | 14.08%                       | 4.30%       | 30.27%      | (23.82)%    | (10.17)%    |
| Based on market price   | 14.97%                       | 0.91%       | 29.13%      | (16.27)%    | (16.08)%    |
| <b>Ratios to Average Net Assets</b>   |                              |             |             |             |             |
| Total expenses  | 1.96% <sup>4</sup>           | 1.74%       | 1.53%       | 2.47%       | 2.77%       |
| Total expenses after fees waived and paid indirectly                                | 1.96% <sup>4</sup>           | 1.74%       | 1.53%       | 2.47%       | 2.77%       |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.64% <sup>4,5</sup>         | 1.39%       | 1.26%       | 1.57%       | 1.23%       |
| Net investment income   | 6.39%                        | 6.99%       | 7.86%       | 13.63%      | 10.40%      |
| <b>Supplemental Data</b>  |                              |             |             |             |             |
| Net assets, end of year (000)   | \$ 134,332                   | \$ 126,307  | \$ 129,385  | \$ 107,556  | \$ 169,707  |
| Borrowings outstanding, end of year (000)   | \$ 60,000                    | \$ 47,000   | \$ 29,000   | \$ 18,000   | \$ 65,500   |
| Average borrowings outstanding, during the year (000)                               | \$ 44,803                    | \$ 43,553   | \$ 25,074   | \$ 28,247   | \$ 64,335   |
| Portfolio turnover  | 53%                          | 93%         | 105%        | 45%         | 41%         |
| Asset coverage, end of year per \$1,000   | \$ 3,239                     | \$ 3,687    | \$ 5,462    | \$ 6,975    | \$ 3,591    |

<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, <sup>3</sup> 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.

Includes reorganization costs associated with the Fund's merger. Without these costs, total expenses, total expenses <sup>4</sup> after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 1.80%, 1.80%, and 1.47%, respectively.

<sup>5</sup>

For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense and borrowing costs was 1.54%.  
See Notes to Financial Statements.

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Financial Highlights **BlackRock Floating Rate Income Strategies Fund, Inc (FRA)**

|   | <b>Year Ended August 31,</b> |             |             |             |             |
|---|------------------------------|-------------|-------------|-------------|-------------|
|   | <b>2012<sup>1</sup></b>      | <b>2011</b> | <b>2010</b> | <b>2009</b> | <b>2008</b> |
| <b>.Per Share Operating Performance</b>   |                              |             |             |             |             |
| Net asset value, beginning of year  | \$ 14.04                     | \$ 14.36    | \$ 12.93    | \$ 16.12    | \$ 18.25    |
| Net investment income <sup>2</sup>  | 0.97                         | 0.96        | 0.91        | 1.14        | 1.45        |
| Net realized and unrealized gain (loss)   | 0.90                         | (0.36 )     | 1.48        | (3.04 )     | (2.03 )     |
| Net increase (decrease) from investment operations                                  | 1.87                         | 0.60        | 2.39        | (1.90 )     | (0.58 )     |
| Dividends and distributions from:   |                              |             |             |             |             |
| Net investment income   | (0.93 )                      | (0.86 )     | (0.94 )     | (1.29 )     | (1.55 )     |
| Tax return of capital   |                              | (0.06 )     | (0.02 )     |             |             |
| Total dividends and distributions   | (0.93 )                      | (0.92 )     | (0.96 )     | (1.29 )     | (1.55 )     |
| Net asset value, end of year  | \$ 14.98                     | \$ 14.04    | \$ 14.36    | \$ 12.93    | \$ 16.12    |
| Market price, end of year   | \$ 15.20                     | \$ 13.33    | \$ 14.61    | \$ 12.26    | \$ 14.49    |
| <b>Total Investment Return <sup>3</sup></b>   |                              |             |             |             |             |
| Based on net asset value  | 13.91%                       | 4.04%       | 18.91%      | (8.88)%     | (2.56)%     |
| Based on market price   | 21.74%                       | (2.91)%     | 27.59%      | (3.88)%     | (4.28)%     |
| <b>Ratios to Average Net Assets</b>   |                              |             |             |             |             |
| Total expenses  | 1.67% <sup>4</sup>           | 1.60%       | 1.45%       | 1.96        | 2.61%       |
| Total expenses after fees waived and paid indirectly                                | 1.67% <sup>4</sup>           | 1.60%       | 1.45%       | 1.96        | 2.60%       |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 1.35% <sup>4,5</sup>         | 1.30%       | 1.22%       | 1.31        | 1.18%       |
| Net investment income   | 6.67%                        | 6.44%       | 6.43%       | 10.18       | 8.49%       |
| <b>Supplemental Data</b>  |                              |             |             |             |             |
| Net assets, end of year (000)   | \$ 276,990                   | \$ 259,205  | \$ 264,379  | \$ 237,160  | \$ 295,005  |
| Borrowings outstanding, end of year (000)   | \$ 117,000                   | \$ 93,000   | \$ 53,000   | \$ 38,000   | \$ 101,500  |
| Average borrowings outstanding, during the year (000)                               | \$ 88,197                    | \$ 79,195   | \$ 48,258   | \$ 50,591   | \$ 102,272  |
| Portfolio turnover  | 53%                          | 91%         | 96%         | 58          | 49%         |
| Asset coverage, end of year per \$1,000   | \$ 3,367                     | \$ 3,787    | \$ 5,988    | \$ 7,241    | \$ 3,906    |

<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, <sup>3</sup> 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.

Includes reorganization costs associated with the Fund's merger. Without these costs, total expenses, total expenses <sup>4</sup> after fees waived and paid indirectly, and total expenses after fees waived and paid indirectly and excluding interest expense would have been 1.61%, 1.61%, and 1.29%, respectively.

<sup>5</sup>

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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 1.26%.  
See Notes to Financial Statements.

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

|   | Year Ended August 31, |           |           |           | Period<br>November Year<br>1, Ended<br>2007 to October<br>August 31, 31,<br>2008 2007 |           |
|---|-----------------------|-----------|-----------|-----------|---|-----------|
|   | 2012 <sup>1</sup>     | 2011      | 2010      | 2009      | 2008  | 2007      |
| <b>Per Share Operating Performance</b>  |                       |           |           |           |   |           |
| Net asset value, beginning of period  | \$16.52               | \$16.79   | \$14.95   | \$16.71   | \$18.52   | \$19.01   |
| Net investment income   | 1.31                  | 1.34      | 1.12      | 1.01      | 1.14  | 1.50      |
| Net realized and unrealized gain (loss)   | 0.88                  | (0.37)    | 1.62      | (1.61)    | (1.76)  | (0.49)    |
| Net increase (decrease) from investment operations                                  | 2.19                  | 0.97      | 2.74      | (0.60)    | (0.62)  | 1.01      |
| Dividends and distributions from:   |                       |           |           |           |   |           |
| Net investment income   | (1.33)                | (1.24)    | (0.90)    | (1.16)    | (1.19)  | (1.41)    |
| Net realized gain   |                       |           |           |           |   | (0.06)    |
| Tax return of capital   |                       |           |           |           |   | (0.03)    |
| Total dividends and distributions   | \$(1.33)              | \$(1.24)  | \$(0.90)  | \$(1.16)  | \$(1.19)  | \$(1.50)  |
| Net asset value, end of period  | \$17.38               | \$16.52   | \$16.79   | \$14.95   | \$16.71   | \$18.52   |
| Market price, end of period   | \$18.00               | \$16.01   | \$16.76   | \$14.09   | \$14.57   | \$16.68   |
| <b>Total Investment Return<sup>3</sup></b>  |                       |           |           |           |   |           |
| Based on net asset value  | 13.86%                | 5.85%     | 19.00%    | (1.57)%   | (2.60)%   | 5.66%     |
| Based on market price   | 21.68%                | 2.77%     | 26.04%    | 6.40%     | (5.70)%   | (4.03)%   |
| <b>Ratios to Average Net Assets</b>   |                       |           |           |           |   |           |
| Total expenses  | 1.05%                 | 1.01%     | 0.82%     | 0.72%     | 1.39%   | 2.16%     |
| Total expenses after fees waived and before fees paid indirectly                    | 1.05%                 | 1.00%     | 0.81%     | 0.71%     | 1.39%   | 2.16%     |
| Total expenses after fees waived and paid indirectly                                | 1.05%                 | 1.00%     | 0.81%     | 0.71%     | 1.38%   | 2.14%     |
| Total expenses after fees waived and paid indirectly and excluding interest expense | 0.89%                 | 0.87%     | 0.73%     | 0.69%     | 0.76%   | 0.83%     |
| Net investment income   | 7.82%                 | 7.75%     | 6.90%     | 7.42%     | 7.84%   | 7.92%     |
| <b>Supplemental Data</b>  |                       |           |           |           |   |           |
| Net assets, end of period (000)   | \$642,391             | \$609,818 | \$619,381 | \$551,505 | \$616,393   | \$638,109 |
| Borrowings outstanding, end of period (000)   | \$296,476             | \$244,120 | \$123,233 |           | \$64,538  | \$109,287 |
| Average borrowings outstanding during the period (000)                              | \$242,396             | \$191,303 | \$44,160  | \$11,705  | \$120,295   | \$172,040 |
| Portfolio turnover  | 54%                   | 106%      | 248%      | 287%      | 191%  | 65%       |
| Asset coverage, end of period per \$1,000   | \$3,167               | \$3,498   | \$6,026   |           | \$10,551  | \$7,251   |

<sup>1</sup> Consolidated Financial Highlights.

<sup>2</sup> Based on average shares outstanding.

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

<sup>4</sup> Aggregate total investment return.

<sup>5</sup> Annualized.

<sup>6</sup> Includes mortgage dollar roll and to-be-announced ( TBA ) transactions. Excluding these transactions, the portfolio turnover rate would have been 87%.

<sup>7</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 113%.

<sup>8</sup> Includes mortgage dollar roll transactions. Excluding these transactions, the portfolio turnover would have been 79%.

<sup>9</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover rate would have been 24%.

See Notes to Financial Statements.

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## Notes to Financial Statements

### 1. Organization and Significant Accounting Policies:

BlackRock Defined Opportunity Credit Trust ( BHL ), BlackRock Diversified Income Strategies Fund, Inc. ( DVF ), BlackRock Floating Rate Income Strategies Fund, Inc. ( FRA ) and BlackRock Limited Duration Income Trust ( BLW ) (collectively, the Funds or individually as a Fund ) are registered under the 1940 Act, as diversified, closed-end management investment companies. BHL and BLW are organized as Delaware Statutory trusts. DVF and FRA are organized as Maryland corporations. The Funds' 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 the Boards of Trustees of the Funds are collectively referred to throughout this report as the Board of Directors or the Board , and the directors/trustees thereof are collectively referred to throughout this report as Directors . The Funds determine and make available for publication the NAV of their Common Shares on a daily basis.

**Reorganizations:** On May 23, 2012, the Board approved separate plans of reorganization whereby FRA will acquire all of the assets and all of the liabilities of DVF and BlackRock Floating Rate Income Strategies Fund II, Inc. (FRB and with DVF, each a Target Fund ) in exchange for newly issued shares of FRA in a merger transaction.

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

**Basis of Consolidation:** The accompanying consolidated financial statements include the accounts of DVF JGW SPV, LLC, DVF (S-MARTIN) SPV, LLC, FRA JGW SPV, LLC and BLW JGW SPV, LLC (the Taxable Subsidiaries ), all of which are wholly owned taxable subsidiaries of each Fund. The Taxable Subsidiaries enable the Funds to hold investments that are organized as an operating partnership and still satisfy Regulated Investment Company ( RIC ) tax requirements. Income earned and gains realized on the investments held by the Taxable Subsidiaries are taxable to such subsidiaries. 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 component of realized and unrealized gain (loss) on the Consolidated Statements of Operations. The Funds may invest up to 25% of their total assets in the Taxable Subsidiary. Intercompany accounts and transactions have been eliminated. The Taxable Subsidiary is subject to the same investment policies and restrictions that apply to the Funds.

**Valuation:** US GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds 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 Funds for all financial instruments.

The Funds 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. Swap agreements are valued utilizing quotes received daily by the Funds 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.

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

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day s price will be used, unless it is determined that

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### Notes to Financial Statements (continued)

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 Fund might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant 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 Funds' 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 Funds' 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 Funds' 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 Funds' 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 Funds 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 Statement 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 Funds 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:** The Funds may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. If a Fund 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.

The Funds may purchase certain mortgage pass-through securities. There are a number of important differences among the agencies and instrumentalities of the US government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by 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.

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## Notes to Financial Statements (continued)

**Collateralized Debt Obligations:** Certain Funds 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 pass-through securities (the Mortgage Assets ), the payments on which are used to make payments on the CMOs or multiple pass-through securities. Classes of CMOs include interest only ( IOs ), principal only ( POs ), planned amortization classes and targeted amortization classes. IOs and POs are stripped mortgage-backed securities representing interests in a pool of mortgages, the cash flow from which has been separated into interest and principal components. IOs receive the interest portion of the cash flow while POs receive the principal portion. IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. If the underlying Mortgage Assets experience greater than anticipated pre-payments of principal, the Trusts may not fully recoup their initial investment in IOs.

**Stripped Mortgage-Backed Securities:** Certain Trusts may invest in stripped mortgage-backed securities issued by the 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:** The Funds 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 Funds 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:** The Funds may invest in floating rate loan interests. The floating rate loan interests the Funds 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 Funds may invest in obligations of borrowers who are in bankruptcy proceedings. Floating rate loan interests may include fully funded term loans or revolving lines of credit. Floating rate loan interests are typically senior in the corporate capital structure of the borrower. Floating rate loan interests generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally the lending rate offered by one or more European banks, such as LIBOR, 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 Funds consider these investments to be investments in debt securities for purposes of its investment policies.

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## Notes to Financial Statements (continued)

When a Fund 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 Funds 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 Funds upon the prepayment of a floating rate loan interest by a borrower, are recorded as realized gains. The Funds 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 Funds 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 Funds having a contractual relationship only with the lender, not with the borrower. The Funds 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 Funds 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 Funds may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. As a result, the Funds will assume the credit risk of both the borrower and the lender that is selling the Participation. The Funds 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 Funds 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 Funds having a direct contractual relationship with the borrower, and the Funds may enforce compliance by the borrower with the terms of the loan agreement.

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Funds 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 Funds may purchase securities under such conditions with the intention of actually acquiring them, but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Funds may be required to pay more at settlement than the security is worth. In addition, the Funds are not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Funds 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 Funds' maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedules of Investments.

**Reverse Repurchase Agreements:** Certain Funds may enter into reverse repurchase agreements with qualified third party broker-dealers. In a reverse repurchase agreement, the Funds 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 Statement 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 Funds 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 Funds 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 Funds 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 Funds' 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 Funds' 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 Funds either deliver collateral or segregate assets in connection with certain investments (e.g., financial futures contracts, foreign currency exchange contracts and swaps), or certain borrowings (e.g., reverse repurchase agreements and loan payable), the Funds 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 Funds are informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Interest income, including amortization and accretion of premiums and discounts on debt securities,

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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.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. The portion of dividends and distributions that exceeds a Fund's current and accumulated earnings and profits, which are measured on a tax basis, may be treated as a tax return of capital. Distributions in excess of a Fund's taxable income and net capital gains, but not in excess of a Fund'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 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 Fund'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 Fund files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Funds' US federal tax returns remains open for each of the four years ended August 31, 2012. The statutes of limitations on the Funds' 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 Standard 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 Funds' financial statement disclosures.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Fund's Board, independent Directors ( Independent Directors ) 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 Directors. This has approximately the same economic effect for the Independent Directors as if the Independent Directors 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 Fund. Prior to March 31, 2012, each Fund elected to invest in common shares of certain other BlackRock Closed-End Funds selected by the Independent Directors 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 Fund are charged to that Fund. 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 Funds 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 Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to economically hedge, or protect, their exposure to certain risks such as credit risk, equity risk, interest rate risk, 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 Funds' 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 Funds 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 Funds do not give rise to counterparty credit risk, as options written obligate the Funds to perform and not the counterparty. Counterparty risk related to exchange-traded financial futures contracts and 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 Funds 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 Fund and each of its respective counterparties. An ISDA Master Agreement allows each Fund 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 Funds from their counterparties are not fully collateralized, contractually or otherwise, the Funds bear the risk of loss from counterparty non-performance. See Note 1 Segregation and

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Collateralization for information with respect to collateral practices. In addition, the Funds 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 Funds' net assets decline by a stated percentage or the Funds fail to meet the terms of its ISDA Master Agreements, which would cause the Funds to accelerate payment of any net liability owed to the counterparty.

**Financial Futures Contracts:** The Funds 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). Financial futures contracts are agreements between the Funds 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 Funds 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 Funds as unrealized appreciation or depreciation. When the contract is closed, the Funds 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 Funds 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 Funds, help to manage the overall exposure to the currencies in which some of the investments held by the Funds are denominated. The contract is marked-to-market daily and the change in market value is recorded by the Funds as an unrealized gain or loss. When the contract is closed, the Funds 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 Funds purchase and write call and put options to increase or decrease their exposure to underlying instruments (equity 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 Funds purchase (write) an option, an amount equal to the premium paid (received) by the Funds 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 Funds enter into a closing transaction), the Funds 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 Funds write a call option, such option is covered, meaning that the Funds holds the underlying instrument subject to being called by the option counterparty. When the Funds 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.

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

**Swaps:** The Funds enter into swap agreements, in which the Funds 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 Funds typically enter into an agreement with a counterparty; however, performance is guaranteed by the central clearinghouse reducing or eliminating the Funds' exposure to the credit risk of the counterparty. These payments received or made by the Funds are recorded in the Statement of Operations as realized gains or losses, respectively. Any upfront fees paid are recorded as assets and any upfront fees received are recorded as liabilities and amortized over the term of the swap. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of centrally cleared swaps, if any, is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities. When the swap is terminated, the Funds will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Funds' basis in the contract, if any. Generally, the basis of the contracts is the premium received or paid. Swap transactions

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Notes to Financial Statements (continued)

involve, to varying degrees, elements of interest rate, credit and market risk in excess of the amounts recognized in the Statement 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 Funds 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 Funds 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 Funds 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 Funds 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 Funds 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.

**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.

**Derivative Financial Instruments Categorized by Risk Exposure:**

**Fair Values of Derivative Financial Instruments as of August 31, 2012**

**Asset Derivatives**

|   |                                    |                         |                             |                                 |
|---|------------------------------------|-------------------------|-----------------------------|---------------------------------|
| <b>BHLDFV FRABLW Statements of Assets</b> | <b>and Liabilities Location</b>    | <b>Value</b>            | Equity contracts            | Investments at                  |
| value unaffiliated                        | \$316,881                          | Interest rate contracts | Net unrealized appreciation | 232,064                         |
| exchange contracts                        | Unrealized appreciation on foreign | \$145                   | \$3 148,795                 | currency exchange contracts     |
| contracts                                 | Unrealized appreciation on swaps   | 1;                      | 125,337                     | <b>Total</b> \$145 \$3\$823,077 |

|   |                                 |                                  |                                     |                            |
|---|---------------------------------|----------------------------------|-------------------------------------|----------------------------|
| <b>Derivatives BHLDFV FRABLW Statements of Assets</b> | <b>and Liabilities Location</b> | <b>Value</b>                     | Equity contracts                    | Net                        |
| unrealized depreciation                               | 1;                              | \$361,266                        | Options written at value            | Interest rate contracts    |
| 1;  | 283,383                         | Unrealized depreciation on swaps | Foreign currency exchange contracts | Unrealized depreciation on |
| foreign   | \$132,044                       | \$99,745                         | \$221,993                           | 1,283,988                  |

depreciation on swaps <sup>1</sup>; 66,320 70,339 146,707 345,353 **Total** \$198,364 \$170,084 \$368,700 \$2,273,990

Includes cumulative appreciation/depreciation on 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.

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## 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 BHL DVF FRA BLW Equity contracts:**

|                               |            |                          |                             |
|-------------------------------|------------|--------------------------|-----------------------------|
| Financial futures contracts   | \$ 128,748 | Interest rate contracts: | Financial futures contracts |
| (43,856 ) Swaps               | (29,126 )  | Options                  | 176,120                     |
| Foreign currency transactions | \$ 720,984 | \$ 569,395               | \$ 798,304                  |
| Swaps                         | (20,125 )  | (21,400 )                | (44,658 )                   |
|                               | (286,928 ) | <b>Total</b>             | \$ 700,859                  |
|                               |            |                          | \$ 547,995                  |
|                               |            |                          | \$ 753,646                  |
|                               |            |                          | \$ 2,662,906                |

**Net Change in Unrealized Appreciation/Depreciation on BHL DVF FRA BLW Equity contracts:**

|                                      |               |                               |               |                          |
|--------------------------------------|---------------|-------------------------------|---------------|--------------------------|
| Financial futures contracts          | \$ (288,888 ) | Options                       | 2,103         | Interest rate contracts: |
| Financial futures contracts          | 45,855        | Swaps                         | (260,243 )    | Options                  |
| Foreign currency exchange contracts: |               | Foreign currency translations | \$ (105,988 ) | \$ (77,214 )             |
| (579,435 )                           |               | Credit contracts:             |               | Swaps                    |
|                                      |               |                               |               | (66,320 )                |
|                                      |               |                               |               | (70,339 )                |
|                                      |               |                               |               | (146,707 )               |
|                                      |               |                               |               | (299,997 )               |
|                                      |               |                               |               | <b>Total</b>             |
|                                      |               |                               |               | \$ (172,308 )            |
|                                      |               |                               |               | \$ (147,553 )            |
|                                      |               |                               |               | \$ (311,147 )            |
|                                      |               |                               |               | \$ (1,275,994 )          |

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

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

|  | BHL          | DVF          | FRA          | BLW           |
|--|--------------|--------------|--------------|---------------|
| Financial future contracts:                          |              |              |              |               |
| Average number of contracts purchased                |              |              |              | 114           |
| Average number of contracts sold                     |              |              |              | 48            |
| Average notional value of contracts purchased        |              |              |              | \$ 20,948,182 |
| Average notional value of contracts sold             |              |              |              | \$ 5,189,097  |
| Foreign currency exchange contracts:                 |              |              |              |               |
| Average number of contracts US dollars purchased     | 4            | 3            | 5            | 9             |
| Average number of contracts US dollars sold          | 2            | 2            | 2            | 6             |
| Average US dollar amounts purchased                  | \$ 5,828,736 | \$ 4,913,799 | \$ 9,963,120 | \$ 57,358,063 |
| Average US dollar amounts sold                       | \$ 382,607   | \$ 383,423   | \$ 1,172,849 | \$ 8,417,280  |
| Options:   |              |              |              |               |
| Average number of option contracts purchased         |              | 13           | 20           | 3,546         |
| Average number of option contracts written           |              |              |              | 1,500         |
| Average notional value of option contracts purchased |              | \$ 12,257    | \$ 18,857    | \$ 4,855,872  |
| Average notional value of option contracts written   |              |              |              | \$ 1,987,500  |
| Average number of swaption contracts written         |              |              |              | 1             |
| Average notional value of swaption contracts written |              |              |              | \$ 1,925,000  |
| Credit default swaps:                                |              |              |              |               |
| Average number of contracts buy protection           | 1            | 1            | 1            | 4             |
| Average number of contracts sell protection          |              |              |              | 1             |
| Average notional value-buy protection                | \$ 408,375   | \$ 433,125   | \$ 903,375   | \$ 15,127,438 |
| Average notional value-sell protection               |              |              |              | \$ 8,125,000  |
| Interest rate swaps:                                 |              |              |              |               |
| Average number of contracts pays fixed rate          |              |              |              | 1             |
| Average notional value pays fixed rate               |              |              |              | \$ 7,250,000  |



## Notes to Financial Statements (continued)

**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 Fund entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Manager ), the Funds investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and administration services. The Manager is responsible for the management of each Fund s portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays the Manager a monthly fee based on a percentage of each Fund s average daily net assets, plus the proceeds of any outstanding borrowings used for leverage as follows:

|     |      |       |
|-----|------|-------|
| BHL | 1.00 | %     |
| DVF |      | 0.75% |
| FRA |      | 0.75% |
| BLW |      | 0.55% |

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund 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 Fund s investment in other affiliated investment companies, if any. These amounts are included in, fees waived by Manager in the Statements of Operations.

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 Fund pays the Manager based on the Fund s net assets which includes the assets of the Taxable Subsidiaries.

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager. The Manager pays BFM, for services it provides, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

Certain officers and/or Directors of the Funds are officers and/or Directors of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds Chief Compliance Officer.

**4. Investments:**

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

|     | <b>Purchases</b> | <b>Sales</b>   |
|-----|------------------|----------------|
| BHL | \$ 99,658,538    | \$ 89,086,222  |
| DVF | \$ 107,893,306   | \$ 96,003,424  |
| FRA | \$ 220,299,496   | \$ 195,618,713 |
| BLW | \$ 513,272,430   | \$ 452,222,610 |



Purchases and sales of US government securities for BLW for the year ended August 31, 2012 were \$13,534,081 and \$13,549,018, respectively.

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

| BLW                                    | Calls                 |                      | Puts                  |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|
|  | Notional<br>Contracts | Premiums<br>Received | Notional<br>Contracts | Premiums<br>Received |
| Outstanding options, beginning of year | — \$7,400             | \$76,220             | —                     | \$15,100 \$229,830   |
| Options written                        | —                     | —                    | 6,000                 | — 75,600             |
| Options exercised                      | —                     | —                    | —                     | (7,700 ) (30,030 )   |
| Options expired                        | — (7,400)             | (76,220)             | —                     | (7,400 ) (199,800)   |
| Outstanding options, end of year       | —                     | —                    | 6,000                 | — \$75,600           |

### 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, income recognized from pass-through entities and a liquidating distribution of a wholly-owned subsidiary were reclassified to the following accounts:

|   | BHL         | DVF          | FRA         | BLW           |
|---|-------------|--------------|-------------|---------------|
| Paid-in capital   | \$(6 )      | \$(419,008 ) | \$(15 )     | —             |
| Undistributed (distribution in excess of) net investment income | \$724,273   | \$1,027,785  | \$914,664   | \$2,928,592   |
| Accumulated net realized loss                                   | \$(724,267) | \$(608,777 ) | \$(914,649) | \$(2,928,592) |

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

|                       |         | BHL         | DVF         | FRA          | BLW          |
|-----------------------|---------|-------------|-------------|--------------|--------------|
| Ordinary income       | 8/31/12 | \$7,217,171 | \$8,705,562 | \$17,066,400 | \$48,930,681 |
|                       | 8/31/11 | 7,140,522   | 8,509,258   | 15,965,641   | 45,830,635   |
| Tax return of capital | 8/31/11 | —           | 739,496     | 1,072,049    | —            |
| Total                 | 8/31/12 | \$7,217,171 | \$8,705,562 | \$17,066,400 | \$48,930,681 |
|                       | 8/31/11 | \$7,140,522 | \$9,248,754 | \$17,037,690 | \$45,830,635 |

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## Notes to Financial Statements (continued)

As of August 31, 2012, the tax components of accumulated net losses were as follows:

|  | BHL          | DVF            | FRA            | BLW            |
|--|--------------|----------------|----------------|----------------|
| Undistributed ordinary income              | \$1,660,136  | \$600,465      | \$2,138,183    | \$7,775,401    |
| Capital loss carryforwards                 | (3,695,649)  | (88,878,920)   | (73,249,870)   | (73,744,438)   |
| Net unrealized gains (losses) <sup>1</sup> | 1,943,600    | (5,463,837 )   | (1,171,025 )   | 6,325,173      |
| Qualified late-year losses <sup>2</sup>    | (526,566 )   | (719,890 )     | (970,838 )     | (457,423 )     |
| Total                                      | \$(618,479 ) | \$(94,462,182) | \$(73,253,550) | \$(60,101,287) |

The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, amortization 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 timing and recognition of partnership income, the accounting for swap agreements, the deferral of compensation to directors and investments in wholly owned subsidiaries.

<sup>2</sup> The Funds 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 Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| Expires August 31,              | BHL                | DVF                 | FRA                 | BLW                 |
|---------------------------------|--------------------|---------------------|---------------------|---------------------|
| 2013                            | —                  | —                   | \$691,829           | —                   |
| 2014                            | —                  | \$1,755,694         | —                   | —                   |
| 2015                            | —                  | 2,237,399           | —                   | —                   |
| 2016                            | —                  | 1,444,704           | 475,453             | \$21,882,229        |
| 2017                            | —                  | 20,249,830          | 20,954,032          | 9,996,868           |
| 2018                            | \$3,695,649        | 52,502,532          | 43,990,722          | 37,509,275          |
| 2019                            | —                  | 7,153,981           | 2,206,081           | —                   |
| No expiration date <sup>3</sup> | —                  | 3,534,780           | 4,931,753           | 4,356,066           |
| <b>Total</b>                    | <b>\$3,695,649</b> | <b>\$88,878,920</b> | <b>\$73,249,870</b> | <b>\$73,744,438</b> |

<sup>3</sup> Must be utilized prior to losses subject to expiration.

During the year ended August 31, 2012, BHL utilized \$147,902 of its capital loss carryforward.

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

|  | BHL            | DVF             | FRA            | BLW            |
|--|----------------|-----------------|----------------|----------------|
| Tax cost                                   | \$ 184,374,583 | \$ 201,769,787  | \$ 401,579,518 | \$ 932,565,934 |
| Gross unrealized appreciation              | \$ 3,427,418   | \$ 4,319,730    | \$ 7,905,398   | \$ 32,380,982  |
| Gross unrealized depreciation              | (1,417,575 )   | (7,685,537 )    | (7,328,646 )   | (23,010,831 )  |
| Net unrealized appreciation (depreciation) | \$ 2,009,843   | \$ (3,365,807 ) | \$ 576,752     | \$ 9,370,151   |

## 6. Borrowings:

BHL, DVF and FRA 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 Funds have granted a security interest in substantially all of their assets to SSB. The SSB Agreement allowed for the following maximum commitment amounts:

|     | Commitment<br>Amounts |
|-----|-----------------------|
| BHL | \$63,300,000          |
| DVF | \$66,800,000          |
| FRA | \$137,200,000         |

Prior to March 2, 2012, advances were made by SSB to the Funds, at the Funds option of (a) the higher of (i) 0.80% above the Fed Funds rate and (ii) 0.80% above the overnight LIBOR or (b) 0.80% above 7-day, 30-day, 60-day or 90-day LIBOR.

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

In addition, the Funds pay a facility fee and a commitment fee based upon SSB s total commitment to the Funds. The fees associated with each of the agreements are included in the Statements of Operations as borrowing costs. Advances to the Funds 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 Funds 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%.

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**Notes to Financial Statements (continued)**

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

|     | Daily<br>Weighted<br>Average<br>Interest<br>Rate |   |
|-----|--|---|
| BHL | 0.95   | % |
| DVF | 0.95   | % |
| FRA | 0.95   | % |

For the year ended August 31, 2012, the daily weighted average interest rate for BLW with borrowings from reverse repurchase agreements was as follows:

|     | <b>Daily<br/>Weighted<br/>Average<br/>Interest<br/>Rate</b> |   |
|-----|---|---|
| BLW | 0.42  | % |

**7. Commitments:**

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

|     | Commitment<br>Amounts |
|-----|-----------------------|
| BLW | \$ 1,200,000          |

In connection with either of these commitments, the Funds 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 Statement of Assets and Liabilities as deferred income. Unfunded floating rate loan interests are marked-to-market daily, and any unrealized appreciation or depreciation is included in the Statement of Assets and Liabilities and Statement of Operations. As of August 31, 2012, the Funds had no outstanding unfunded floating rate loan interests.

**8. Concentration, Market and Credit Risk:**

In the normal course of business, the Funds 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 Funds may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Funds; 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 Funds may be exposed to counterparty credit risk, or the risk that an entity with which the Funds have unsettled or open transactions may fail to or be unable to perform on its commitments. The Fund manages counterparty credit risk by entering into transactions only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in Statements of Assets and Liabilities, less any collateral held by the Funds.

The Funds invests a significant portion of its assets in securities backed by commercial or residential mortgage loans or in issuers that hold mortgage and other asset-backed securities. Please see the Schedule 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:

BHL and BLW are authorized to issue an unlimited number of shares, par value \$0.001, all of which were initially classified as Common Shares. DVF and FRA are authorized to issue 200 million shares, par value \$0.10, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued Common Shares without approval 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       | 2011   |
| BHL | —          | 18,402 |
| DVF | —          | 42,239 |
| FRA | 17,388     | 58,212 |
| BLW | 34,642     | 30,417 |

### 10. Subsequent Events:

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

Each Fund paid a net investment income dividend on September 28, 2012 to Common Shareholders of record on September 14, 2012 as follows:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| BHL | \$ 0.0685                                |
| DVF | \$ 0.0585                                |

FRA \$ 0.0770

BLW \$ 0.1075

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[Notes to Financial Statements \(concluded\)](#)

Additionally, the Funds declared a net investment income dividend on October 1, 2012 payable to Common Shareholders of record on October 15, 2012 as follows:

|  |
|--|
| <b>Common<br/>Dividend<br/>Per Share</b> |
| BHL \$ 0.0685                            |
| FRA \$ 0.0770                            |
| BLW \$ 0.1075                            |

The Board and shareholders of FRA and the Board and shareholders of each of the Target Funds, approved the reorganizations of each Target Fund into FRA pursuant to which FRA acquired all of the assets and all of the liabilities of each Target Fund in exchange for an equal aggregate value of newly issued shares of FRA in a merger transaction.

Each shareholder of a Target Fund received shares of FRA in an amount equal to the aggregate NAV of such shareholder's Target Fund shares, as determined at the close of business on October 5, 2012. Cash was distributed for any fractional shares.

The reorganizations were accomplished by a tax-free exchange of shares of FRA in the following amounts and at the following conversion ratios:

| <b>Target Funds</b> | <b>Shares Prior to<br/>Reorganizations</b> | <b>Conversion<br/>Ratio</b> | <b>Shares of<br/>FRA</b> |
|---------------------|--|-----------------------------|--------------------------|
| FRB                 | 10,585,281                                 | 0.91462449                  | 9,681,549                |
| DVF                 | 12,405,453                                 | 0.72423797                  | 8,984,499                |

Each Target Fund's net assets and composition of net assets on October 5, 2012, the date of the reorganization, were as follows:

|   | <b>Target Funds</b> |                  |
|---|---------------------|------------------|
|   | <b>FRB</b>          | <b>DVF</b>       |
| Net assets  | \$ 145,503,247      | \$ 135,026,897   |
| Paid-in capital   | \$ 199,039,469      | \$ 228,390,538   |
| Undistributed (distributions in excess of)<br>net investment income | \$ (142,364 )       | \$ (97,246 )     |
| Accumulated net realized loss.                                      | \$ (54,909,880 )    | \$ (89,378,206 ) |
| Net unrealized appreciation (depreciation)                          | \$ 1,516,022        | \$ (3,888,189 )  |

For financial reporting purposes, assets received and shares issued by FRA were recorded at fair value. However, the cost basis of the investments being received from the Target Funds were carried forward to align ongoing reporting of FRA's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

The net assets of FRA before the acquisition were \$278,016,037.

The aggregate net assets of FRA immediately after the acquisition amounted to \$558,546,181. Each Target Fund's fair value and cost of investments prior to the reorganization were as follows:

| Target Funds | Fair Value of Investments | Cost of Investments |
|--------------|---------------------------|---------------------|
| FRB          | \$220,588,307             | \$219,010,017       |
| DVF          | \$206,051,284             | \$209,710,937       |

The purpose of these transactions was to combine three funds managed by the Manager with the same or substantially similar (but not identical) investment objectives, investment policies, strategies, risks and restrictions. Each reorganization was a tax-free event and was effective on October 5, 2012.

In connection with the reorganizations, DVF and FRA paid a special income distribution on September 26, 2012 to shareholders of record as of September 24, as follows:

|     | <b>Distribution<br/>Per Share</b> |
|-----|-----------------------------------|
| DVF | \$ 0.0810                         |
| FRA | \$ 0.1080                         |

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[Report of Independent Registered Public Accounting Firm](#)

**To the Shareholders and Board of Directors of BlackRock Diversified Income Strategies Fund, Inc. and BlackRock Floating Rate Income Strategies Fund, Inc. and to the Shareholders and Board of Trustees of BlackRock Defined Opportunity Credit Trust and BlackRock Limited Duration Income Trust:**

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock Defined Opportunity Credit Trust (the Fund ) as of August 31, 2012, and its related statements of operations and cash flows for the year then ended, its statements of changes in net assets for each of the two years in the period then ended and its 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 Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc., and BlackRock Limited Duration Income Trust, (collectively the Funds ), as of August 31, 2012, and their related consolidated statements of operations and consolidated cash flows for the year then ended, their consolidated statements of changes in net assets for each of the two years in the period then ended, and their consolidated financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Funds are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds 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, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Defined Opportunity Credit Trust as of August 31, 2012, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the periods presented, and the consolidated financial positions of BlackRock Diversified Income Strategies Fund, Inc., BlackRock Floating Rate Income Strategies Fund, Inc., and BlackRock Limited Duration Income Trust, 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.

As discussed in Note 10 to the consolidated financial statements, on September 13, 2012, the Board of Floating Rate Income Strategies Fund II, Inc. and BlackRock Diversified Income Strategies Fund, Inc. (individually, a Target Fund ) approved the reorganizations of each Target Fund into BlackRock Floating Rate Income Strategies Fund, Inc. pursuant to which BlackRock Floating Rate Income Strategies Fund, Inc. acquired substantially all of the assets and substantially all of the liabilities of each Target Fund in exchange for newly issued shares of BlackRock Floating Rate Income Strategies Fund, Inc.

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 by the Funds for the taxable year ended August 31, 2012.

|  | <b>Payable Dates</b> | <b>BHL</b>   | <b>DVF</b> | <b>FRA</b> | <b>BLW</b> |        |
|--|----------------------|--------------|------------|------------|------------|--------|
| Interest-Related Dividends for Non-US Residents <sup>1</sup> | September 2011       | January 2012 | 293.30%    | 72.26%     | 83.09%     | 92.79% |
|  | February 2012        | August 2012  | 57.35%     | 66.22%     | 65.55%     | 61.84% |

<sup>1</sup> Represents the portion of the taxable ordinary income dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

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## Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements

The Board of Directors or Trustees, as applicable (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members) of BlackRock Defined Opportunity Credit Trust ( BHL ), BlackRock Diversified Income Strategies Fund, Inc. ( DVF ), BlackRock Floating Rate Income Strategies Fund, Inc. ( FRA ) and BlackRock Limited Duration Income Trust ( BLW and together with BHL, DVF and FRA, 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 Fund 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**

**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 and, with respect to BHL, DVF and FRA, a customized peer group selected by BlackRock (collectively, Peers), as well as the gross investment performance of BLW as compared with its 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

[Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements \(continued\)](#)

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 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 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 applicable Lipper category, and with respect to BHL, DVF and FRA, a customized peer group selected by BlackRock, and with respect to BLW, the gross investment performance of BLW as compared with its 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.

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[Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements \(continued\)](#)

The Board of DVF noted that, in general, DVF performed better than its Peers in that DVF's performance was at or above the median of its Customized Lipper Peer Group in two of the one-, three- and five-year periods reported. Based on its discussions with BlackRock and the Board's review of DVF'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, DVF's Board noted that DVF's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of DVF's relative performance.

The Board of BHL noted that BHL performed below the median of its Customized Lipper Peer Group in the one- and three-year periods reported, but that BHL performed at or above the median of its Customized Lipper Peer Group in the since-inception period reported. Based on its discussions with BlackRock and the Board's review of BHL'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 BHL noted that BHL's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of BHL's relative performance. The Board of BHL and BlackRock reviewed and discussed the reasons for BHL's underperformance during the one- and three-year periods compared with its Peers. BHL's Board was informed that, among other things, the two major factors impacting performance during the one- and three-year periods were leverage and general investment style. On average, BHL has tended to run lower leverage than BHL's competitors and the investment style leads to overweight positions to higher-quality assets. The two years following the financial crisis in 2008 witnessed a significant rally in lower credit quality assets. The overweight to higher quality assets and below average leverage were the primary drivers to the underperformance for the three-year period.

The Board of FRA noted that FRA performed below the median of its Customized Lipper Peer Group in each of the one-, three- and five-year periods reported. Based on its discussions with BlackRock and the Board's review of FRA'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 FRA noted that FRA's investment performance as compared to its Customized Lipper Peer Group provided a more meaningful comparison of FRA's relative performance. The Board of FRA and BlackRock reviewed and discussed the reasons for FRA's underperformance during these periods compared with its Peers. FRA's Board was informed that, among other things, the two major factors impacting performance during the one- and three-year periods were leverage and general investment style. On average, FRA has tended to run lower leverage than FRA's competitors and the investment style leads to overweight positions to higher-quality assets. The two years following the financial crisis in 2008 witnessed a significant rally in lower credit quality assets. The overweight to higher quality assets and below average leverage were the primary drivers to the underperformance for the three-year period.

The Board of BLW noted that BLW's gross performance underperformed its customized benchmark in the one- and five-year periods reported, but that BLW'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 BLW'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, BLW's Board noted that BLW's gross investment performance as compared to its customized benchmark provided a more meaningful comparison of BLW's relative performance. The Board of BLW and BlackRock reviewed and discussed the reasons for BLW's underperformance during the one- and five-year periods compared with its customized benchmark. BLW's Board was informed that, among other things, BLW's underperformance for the one- and five-year periods was mainly attributable to the high yield and leverage loan portions of the portfolio (2008 in particular). In 2011, BLW's high yield strategies in general lagged behind the benchmark, mostly a result of conservative and partially hedged positions held in the

second half of the year, including the market's rebound in October through December. In 2008 both the loan and high yield strategies underperformed their benchmarks.

The Boards of BHL, FRA and BLW and BlackRock discussed BlackRock's strategy for improving the performance of BHL, FRA and BLW 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.

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

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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 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 BHL noted that BHL'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 BHL's Peers, in each case before taking into account any expense reimbursements or fee waivers. BHL's Board also noted, however, that BHL's actual management fee ratio, after giving effect to any expense reimbursement or fee waivers by BlackRock, was reasonable relative to the median actual management fee ratio paid by BHL's Peers, after giving effect to any expense reimbursement or fee waivers.

The Board of each of DVF, FRA and BLW 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.

**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 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 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, and 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.

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### Automatic Dividend Reinvestment Plans

Pursuant to each Fund'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 Fund'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 name 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 Funds 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 Funds ("newly issued shares") or (ii) by purchase of outstanding shares on the open market or on the Fund'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 Fund. 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 Fund reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, each Fund 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](http://www.computershare.com/investor), or in writing to Computershare, P. O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1236. Overnight correspondence

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should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021.

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## Officers and Directors

| Name, Address and Year of Birth   | Position(s) Held with Funds        | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years   | Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen | Public Directorships             |
|---|------------------------------------|--|--|--|----------------------------------|
| <b>Independent Directors<sup>1</sup></b>  |                                    |  |  |  |                                  |
| <b>Richard E. Cavanagh</b><br><br>55 East 52nd Street<br>New York, NY 10055<br><br>1946 | Chairman of the Board and Director | Since 2007                                       | 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                             |
| <b>Karen P. Robards</b><br><br>55 East 52nd Street                                      | Vice Chairperson of the            | Since 2007                                       | Partner of Robards & Company, LLC (financial advisory firm)  | 98 RICs consisting of 94 Portfolios  | AtriCure, Inc. (medical devices) |

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|   |  |            |  |   |                                       |
|---|--|------------|--|---|---------------------------------------|
| New York, NY 10055<br>1950  | Board,<br>Chairperson<br>of the Audit<br>Committee<br>and Director |            | since 1987; Co-founder<br>and Director of the<br>Cooke Center for<br>Learning and<br>Development (a<br>not-for-profit<br>organization) since<br>1987; Director of Care<br>Investment Trust, Inc.<br>(health care real estate<br>investment trust) from<br>2007 to 2010;<br>Investment Banker at<br>Morgan Stanley from<br>1976 to 1987.  |   |                                       |
| <b>Michael J. Castellano</b><br>55 East 52nd Street<br>New York, NY 10055<br>1946 | Director and<br>Member of<br>the Audit<br>Committee                | Since 2011 | Managing Director and<br>Chief Financial Officer<br>of Lazard Group LLC<br>from 2001 to 2011;<br>Chief Financial Officer<br>of Lazard Ltd from 2004<br>to 2011; Director,<br>Support Our Aging<br>Religious (non-profit)<br>since 2009; Director,<br>National Advisory<br>Board of Church<br>Management at<br>Villanova University<br>since 2010.                                    | 98 RICs<br>consisting of<br>94 Portfolios | None                                  |
| <b>Frank J. Fabozzi</b><br>55 East 52nd Street<br>New York, NY 10055<br>1948      | Director and<br>Member of<br>the Audit<br>Committee                | Since 2007 | Editor of and Consultant<br>for The Journal of<br>Portfolio Management<br>since 1986; Professor of<br>Finance, EDHEC<br>Business School since<br>2011; Professor in the<br>Practice of Finance and<br>Becton Fellow, Yale<br>University School of<br>Management from 2006<br>to 2011; Adjunct<br>Professor of Finance and<br>Becton Fellow, Yale<br>University from 1994 to<br>2006. | 98 RICs<br>consisting of<br>94 Portfolios | None                                  |
| <b>Kathleen F. Feldstein</b>  | Director   | Since 2007 | President of Economics<br>Studies, Inc. (private   | 98 RICs<br>consisting of                  | The McClatchy<br>Company (publishing) |

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|   |  |            |   |                                     |  |
|---|--|------------|---|-------------------------------------|--|
| 55 East 52nd Street<br>New York, NY 10055 |  |            | economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009. | 94 Portfolios                       | BellSouth (telecommunications); Knight Ridder (publishing)   |
| 1941                                      |  |            |   |                                     |  |
| <b>James T. Flynn</b>                     |  |            |   |                                     |  |
| 55 East 52nd Street<br>New York, NY 10055 | Director and Member of the Audit Committee | Since 2007 | Chief Financial Officer of JP Morgan & Co., Inc. from 1990 to 1995.   | 98 RICs consisting of 94 Portfolios | None   |
| 1939                                      |  |            |   |                                     |  |
| <b>Jerrold B. Harris</b>                  |  |            |   |                                     |  |
| 55 East 52nd Street<br>New York, NY 10055 | Director                                   | Since 2007 | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation since 2001; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.   | 98 RICs consisting of 94 Portfolios | BlackRock Kelso Capital Corp. (business development company) |
| 1942                                      |  |            |   |                                     |  |

## Officers and Directors (continued)

| Name, Address and Year of Birth  | Position(s) Held with Funds                | Length of Time Served as a Director <sup>2</sup> | Principal Occupation(s) During Past Five Years   | Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen | Public Directorships  |
|--|--|--|--|--|---|
| <b>Independent Directors<sup>1</sup> (concluded)</b>                                 |  |  |  |  |   |
| <b>R. Glenn Hubbard</b><br><br>55 East 52nd Street<br>New York, NY 10055<br><br>1958 | Director                                   | Since 2007                                       | 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) |
| <b>W. Carl Kester</b><br><br>55 East 52nd Street<br>New York, NY 10055<br><br>1951   | Director 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  |



<sup>1</sup> Directors 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 Director by action of a majority of the Directors upon finding good cause thereof. In 2011, the Board of Directors 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.

<sup>2</sup> Date shown is the earliest date a person has served for the Funds 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 Directors as joining the Fund’s board in 2007, each Director 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 Directors<sup>3</sup>**

|   |                 |                       |   |  |             |
|---|-----------------|-----------------------|---|--|-------------|
| <p><b>Paul L. Audet</b></p> <p>55 East<br/>52nd<br/>Street<br/>New<br/>York, NY<br/>10055</p> <p>1953</p> | <p>Director</p> | <p>Since<br/>2011</p> | <p>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 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.</p> | <p>160 RICs<br/>consisting<br/>of 278<br/>Portfolios</p> | <p>None</p> |
|---|-----------------|-----------------------|---|--|-------------|

|  |                 |                       |   |  |             |
|--|-----------------|-----------------------|---|--|-------------|
| <p><b>Henry Gabbay</b></p> <p>55 East<br/>52nd<br/>Street<br/>New<br/>York, NY<br/>10055</p> <p>1947</p> | <p>Director</p> | <p>Since<br/>2007</p> | <p>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<br/>consisting<br/>of 278<br/>Portfolios</p> | <p>None</p> |
|--|-----------------|-----------------------|---|--|-------------|

<sup>3</sup> Mr. Audet is an “interested person,” as defined in the 1940 Act, of the Funds based on his position with BlackRock and its affiliates. Mr. Gabbay is an “interested person” of the Funds based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Directors of the BlackRock registered open-end funds. Directors 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

Director by action of a majority of the Directors upon finding good cause thereof.

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## Officers and Directors (concluded)

| Name, Address<br>and Year of Birth   | Position(s)<br>Held with<br>Funds              | Length of<br>Time Served | Principal Occupation(s) During Past Five Years  |
|--|--|--------------------------|---|
| <b>Officers<sup>1</sup></b>  |  |                          |   |
| <b>John M. Perlowski</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1964  | President and<br>Chief<br>Executive<br>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. |
| <b>Anne Ackerley</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1962      | Vice<br>President                              | Since 2007 <sup>2</sup>  | 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 since 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.                    |
| <b>Brendan Kyne</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1977       | Vice<br>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.  |
| <b>Robert W. Crothers</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1981 | Vice<br>President                              | Since 2012               | Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010; Associate of BlackRock from 2006 to 2007.  |
| <b>Neal Andrews</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1966       | Chief<br>Financial<br>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

Treasurer

Since 2007

1970

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

Chief  
Compliance  
Officer and  
Anti-Money  
Laundering  
Officer

Since 2007

1959

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

Secretary

Since 2012

1975

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.

<sup>1</sup> Officers of the Funds serve at the pleasure of the Board.

<sup>2</sup> Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011.

**Investment Advisor** BlackRock Advisors, LLC  
**Custodian** State Street Bank  
**Transfer Agent** Computershare Trust Company, N.A.  
**Independent Registered Legal Counsel** Skadden, Arps, Slate, 100 Bellevue Parkway  
**Address of the Funds** Wilmington, DE 19809  
**Accounting Agent** Deloitte & Touche LLP  
**Common Shares** Meagher & Flom LLP  
**Public Accounting Firm** Wilmington, DE 19809 and Trust Company, N.A.  
**Skadden, Arps, Slate, 100 Bellevue Parkway** Boston, MA 02116  
**Deloitte & Touche LLP** New York, NY 10036  
**Meagher & Flom LLP** Boston, MA 02110  
**Trust Company, N.A.** Canton, MA 02021  
**BlackRock Financial Management, Inc.** New York, NY 10055

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

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

The Funds are managed by a team of investment professionals. Effective March 16, 2012, Tom Musmanno became a co-portfolio manager of BLW, responsible for the day-to-day management of the Fund.

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## 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 director nominees for each Fund. There were no broker non-votes with regard to any of the Funds.

Approved the Class II Directors as follows:

| <b>Frank J. Fabozzi</b> |                 |                | <b>James T. Flynn</b> |                 |                | <b>Karen P. Robards</b> |                 |                |
|-------------------------|-----------------|----------------|-----------------------|-----------------|----------------|-------------------------|-----------------|----------------|
| <b>Votes</b>            |                 |                | <b>Votes</b>          |                 |                | <b>Votes</b>            |                 |                |
| <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>      | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> |
| BHL 8,598,551           | 146,526         | 0              | 8,598,551             | 146,526         | 0              | 8,591,754               | 153,323         | 0              |
| BLW 33,321,202          | 624,963         | 0              | 33,306,967            | 639,198         | 0              | 33,317,004              | 629,161         | 0              |

For the Funds listed above, Directors 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 Directors as follows:

| <b>Paul L. Audet</b> |                 |                | <b>Michael J. Castellano</b> |                 |                | <b>Richard E. Cavanagh</b> |                 |                |
|----------------------|-----------------|----------------|------------------------------|-----------------|----------------|----------------------------|-----------------|----------------|
| <b>Votes</b>         |                 |                | <b>Votes</b>                 |                 |                | <b>Votes</b>               |                 |                |
| <b>Votes For</b>     | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| DVF 11,445,811       | 415,430         | 0              | 11,438,562                   | 422,679         | 0              | 11,445,811                 | 415,430         | 0              |
| FRA 17,065,874       | 225,995         | 0              | 17,087,833                   | 204,036         | 0              | 17,088,066                 | 203,803         | 0              |

| <b>Frank J. Fabozzi</b> |                 |                | <b>Kathleen F. Feldstein</b> |                 |                | <b>James T. Flynn</b> |                 |                |
|-------------------------|-----------------|----------------|------------------------------|-----------------|----------------|-----------------------|-----------------|----------------|
| <b>Votes</b>            |                 |                | <b>Votes</b>                 |                 |                | <b>Votes</b>          |                 |                |
| <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>      | <b>Withheld</b> | <b>Abstain</b> |
| DVF 11,438,562          | 422,679         | 0              | 11,439,282                   | 421,959         | 0              | 11,444,888            | 416,353         | 0              |
| FRA 17,080,197          | 211,672         | 0              | 17,065,020                   | 226,849         | 0              | 17,048,171            | 243,698         | 0              |

| <b>Henry Gabbay</b> |                 |                | <b>Jerrold B. Harris</b> |                 |                | <b>R. Glenn Hubbard</b> |                 |                |
|---------------------|-----------------|----------------|--------------------------|-----------------|----------------|-------------------------|-----------------|----------------|
| <b>Votes</b>        |                 |                | <b>Votes</b>             |                 |                | <b>Votes</b>            |                 |                |
| <b>Votes For</b>    | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>         | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> |
| DVF 11,438,562      | 422,679         | 0              | 11,445,623               | 415,618         | 0              | 11,445,811              | 415,430         | 0              |
| FRA 17,065,886      | 225,983         | 0              | 17,066,182               | 225,687         | 0              | 17,059,139              | 232,730         | 0              |

| <b>W. Carl Kester</b> |                 |                | <b>Karen P. Robards</b> |                 |                |
|-----------------------|-----------------|----------------|-------------------------|-----------------|----------------|
| <b>Votes</b>          |                 |                | <b>Votes</b>            |                 |                |
| <b>Votes For</b>      | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>        | <b>Withheld</b> | <b>Abstain</b> |
| DVF 11,445,811        | 415,430         | 0              | 11,439,464              | 421,777         | 0              |
| FRA 17,081,961        | 209,908         | 0              | 17,088,050              | 203,819         | 0              |

[Additional Information \(continued\)](#)

**Fund Certification**

Certain Funds 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 Funds 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**

The Funds' dividend policy is to distribute all or a portion of their net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Funds 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 Funds for any particular month may be more or less than the amount of net investment income earned by the Funds during such month. The Funds' current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

**General Information**

On February 9, 2012, the Board of BLW approved the removal of BLW's non-fundamental investment policy requiring that counterparties with respect to swap transactions be rated A or A-1 or better by S&P's or Fitch Ratings, Inc. (Fitch) or A or P-1 or better by Moody's. As a result of this investment policy change, BLW may enter into swap transactions with any counterparties approved by the Manager. Such counterparties may entail a greater degree of credit risk or risk of nonperformance than counterparties rated A or A-1 or better by S&P's or Fitch or A or P-1 or better by Moody's. The Manager will seek to minimize BLW's exposure to counterparty risk by entering into swap transactions with counterparties the Manager believe to be creditworthy at the time they enter into such transactions. To the extent BLW engages in swap transactions, shareholders of BLW will be dependent on the analytical ability of the Manager to evaluate the credit quality of counterparties to such transactions. In the event of the insolvency of a counterparty, BLW may not be able to recover its assets, in full or at all, during the insolvency process. In addition, counterparties to investments may have no obligation to make markets in such investments and may have the ability to apply essentially discretionary margin and credit requirements. The foregoing investment policy amendment will not alter BLW's investment objective.

The Funds do not make available copies of their Statements of Additional Information because the Funds' shares are not continuously offered, which means that the Statement of Additional Information of each Fund has not been updated after completion of the respective Fund's offerings and the information contained in each Fund's Statement of Additional Information may have become outdated.

Other than as disclosed above, there were no material changes in the Funds' investment objectives or policies or to the Funds' charters or by-laws that would delay or prevent a change of control of the Funds that were not approved by shareholders or in the principal risk factors associated with investment in the Funds. Other than as disclosed on page 88, there have been no changes in the persons who are primarily responsible for the day-to-day management of the Funds' portfolios.

Quarterly performance, semi-annual and annual reports and other information regarding the Funds may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock's website is

intended to allow investors public access to information regarding the Funds 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 Funds' web-sites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Funds' 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 Funds will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

### **Availability of Quarterly Schedule of Investments**

The Funds 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 Funds' 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 Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

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[Additional Information \(concluded\)](#)

[General Information \(concluded\)](#)

### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds 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 Funds voted proxies relating to securities held in the Funds' 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 Fund Updates

BlackRock will update performance and certain other data for the Funds 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 Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this report.

### Section 19(a) Notice

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 Fund's investment experience during the year and may be subject to changes based on the tax regulations. Each Fund 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<br>Cumulative Distributions by Character |                              |                              | Percentage of Fiscal Year-to-Date<br>Cumulative Distributions by Character |   |                         |   |                              |                              |     |   |
|------------------|--|------------------------------|------------------------------|--|---|-------------------------|---|------------------------------|------------------------------|-----|---|
|                  | Net<br>Investment<br>Income  | Realized<br>Capital<br>Gains | Total Per<br>Common<br>Share | Net<br>Investment<br>Income  | % | Net<br>Capital<br>Gains | % | Realized<br>Capital<br>Gains | Total Per<br>Common<br>Share | %   |   |
| DVF <sup>1</sup> | \$0.664576   | \$0.037424                   | \$0.702000                   | 95   | % | 0                       | % | 5                            | %                            | 100 | % |
| FRA              | \$0.924000   |                              | \$0.924000                   | 100  | % | 0                       | % | 0                            | %                            | 100 | % |

The Fund estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment in the Fund is returned to the shareholder. A return of capital does not necessarily reflect a Fund's investment performance and should not be confused with yield or income.



## **BlackRock Privacy Principles**

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is 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 Funds have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of Common Shares, and the risk that fluctuations in short-term interest rates may reduce the Common Shares yield. Statements and other information herein are as dated and are subject to change.

#CEFT-BK4-8/12-AR

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](http://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.

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 <sup>1</sup> |                          | (c) Tax Fees <sup>2</sup> |                          | (d) All Other Fees <sup>3</sup> |                          |
|---|-------------------------|--------------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------------|--------------------------|
|   | Current Fiscal Year End | Previous Fiscal Year End | Current Fiscal Year End             | Previous Fiscal Year End | Current Fiscal Year End   | Previous Fiscal Year End | Current Fiscal Year End         | Previous Fiscal Year End |
| BlackRock Limited Duration Income Trust | \$63,900                | \$58,400                 | \$0                                 | \$0                      | \$24,850                  | \$23,600                 | \$0                             | \$0                      |

The following table presents fees billed by D&T that were required to be approved by the registrant’s audit committee (the “Committee”) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC (“Investment Adviser” or “BlackRock”) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund (“Fund Service Providers”):

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

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC’s auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis (“general pre-approval”). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For

this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g.,

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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 Limited Duration Income Trust | \$24,850                | \$23,600                 |

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

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

(a) 78c(a)(58)(A):

Michael Castellano  
 Frank J. Fabozzi  
 James T. Flynn  
 W. Carl Kester  
 Karen P. Robards

(b) Not Applicable

#### Item 6 – Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

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](http://www.blackrock.com) and (ii) on the SEC’s website at <http://www.sec.gov>.

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

The registrant is managed by a team of investment professionals comprised of Leland Hart, Managing Director at BlackRock, James E. Keenan, Managing Director of BlackRock, C. Adrian Marshall, Director of BlackRock, and Tom Musmanno, Managing Director at BlackRock. Each of the foregoing investment professionals is (a)(1) jointly responsible for the day-to-day management of the registrant’s portfolio, which includes setting the registrant’s overall investment strategy, overseeing the management of the registrant and/or selection of its investments. Messrs. Hart, Keenan, Marshall and Musmanno have been members of the registrant’s portfolio management team since 2009, 2007, 2009 and 2012, respectively.

| Portfolio Manager  | Biography   |
|--------------------|---|
| Leland Hart        | Managing Director of BlackRock since 2009; Partner of R3 Capital Partners ("R3") in 2009; Managing Director of R3 from 2008 to 2009; Managing Director of Lehman Brothers from 2006 to 2008; Executive Director of Lehman Brothers from 2003 to 2006. |
| 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.   |
| C. Adrian Marshall | Director of BlackRock since 2007; Vice President of BlackRock from 2004 to 2007.  |
| Tom Musmanno       | Managing Director of BlackRock since 2010; Director of BlackRock from 2006 to 2009.   |

(a)(2)

As of August 31, 2012:

| (i) Name of Portfolio Manager | (ii) Number of Other Accounts Managed and Assets by Account Type |                                  |                      | (iii) Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based |                                  |                      |
|-------------------------------|--|----------------------------------|----------------------|---|----------------------------------|----------------------|
|                               | Registered Other Companies                                       | Other Pooled Investment Vehicles | Other Accounts       | Registered Other Companies  | Other Pooled Investment Vehicles | Other Accounts       |
| Leland Hart                   | 9<br>\$2.84 Billion  | 12<br>\$3.35 Billion             | 11<br>\$2.87 Billion | 0<br>\$0  | 8<br>\$2.17 Billion              | 0<br>\$0             |
| James E. Keenan               | 16<br>\$12.86 Billion  | 12<br>\$8.2 Billion              | 29<br>\$7.12 Billion | 0<br>\$0  | 8<br>\$2.14 Billion              | 4<br>\$571.2 Million |
| C. Adrian Marshall            | 9<br>\$2.84 Billion  | 12<br>\$3.35 Billion             | 11<br>\$2.87 Billion | 0<br>\$0  | 8<br>\$2.17 Billion              | 0<br>\$0             |
| Tom Musmanno                  | 8<br>\$4.35 Billion  | 4<br>\$1.8 Billion               | 60<br>\$17.5 Billion | 0<br>\$0  | 1<br>\$417.8 Million             | 0<br>\$0             |

(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. Hart, Keenan, Marshall and Musmanno 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. Hart, Keenan, Marshall and Musmanno 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   |
|--------------------------------------|---|
| Leland Hart<br>C. Adrian<br>Marshall | A combination of market-based indices (e.g., S&P Leveraged All Loan Index), certain customized indices and certain fund industry peer groups.   |
| James E.<br>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<br>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. Hart, Keenan, Marshall 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. Hart, Keenan, Marshall

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<br>of the Fund Beneficially Owned |
|--------------------|---|
| Leland Hart        | None  |
| James E. Keenan    | None  |
| C. Adrian Marshall | \$1-\$10,000  |
| Tom Musmanno       | None  |

(b) Not Applicable

Item 9 – Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers – Not Applicable due to no such purchases during the period covered by this report.

Item 10 – Submission of Matters to a Vote of Security Holders – There have been no material changes to these procedures.

Item 11 – Controls and Procedures

(a) – The registrant’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant’s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the “1940 Act”)) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) – There were no changes in the registrant’s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant’s internal control over financial reporting.

Item 12 – Exhibits attached hereto

(a)(1) – Code of Ethics – See Item 2

(a)(2) – Certifications – Attached hereto

(a)(3) – Not Applicable

(b) – Certifications – Attached hereto

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

BlackRock Limited Duration Income Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive  
Officer (principal  
executive officer) of  
BlackRock Limited  
Duration Income 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 Limited  
Duration Income Trust

Date: November 5, 2012

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial  
Officer (principal  
financial officer) of  
BlackRock Limited  
Duration Income  
Trust

Date: November 5, 2012