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BLACKROCK CORE BOND TRUST

Form N-CSR

June 30, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-10543

BlackRock Core Bond Trust

-----  
(Exact name of registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE

19809

-----  
(Address of principal executive offices)

(Zip code)

Robert S. Kapito, President, BlackRock Core Bond Trust  
40 East 52nd Street, New York, NY 10022

-----  
(Name and address of agent for service)

Registrant's telephone number, including area code: 302-797-2449

Date of fiscal year end: 10-31-2003

Date of reporting period: 04-30-2003

ITEM 1. REPORTS TO STOCKHOLDERS.

The Trust's semi-annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

BlackRock  
Closed-End Funds

Semi-Annual Report

APRIL 30, 2003 (UNAUDITED)

BlackRock Broad Investment Grade 2009 Term Trust (BCT)

BlackRock Core Bond Trust (BHK)

BlackRock High Yield Trust (BHY)

BlackRock Income Opportunity Trust (BNA)

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BlackRock Income Trust (BKT)

BlackRock Strategic Bond Trust (BHD)

[BLACKROCK LOGO]

NOT FDIC INSURED  
MAY LOSE VALUE  
NO BANK GUARANTEE

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## PRIVACY PRINCIPLES OF THE TRUSTS

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

Generally, the Trusts do not receive any non-public personal information relating to their shareholders, although certain non-public personal information of shareholders may become available to the Trusts. The Trusts do not disclose

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any non-public personal information about their shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

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

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### LETTER TO SHAREHOLDERS

May 31, 2003

Dear Shareholder:

We are pleased to report that during the semi-annual period, the Trusts continued to provide monthly income, as well as the opportunity to invest in various portfolios of fixed income securities. This report contains the Trusts' unaudited financial statements and a listing of the portfolios' holdings.

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

The following table shows the Trusts' yields, closing market prices per share and net asset values ("NAV") per share as of April 30, 2003.

---

| TRUST  | YIELD (1) | MARKET PRICE | NAV     |
|--|-----------|--------------|---------|
| BlackRock Broad Investment Grade 2009 Term Trust (BCT) | 5.49%     | \$16.40      | \$16.98 |
| BlackRock Core Bond Trust (BHK)                        | 8.06      | 14.88        | 15.31   |
| BlackRock High Yield Trust (BHY)                       | 11.30     | 10.29        | 6.55    |
| BlackRock Income Opportunity Trust (BNA)               | 7.52      | 11.17        | 12.27   |
| BlackRock Income Trust (BKT)                           | 7.59      | 8.07         | 7.55    |
| BlackRock Strategic Bond Trust (BHD)                   | 9.83      | 14.65        | 14.27   |

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(1) Yield is based on market price.

BlackRock, Inc. ("BlackRock"), a world leader in asset management, has a proven commitment to fixed income. As of March 31, 2003, BlackRock managed \$187 billion in bonds, including 16 open-end and 44 closed-end bond funds. BlackRock is recognized for its emphasis on risk management and proprietary analytics and for its reputation managing money for the world's largest

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institutional investors. BlackRock Advisors, Inc., which manages the Trusts, is a wholly owned subsidiary of BlackRock, Inc.

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

Sincerely,

/s/ Laurence D. Fink

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

/s/ Ralph L. Schlosstein

Ralph L. Schlosstein  
President  
BlackRock Advisors, Inc.

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TRUST SUMMARIES (unaudited)  
APRIL 30, 2003

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BlackRock Broad Investment Grade 2009 Term Trust  
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### TRUST INFORMATION

|   |               |
|---|---------------|
| Symbol on American Stock Exchange:                        | BCT           |
| Initial Offering Date:                                    | June 17, 1993 |
| Closing Market Price as of 4/30/03:                       | \$16.40       |
| Net Asset Value as of 4/30/03:                            | \$16.98       |
| Yield on Closing Market Price as of 4/30/03 (\$16.40):(1) | 5.49%         |
| Current Monthly Distribution per Share:(2)                | \$ 0.075      |
| Current Annualized Distribution per Share:(2)             | \$ 0.900      |

(1) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

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

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

|              | 4/30/03 | 10/31/02 | CHANGE  | HIGH    | LOW     |
|--------------|---------|----------|---------|---------|---------|
| MARKET PRICE | \$16.40 | \$16.18  | 1.36%   | \$16.55 | \$15.84 |
| NAV          | \$16.98 | \$17.33  | (2.02)% | \$17.38 | \$16.86 |

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The following charts show the Trust's asset composition and credit quality allocations:

### SECTOR BREAKDOWN

| COMPOSITION                                  | APRIL 30, 2003 | OCTOBER 31, 2002 |
|--|----------------|------------------|
| U.S. Government and Agency Securities        | 49%            | 36%              |
| Agency Multiple Class Mortgage Pass-Throughs | 14             | 18               |
| Inverse Floating Rate Mortgages              | 13             | 18               |
| Corporate Bonds                              | 9              | 10               |
| Interest Only Mortgage-Backed Securities     | 7              | 8                |
| Taxable Municipal Bonds                      | 5              | 5                |
| Mortgage Pass-Throughs                       | 2              | 2                |
| Commercial Mortgage-Backed Securities        | 1              | 1                |
| Asset-Backed Securities                      | --             | 2                |

### RATING % OF CORPORATES\*

| CREDIT RATING | APRIL 30, 2003 | OCTOBER 31, 2002 |
|---------------|----------------|------------------|
| AAA/Aaa       | 10%            | 8%               |
| AA/Aa         | 22             | 19               |
| A             | 40             | 42               |
| BBB/Baa       | 28             | 30               |
| BB/Ba         | --             | 1                |

\* Using the higher of Standard & Poor's ("S&P"), Moody's Investors Service ("Moody's") or Fitch Ratings ("Fitch") rating. Corporate bonds represented approximately 11.4% and 13.3% of net assets on April 30, 2003 and October 31, 2002, respectively.

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 BlackRock Core Bond Trust  
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## TRUST INFORMATION

|   |                   |
|---|-------------------|
| Symbol on New York Stock Exchange:                        | BHK               |
| Initial Offering Date:                                    | November 27, 2001 |
| Closing Market Price as of 4/30/03:                       | \$14.88           |
| Net Asset Value as of 4/30/03:                            | \$15.31           |
| Yield on Closing Market Price as of 4/30/03 (\$14.88):(1) | 8.06%             |
| Current Monthly Distribution per Share:(2)                | \$ 0.10           |
| Current Annualized Distribution per Share:(2)             | \$ 1.20           |

(1) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

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

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

|              | 4/30/03 | 10/31/02 | CHANGE | HIGH    | LOW     |
|--------------|---------|----------|--------|---------|---------|
| MARKET PRICE | \$14.88 | \$13.82  | 7.67%  | \$14.95 | \$13.45 |
| NAV          | \$15.31 | \$14.33  | 6.84%  | \$15.31 | \$14.36 |

The following charts show the Trust's asset composition and credit quality allocations:

## SECTOR BREAKDOWN

| COMPOSITION                              | APRIL 30, 2003 | OCTOBER 31, 2002 |
|--|----------------|------------------|
| Corporate Bonds                          | 48%            | 44%              |
| Mortgage Pass-Throughs                   | 26             | 28               |
| U.S. Government and Agency Securities    | 12             | 17               |
| Foreign Government Bonds                 | 8              | 3                |
| Commercial Mortgage-Backed Securities    | 3              | 6                |
| Interest Only Mortgage-Backed Securities | 2              | 2                |
| Taxable Municipal Bonds                  | 1              | --               |

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| RATING % OF CORPORATES* |                |                  |
|-------------------------|----------------|------------------|
| CREDIT RATING           | APRIL 30, 2003 | OCTOBER 31, 2002 |
| AAA/Aaa                 | 11%            | 14%              |
| AA/Aa                   | 6              | 6                |
| A                       | 23             | 20               |
| BBB/Baa                 | 18             | 18               |
| BB/Ba                   | 12             | 10               |
| B                       | 27             | 29               |
| CCC/Caa                 | 3              | 1                |
| Not Rated               | --             | 2                |

\* Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 67.8% and 62.1% of net assets on April 30, 2003 and October 31, 2002, respectively.

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TRUST SUMMARIES (unaudited)  
APRIL 30, 2003

BlackRock High Yield Trust

TRUST INFORMATION

|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange:                         | BHY               |
| Initial Offering Date:                                     | December 23, 1998 |
| Closing Market Price as of 4/30/03:                        | \$10.29           |
| Net Asset Value as of 4/30/03:                             | \$ 6.55           |
| Yield on Closing Market Price as of 4/30/03 (\$10.29): (1) | 11.30%            |
| Current Monthly Distribution per Share: (2)                | \$ 0.096875       |
| Current Annualized Distribution per Share: (2)             | \$ 1.162500       |

(1) Yield on closing market price is calculated by dividing the annualized

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distribution per share as of April 30, 2003 by the closing market price.

- (2) Effective June 2, 2003, the monthly distribution per share has been changed to \$0.0905. The distribution is not constant and is subject to change.

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

|              | 4/30/03 | 10/31/02 | CHANGE | HIGH    | LOW    |
|--------------|---------|----------|--------|---------|--------|
| MARKET PRICE | \$10.29 | \$8.68   | 18.55% | \$10.50 | \$7.91 |
| NAV          | \$ 6.55 | \$6.13   | 6.85%  | \$ 6.55 | \$6.02 |

The following chart shows the Trust's credit quality allocations:

| RATING % OF CORPORATES* |                |                  |
|-------------------------|----------------|------------------|
| CREDIT RATING           | APRIL 30, 2003 | OCTOBER 31, 2002 |
| BBB/Baa                 | --%            | 4%               |
| BB/Ba                   | 16             | 18               |
| B                       | 60             | 62               |
| CCC/Caa                 | 18             | 10               |
| CC/Ca                   | 1              | 3                |
| C                       | 1              | --               |
| Not Rated               | 4              | 3                |

\* Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 140.9% and 144.5% of net assets on April 30, 2003 and October 31, 2002, respectively.

TRUST SUMMARIES (unaudited)  
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BlackRock Income Opportunity Trust

### TRUST INFORMATION

Symbol on New York Stock Exchange:

BNA



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|   |                   |
|---|-------------------|
| Initial Offering Date:                                    | December 20, 1991 |
| Closing Market Price as of 4/30/03:                       | \$11.17           |
| Net Asset Value as of 4/30/03:                            | \$12.27           |
| Yield on Closing Market Price as of 4/30/03 (\$11.17):(1) | 7.52%             |
| Current Monthly Distribution per Share:(2)                | \$ 0.07           |
| Current Annualized Distribution per Share:(2)             | \$ 0.84           |

(1) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

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

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

|              | 4/30/03 | 10/31/02 | CHANGE | HIGH    | LOW     |
|--------------|---------|----------|--------|---------|---------|
| MARKET PRICE | \$11.17 | \$10.50  | 6.38%  | \$11.20 | \$10.37 |
| NAV          | \$12.27 | \$11.83  | 3.72%  | \$12.27 | \$11.65 |

The following charts show the Trust's asset composition and credit quality allocations:

### SECTOR BREAKDOWN

| COMPOSITION                               | APRIL 30, 2003 | OCTOBER 31, 2002 |
|---|----------------|------------------|
| Corporate Bonds                           | 52%            | 30%              |
| Mortgage Pass-Throughs                    | 37             | 55               |
| U.S. Government and Agency Securities     | 5              | 7                |
| Federal Housing Administration            | 3              | 4                |
| Interest Only Mortgage-Backed Securities  | 1              | 1                |
| Inverse Floating Rate Mortgages           | 1              | 1                |
| Principal Only Mortgage-Backed Securities | 1              | 2                |

### RATING % OF CORPORATES\*

| CREDIT RATING | APRIL 30, 2003 | OCTOBER 31, 2002 |
|---------------|----------------|------------------|
| AAA/Aaa       | 9%             | 14%              |

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|         |    |    |
|---------|----|----|
| AA/Aa   | 12 | 8  |
| -----   |    |    |
| A       | 21 | 21 |
| -----   |    |    |
| BBB/Baa | 21 | 13 |
| -----   |    |    |
| BB/Ba   | 16 | 24 |
| -----   |    |    |
| B       | 20 | 20 |
| -----   |    |    |
| CCC/Caa | 1  | -- |
| -----   |    |    |

\* Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 73.4% and 40.9% of net assets on April 30, 2003 and October 31, 2002, respectively.

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TRUST SUMMARIES (unaudited)  
APRIL 30, 2003

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BlackRock Income Trust  
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### TRUST INFORMATION

|  |               |
|--|---------------|
| Symbol on New York Stock Exchange:                       | BKT           |
| -----  |               |
| Initial Offering Date:                                   | July 22, 1988 |
| -----  |               |
| Closing Market Price as of 4/30/03:                      | \$8.07        |
| -----  |               |
| Net Asset Value as of 4/30/03:                           | \$7.55        |
| -----  |               |
| Yield on Closing Market Price as of 4/30/03 (\$8.07):(1) | 7.59%         |
| -----  |               |
| Current Monthly Distribution per Share:(2)               | \$0.051042    |
| -----  |               |
| Current Annualized Distribution per Share:(2)            | \$0.612504    |
| -----  |               |

(1) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price.

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

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

|              | 4/30/03 | 10/31/02 | CHANGE | HIGH   | LOW    |
|--------------|---------|----------|--------|--------|--------|
| -----        |         |          |        |        |        |
| MARKET PRICE | \$8.07  | \$8.07   | --     | \$8.17 | \$7.80 |

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|     |        |        |         |        |        |
|-----|--------|--------|---------|--------|--------|
| NAV | \$7.55 | \$8.13 | (7.13)% | \$8.09 | \$7.48 |
|-----|--------|--------|---------|--------|--------|

The following chart shows the Trust's asset composition:

### SECTOR BREAKDOWN

| COMPOSITION                                      | APRIL 30, 2003 | OCTOBER 31, 2002 |
|--|----------------|------------------|
| Mortgage Pass-Throughs                           | 43%            | 48%              |
| U.S. Government and Agency Securities            | 20             | 16               |
| Principal Only Mortgage-Backed Securities        | 11             | 8                |
| Inverse Floating Rate Mortgages                  | 8              | 9                |
| Interest Only Mortgage-Backed Securities         | 8              | 8                |
| FHA Project Loans                                | 4              | 5                |
| Agency Multiple Class Mortgage Pass-Throughs     | 2              | 2                |
| Commercial Mortgage-Backed Securities            | 2              | 2                |
| Non-Agency Multiple Class Mortgage Pass-Throughs | 1              | 1                |
| Adjustable Rate Mortgage Securities              | --             | 1                |
| Other  | 1              | --               |

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TRUST SUMMARIES (unaudited)  
APRIL 30, 2003

BlackRock Strategic Bond Trust

### TRUST INFORMATION

|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange:                         | BHD               |
| Initial Offering Date:                                     | February 26, 2002 |
| Closing Market Price as of 4/30/03:                        | \$14.65           |
| Net Asset Value as of 4/30/03:                             | \$14.27           |
| Yield on Closing Market Price as of 4/30/03 (\$14.65): (1) | 9.83%             |
| Current Monthly Distribution per Share: (2)                | \$ 0.12           |

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Current Annualized Distribution per Share:(2) \$ 1.44

- (1) Yield on closing market price is calculated by dividing the annualized distribution per share as of April 30, 2003 by the closing market price.
- (2) Effective June 2, 2003, the monthly distribution per share has been changed to \$0.13. The distribution is not constant and is subject to change.

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

|              | 4/30/03 | 10/31/02 | CHANGE | HIGH    | LOW     |
|--------------|---------|----------|--------|---------|---------|
| MARKET PRICE | \$14.65 | \$12.35  | 18.62% | \$14.70 | \$12.41 |
| NAV          | \$14.27 | \$12.63  | 12.98% | \$14.27 | \$12.91 |

The following chart shows the Trust's credit quality allocations:

| RATING % OF CORPORATES* |                |                  |
|-------------------------|----------------|------------------|
| CREDIT RATING           | APRIL 30, 2003 | OCTOBER 31, 2002 |
| AAA/Aaa                 | 1%             | 1%               |
| AA/Aa                   | 4              | 6                |
| A                       | 11             | 10               |
| BBB/Baa                 | 10             | 12               |
| BB/Ba                   | 27             | 29               |
| B                       | 44             | 41               |
| CCC/Caa                 | 2              | --               |
| Not Rated               | 1              | 1                |

\* Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 142.0% and 143.4% of net assets on April 30, 2003 and October 31, 2002, respectively.

CONSOLIDATED PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

BlackRock Broad Investment Grade 2009 Term Trust

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| RATING (1) | PRINCIPAL AMOUNT (000) | DESCRIPTION   |
|------------|------------------------|---|
|            |                        | LONG-TERM INVESTMENTS--130.8%   |
|            |                        | MORTGAGE PASS-THROUGHS--2.5%  |
|            |                        | Federal National Mortgage Assoc.,   |
|            | \$1,085                | 5.50%, 1/01/17 - 2/01/17 .....  |
|            | 108                    | 6.50%, 7/01/29 .....  |
|            |                        | Total Mortgage Pass-Throughs .....  |
|            |                        | AGENCY MULTIPLE CLASS MORTGAGE PASS-THROUGHS--17.6%                       |
|            |                        | Federal Home Loan Mortgage Corp.,   |
|            | 2,168                  | Ser. 1510, Class G, 5/15/13 .....   |
|            | 400                    | Ser. 1534, Class IG, 2/15/10 .....  |
|            | 253                    | Ser. 1601, Class SD, 10/15/08 .....                                       |
|            |                        | Federal National Mortgage Assoc.,   |
|            | 405                    | Ser. 13, Class SJ, 2/25/09 .....  |
|            | 180                    | Ser. 43, Class E, 4/25/22 .....   |
|            | 1,000                  | Ser. 49, Class H, 4/25/13 .....   |
|            | 30                     | Ser. 69, Class Z, 1/25/22 .....   |
|            | 3,146                  | Ser. 87, Class J, 4/25/22 .....   |
|            | 629                    | Ser. 214, Class SK, 12/25/08 .....  |
|            |                        | Total Agency Multiple Class Mortgage Pass-Throughs .....                  |
|            |                        | INVERSE FLOATING RATE MORTGAGES--17.2%                                    |
| AAA        | 462                    | Citicorp Mortgage Securities, Inc., Ser. 14, Class A-4, 11/25/23 .....    |
| AAA        | 550                    | Countrywide Funding Corp., Ser. 2, Class A-12S, 2/25/09 .....             |
| AAA        | 723                    | Countrywide Mortgage-Backed Securities, Inc., Ser. D, Class A-15, 1/25/09 |
|            |                        | Federal Home Loan Mortgage Corp.,   |
|            | 336                    | Ser. 1425, Class SB, 12/15/07 .....                                       |
|            | 193                    | Ser. 1506, Class S, 5/15/08 .....   |
|            | 255                    | Ser. 1515, Class S, 5/15/08 .....   |
|            | 37                     | Ser. 1580, Class SD, 9/15/08 .....  |
|            | 232                    | Ser. 1618, Class SA, 11/15/08 .....                                       |
|            | 395                    | Ser. 1621, Class SH, 11/15/22 .....                                       |
|            | 445                    | Ser. 1626, Class SA, 12/15/08 .....                                       |
|            | 329                    | Ser. 1661, Class SB, 1/15/09 .....  |
|            | 481                    | Ser. 1688, Class S, 12/15/13 .....  |
|            |                        | Federal National Mortgage Assoc.,   |
|            | 8                      | Ser. 156, Class SE, 10/25/19 .....  |
|            | 528                    | Ser. 187, Class SB, 10/25/07 .....  |
|            | 381                    | Ser. 190, Class S, 11/25/07 .....   |
|            | 433                    | Ser. 191, Class SD, 10/25/08 .....  |
|            | 354                    | Ser. 202, Class VB, 11/25/23 .....  |
|            | 453                    | Ser. 214, Class SH, 12/25/08 .....  |
| AAA        | 600                    | PaineWebber Mortgage Acceptance Corp., Ser. 6, Class A-9, 4/25/09 .....   |
|            |                        | Residential Funding Mortgage Securities I, Inc.,                          |
| AAA        | 323                    | Ser. S23, Class A-12, 6/25/08 .....                                       |
| AAA        | 334                    | Ser. S23, Class A-16, 6/25/08 .....                                       |
|            |                        | Total Inverse Floating Rate Mortgages .....                               |
|            |                        | INTEREST ONLY MORTGAGE-BACKED SECURITIES--9.2%                            |
|            |                        | Federal Home Loan Mortgage Corp.,   |

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|       |                                     |
|-------|-------------------------------------|
| 3     | Ser. 65, Class I, 8/15/20 .....     |
| 1     | Ser. 141, Class H, 5/15/21 .....    |
| 4     | Ser. 1114, Class J, 7/15/06 .....   |
| 3     | Ser. 1285, Class M, 5/15/07 .....   |
| 1,321 | Ser. 1645, Class IB, 9/15/08 .....  |
| 1,465 | Ser. 2063, Class PU, 10/15/26 ..... |
| 3,177 | Ser. 2081, Class S, 5/15/25 .....   |
| 1,889 | Ser. 2306, Class PM, 5/15/26 .....  |
| 3,224 | Ser. 2370, Class EI, 2/15/21 .....  |
| 5,308 | Ser. 2376, Class MI, 7/15/11 .....  |
| 2,137 | Ser. 2417, Class EI, 3/15/12 .....  |
| 1,728 | Ser. 2462, Class NI, 8/15/21 .....  |
| 3,235 | Ser. 2513, Class BI, 12/15/15 ..... |
| 3,100 | Ser. 2542, Class IY, 5/15/16 .....  |

See Notes to Financial Statements.

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| RATING (1) | PRINCIPAL AMOUNT (000) | DESCRIPTION   |
|------------|------------------------|---|
|            |                        | INTEREST ONLY MORTGAGE-BACKED SECURITIES--(CONT'D)                        |
|            | \$ 2,688               | Ser. 2543, Class IJ, 10/15/12 .....                                       |
|            | 4,000                  | Ser. 2543, Class IM, 9/15/12 .....  |
|            | 5,419                  | Ser. 2572, Class IT, 5/15/19 .....  |
|            |                        | Federal National Mortgage Assoc.,   |
|            | 1                      | Ser. G-21, Class L, 7/25/21 .....   |
|            | 9                      | Ser. 8, Class HA, 1/25/08 .....   |
|            | 1,357                  | Ser. 9, Class IB, 5/25/27 .....   |
|            | 2,117                  | Ser. 14, Class PI, 4/25/12 .....  |
|            | 918                    | Ser. 20, Class SL, 9/25/08 .....  |
|            | 5,007                  | Ser. 22, Class SE, 11/25/23 .....   |
|            | 517                    | Ser. 29, Class BE, 5/25/28 .....  |
|            | 597                    | Ser. 30, Class QG, 12/18/25 .....   |
|            | 243                    | Ser. 39, Class PE, 1/25/23 .....  |
|            | 898                    | Ser. 42, Class SO, 3/25/23 .....  |
|            | 23                     | Ser. 49, Class L, 4/25/13 .....   |
|            | 23                     | Ser. 51, Class K, 4/25/07 .....   |
|            | 3                      | Ser. 72, Class H, 7/25/06 .....   |
|            | 4,272                  | Ser. 80, Class PI, 9/25/23 .....  |
|            | 2,000                  | Ser. 82, Class IR, 9/25/12 .....  |
|            | 1,463                  | Ser. 90, Class M, 1/25/28 .....   |
|            | 15                     | Ser. 174, Class S, 9/25/22 .....  |
|            | 458                    | Ser. 194, Class PV, 6/25/08 .....   |
|            | 3,334                  | Ser. 208, Class S, 2/25/23 .....  |
|            | 508                    | Ser. 223, Class PT, 10/25/23 .....  |
|            | 267                    | PNC Mortgage Securities Corp., Ser. 8, Class 4-X, 10/25/13 .....          |
|            | 446                    | Residential Funding Mortgage Securities I, Inc., Ser. S44, Class A-4, 11/ |
|            | 9,549                  | Structured Asset Securities Corp., Ser. ALS1, Class 3AX, 5/25/29 .....    |
|            | 30,900                 | Vendee Mortgage Trust, Ser. 1, Class 1IO, 10/15/31 .....                  |

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|      |         |   |
|------|---------|---|
|      |         | Total Interest Only Mortgage-Backed Securities .....                            |
|      |         | PRINCIPAL ONLY MORTGAGE-BACKED SECURITIES--0.1%                                 |
| Aaa  | 66      | Salomon Brothers Mortgage Securities Inc. VI, Ser. 3, Class A, 10/23/17 .....   |
|      |         | COMMERCIAL MORTGAGE-BACKED SECURITIES--1.7%                                     |
| AAA  | 750     | New York City Mortgage Loan Trust, Multifamily, Ser. 1996, Class A-2, 6.7 ..... |
|      |         | ASSET-BACKED SECURITIES--0.1%   |
| NR   | 239     | Global Rated Eligible Asset Trust, Ser. A, Class 1, 7.33%, 3/15/06(2,4,5) ..... |
|      |         | Structured Mortgage Asset Residential Trust, (4,5,6)                            |
| NR   | 578     | Ser. 2, 8.24%, 3/15/06 .....  |
| NR   | 640     | Ser. 3, 8.724%, 4/15/06 .....   |
|      |         | Total Asset-Backed Securities .....   |
|      |         | U.S. GOVERNMENT AND AGENCY SECURITIES--64.0%                                    |
|      | 240     | Small Business Investment Companies, Ser. P10A-1, 6.12%, 2/01/08 .....          |
|      | 27,0003 | U.S. Treasury Bond, Zero Coupon, 11/15/09 .....                                 |
|      |         | U.S. Treasury Notes,  |
|      | 1,450   | 3.50%, 11/15/06 .....   |
|      | 5,4253  | 4.375%, 8/15/12 .....   |
|      | 500     | 5.00%, 8/15/11 .....  |
|      | 1,700   | 5.75%, 11/15/05 .....   |
|      | 550     | 6.00%, 8/15/09 .....  |
|      | 385     | 6.625%, 5/15/07 .....   |
|      |         | Total U.S. Government and Agency Securities .....                               |
|      |         | CORPORATE BONDS--11.4%  |
|      |         | CHEMICAL--2.4%  |
| A-   | 1,000   | Dow Capital BV, 9.20%, 6/01/10 .....  |
|      |         | CONSUMER PRODUCTS--1.1%   |
| BBB+ | 500     | Ralcorp Holdings, Inc., 8.75%, 9/15/04 .....                                    |
|      |         | ENERGY--2.2%  |
| A    | 500     | Alltel Corp., 7.50%, 3/01/06 .....  |
| BBB+ | 500     | Israel Electric Corp., Ltd., 7.25%, 12/15/06 (Israel) (2) .....                 |
|      |         | FINANCE & BANKING--4.6%   |
| A+   | 500     | Metropolitan Life Insurance Co., 6.30%, 11/01/03(2) .....                       |
| AA-  | 1,0003  | Morgan Stanley Group, Inc., 10.00%, 6/15/08 .....                               |
| AAA  | 500     | UBS PaineWebber Group, Inc., 8.875%, 3/15/05 .....                              |

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
| Caa2       | \$ 100                       | TRANSPORTATION--0.1%<br>American Airlines, Inc., 10.44%, 3/04/07 .....  |
| BBB+       | 500                          | UTILITIES--1.0%<br>Ohio Edison Co., 8.625%, 9/15/03 .....   |
|            |                              | Total Corporate Bonds .....   |
| AAA        | 500                          | TAXABLE MUNICIPAL BONDS--7.0%<br>Fresno California Pension Obligation, 7.80%, 6/01/14 .....                                 |
| AAA        | 500                          | Kern County California Pension Obligation, 6.98%, 8/15/09 .....   |
|            |                              | Los Angeles County California Pension Obligation,<br>Ser. A, 8.62%, 6/30/06 .....   |
| AAA        | 1,000                        | Ser. D, 6.97%, 6/30/08 .....  |
| AAA        | 500                          | Orleans Parish Louisiana School Board, Ser. A, 6.60%, 2/01/08 .....   |
|            |                              | Total Taxable Municipal Bonds .....   |
|            |                              | Total Long-Term Investments (cost \$64,689,325) .....   |
|            |                              | SHORT-TERM INVESTMENT--3.6%<br>DISCOUNT NOTE--3.6%<br>1,800 Federal Home Loan Bank, 1.25%, 5/01/03 (cost \$1,800,000) ..... |
|            |                              | TOTAL INVESTMENTS--134.4% (cost \$66,489,325) .....   |
|            |                              | LIABILITIES IN EXCESS OF OTHER ASSETS--(34.4)%<br>(17,288,606)  |
|            |                              | NET ASSETS--100% .....  |

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 3.8% of its net assets, with a current market value of \$1,915,514, in securities restricted as to resale.
  - (3) Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
  - (4) Security is fair valued.
  - (5) Illiquid securities representing 0.09% of net assets.
  - (6) Security is restricted as to public resale. The security was acquired in 1997 and has a current cost of \$105,042.



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PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

-----  
BlackRock Core Bond Trust  
-----

| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
|            |                              | LONG-TERM INVESTMENTS--142.6%   |
|            |                              | MORTGAGE PASS-THROUGHS--37.1%   |
|            |                              | Federal Home Loan Mortgage Corp.,   |
|            | \$ 252                       | 7.00%, 9/01/31 .....  |
|            | 7,500                        | 5.50%, TBA .....  |
|            | 44,000                       | 6.00%, TBA .....  |
|            | 57,800                       | 6.50%, TBA .....  |
|            |                              | Federal National Mortgage Assoc., TBA                                     |
|            | 8,000                        | 5.00% .....   |
|            | 12,600                       | 5.50% .....   |
|            | 5,900                        | 6.00% .....   |
|            | 2,000                        | 7.00% .....   |
|            | 9,200                        | Government National Mortgage Assoc., 5.50%, TBA .....                     |
|            |                              | Total Mortgage Pass-Throughs .....  |
|            |                              | INTEREST ONLY MORTGAGE-BACKED SECURITIES--2.8%                            |
|            |                              | Federal Home Loan Mortgage Corp.,   |
|            | 10,167                       | Ser. 2471, Class UI, 1/15/26 .....  |
|            | 33,102                       | Ser. 2496, Class ID, 9/15/26 .....  |
|            | 8,918                        | Ser. 2553, Class IT, 10/15/22 .....                                       |
|            | 6,467                        | Ser. 2579, Class HI, 8/15/17 .....  |
|            |                              | Federal National Mortgage Assoc.,   |
|            | 9,700                        | Ser. 16, Class IW, 11/25/12 .....   |
|            | 6,100                        | Ser. 70, Class IN, 5/25/15 .....  |
|            | 3,685                        | Residential Funding Mortgage Securities I, Inc., Ser. S6, Class A6, 4/25/ |
|            |                              | Total Interest Only Mortgage-Backed Securities .....                      |
|            |                              | COMMERCIAL MORTGAGE-BACKED SECURITIES--4.7%                               |
| AAA        | 2,560                        | Capco America Securitization Corp., Ser. D7, Class A1B, 6.26%, 10/15/30 . |
| Caal       | 1,099                        | Citicorp Mortgage Securities, Inc., Ser. 8, Class B1, 6.50%, 7/25/08 .... |
| AAA        | 1,900                        | GMAC Commercial Mortgage Securities, Inc., Ser. C2, Class A2, 6.945%, 9/1 |
| AAA        | 1,677                        | Heller Financial Commercial Mortgage Asset Co., Ser. PH1, Class A2, 6.847 |
|            |                              | Morgan Stanley Capital I, Inc.,   |
| AAA        | 2,125                        | Ser. FNV1, Class A2, 6.53%, 3/15/31 .....                                 |
| AAA        | 1,470                        | Ser. HF2, Class A2, 6.48%, 11/15/30 .....                                 |
|            |                              | Residential Funding Mortgage Securities I, Inc.,                          |
| AAA        | 1,843                        | Ser. S6, Class A7, 6.00%, 4/25/17 .....                                   |
| AAA        | 4,621                        | Ser. S29, Class A6, 6.50%, 12/26/31 .....                                 |

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|     |           |   |
|-----|-----------|---|
| AAA | 3,500     | Salomon Brothers Mortgage Securities VII, Ser. C1, Class A2, 7.52%, 12/18 |
| AAA | 1,043     | Washington Mutual Mortgage Securitization Corp., Ser. 12, Class A, 6.50%, |
|     |           | Total Commercial Mortgage-Backed Securities .....                         |
|     |           | U.S. GOVERNMENT AND AGENCY SECURITIES--17.1%                              |
|     | 1,050     | Resolution Funding Corp., Zero Coupon, 7/15/18 - 10/15/18 .....           |
|     | 9,950(2)  | U.S. Treasury Bond, Zero Coupon, 11/15/21 .....                           |
|     |           | U.S. Treasury Bonds,  |
|     | 9,060(2)  | 3.875%, 2/15/13 .....   |
|     | 10,390(2) | 5.375%, 2/15/31 .....   |
|     | 7,325(2)  | 6.00%, 2/15/26 .....  |
|     | 5,215     | 6.75%, 8/15/26 .....  |
|     | 6,865(2)  | 8.125%, 8/15/19 .....   |
|     | 285       | 8.50%, 2/15/20 .....  |
|     | 5,310(2)  | 10.375%, 11/15/12 .....   |
|     | 3,330     | 12.00%, 8/15/13 .....   |
|     |           | U.S. Treasury Notes,  |
|     | 1,590(2)  | 1.625%, 1/31/05 .....   |
|     | 2,005     | 3.00%, 2/15/08 .....  |
|     | 1,515(2)  | 4.00%, 11/15/12 .....   |
|     | 3,445(2)  | 5.00%, 8/15/11 .....  |
|     |           | Total U.S. Government and Agency Securities .....                         |

See Notes to Financial Statements.

| RATING (1) | PRINCIPAL AMOUNT (000) | DESCRIPTION  |
|------------|------------------------|--|
|            |                        | CORPORATE BONDS--67.8%                                 |
|            |                        | AEROSPACE & DEFENSE--2.1%                              |
| B-         | \$ 3,000               | BE Aerospace, Inc., Ser. B, 8.00%, 3/01/08 .....       |
|            |                        | Lockheed Martin Corp.,                                 |
| BBB+       | 1,485                  | 7.20%, 5/01/36 .....                                   |
| BBB+       | 1,000                  | 7.25%, 5/15/06 .....                                   |
| BBB+       | 1,275                  | 7.75%, 5/01/26 .....                                   |
| BBB+       | 475                    | 8.50%, 12/01/29 .....                                  |
|            |                        | Northrop Grumman Corp.,                                |
| BBB-       | 380                    | 7.125%, 2/15/11 .....                                  |
| BBB-       | 250                    | 7.75%, 2/15/31 .....                                   |
| BBB-       | 1,000                  | Raytheon Co., 6.55%, 3/15/10 .....                     |
|            |                        | AUTOMOTIVE--2.7%                                       |
| B1         | 3,000                  | Collins & Aikman Products Co., 10.75%, 12/31/11 .....  |
| B          | 2,000                  | CSK Auto, Inc., 12.00%, 6/15/06 .....                  |
| A3         | 940                    | DaimlerChrysler NA Holding Corp., 4.75%, 1/15/08 ..... |

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|      |       |   |
|------|-------|---|
| B3   | 3,000 | Delco Remy Intl., Inc., 11.00%, 5/01/09 .....                 |
| B+   | 2,000 | Sonic Automotive, Inc., Ser. D, 11.00%, 8/01/08 .....         |
| B+   | 1,000 | TRW Automotive, Inc., 9.375%, 2/15/13(3) .....                |
|      |       | BASIC MATERIAL--0.5%  |
| B+   | 2,000 | Oregon Steel Mills, Inc., 10.00%, 7/15/09 .....               |
|      |       | BUILDING & DEVELOPMENT--1.4%                                  |
| B-   | 2,000 | Ainsworth Lumber Co. Ltd., 12.50%, 7/15/07 (Canada) .....     |
| BB   | 3,000 | Hovnanian Enterprises, Inc., 10.50%, 10/01/07 .....           |
|      |       | CHEMICAL--3.3%  |
| B-   | 3,000 | Avecia Group PLC, 11.00%, 7/01/09 (United Kingdom) .....      |
|      |       | Dow Chemical Co.,   |
| A-   | 1,650 | 5.97%, 1/15/09 .....  |
| A-   | 1,460 | 7.375%, 11/01/29 .....  |
| A-   | 175   | 6.00%, 10/01/12 .....   |
| BB   | 4,000 | Lyondell Chemical Co., Ser. B, 9.875%, 5/01/07 .....          |
| B-   | 3,000 | Resolution Performance Products, Inc., 13.50%, 11/15/10 ..... |
|      |       | CONGLOMERATES--1.3%   |
| AAA  | 1,980 | General Electric Co., 5.00%, 2/01/13 .....                    |
| A    | 225   | Honeywell Intl., Inc., 6.875%, 10/03/05 .....                 |
|      |       | Tyco Intl. Group SA, (Luxembourg)                             |
| BBB- | 930   | 5.80%, 8/01/06 .....  |
| BBB- | 2,239 | 6.375%, 2/15/06 .....   |
|      |       | CONSUMER PRODUCTS--5.6%                                       |
| BB+  | 3,000 | American Greetings Corp., 11.75%, 7/15/08 .....               |
| A    | 1,025 | Avery Dennison Corp., 4.875%, 1/15/13 .....                   |
| B    | 3,000 | Elizabeth Arden, Inc., Ser. B, 11.75%, 2/01/11 .....          |
|      |       | General Mills, Inc.,  |
| BBB+ | 510   | 5.125%, 2/15/07 .....   |
| BBB+ | 1,765 | 6.00%, 2/15/12 .....  |
|      |       | Kellogg Co., Ser. B,  |
| BBB  | 725   | 6.00%, 4/01/06 .....  |
| BBB  | 690   | 6.60%, 4/01/11 .....  |
|      |       | Kraft Foods, Inc.,  |
| A3   | 400   | 5.25%, 6/01/07 .....  |
| A3   | 3,050 | 5.625%, 11/01/11 .....  |
| A3   | 275   | 6.25%, 6/01/12 .....  |
|      |       | Kroger Co.,   |
| BBB  | 650   | 6.80%, 4/01/11 .....  |
| BBB  | 550   | Ser. B, 7.70%, 6/01/29 .....                                  |
| BB-  | 3,000 | Levi Strauss & Co., 12.25%, 12/15/12(3) .....                 |
| B2   | 3,000 | National Wine & Spirits, Inc., 10.125%, 1/15/09 .....         |
| B-   | 1,000 | Pantry, Inc., The, 10.25%, 10/15/07 .....                     |

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION  |
|------------|------------------------------|--|
|            |                              | CONTAINERS & GLASS--0.6%   |
| B          | \$ 1,000                     | Crown European Holdings SA, 10.875%, 3/01/13 (France) (3) .....        |
| BB         | 1,500                        | Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 .....            |
|            |                              | ECOLOGICAL SERVICES & EQUIPMENT--1.3%                                  |
| B+         | 5,000                        | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 .....                   |
|            |                              | ELECTRONICS--1.2%  |
| B+         | 2,000                        | FIMEP SA, 10.50%, 2/15/13 (France) (3) .....                           |
| CCC-       | 2,500                        | Knowles Electronics Holdings, Inc., 13.125%, 10/15/09 .....            |
| B          | 1,000                        | Stoneridge, Inc., 11.50%, 5/01/12 .....                                |
|            |                              | ENERGY--7.8%   |
|            |                              | Amerada Hess Corp.,  |
| BBB        | 625                          | 7.125%, 3/15/33 .....  |
| BBB        | 350                          | 7.30%, 8/15/31 .....   |
| BBB+       | 765(2)                       | Anadarko Petroleum Corp., 5.375%, 3/01/07 .....                        |
| B2         | 3,500                        | Baytex Energy Ltd., 10.50%, 2/15/11 (Canada) .....                     |
| B+         | 1,000                        | Calpine Canada Energy Finance ULC, 8.50%, 5/01/08 (Canada) .....       |
| BB-        | 1,250                        | Chesapeake Energy Corp., 9.00%, 8/15/12 .....                          |
| BB         | 1,000                        | Compagnie Generale De Geophysique SA, 10.625%, 11/15/07 (France) ..... |
| A-         | 1,000                        | Conoco Funding Co., 5.45%, 10/15/06 (Canada) .....                     |
| A-         | 1,220                        | Conoco, Inc., 6.95%, 4/15/29 .....                                     |
| A-         | 950                          | ConocoPhillips, 5.90%, 10/15/32 .....                                  |
| BBB        | 550                          | Devon Energy, Corp., 7.95%, 4/15/32 .....                              |
| BBB        | 140                          | Devon Financing Corp. ULC, 7.875%, 9/30/31 .....                       |
| BBB+       | 1,500                        | Dominion Resources, Inc., Ser. E, 6.75%, 12/15/32 .....                |
| B          | 3,000                        | Dresser, Inc., 9.375%, 4/15/11 .....                                   |
|            |                              | DTE Energy Co.,  |
| BBB        | 250                          | 6.00%, 6/01/04 .....   |
| BBB        | 660                          | 6.45%, 6/01/06 .....   |
| A-         | 1,165                        | Duke Energy Corp., 5.625%, 11/30/12 .....                              |
| B+         | 265                          | El Paso Natural Gas Co., 8.375%, 6/15/32(3) .....                      |
| BBB+       | 805                          | Exelon Corp., 6.75%, 5/01/11 .....                                     |
| Baa2       | 530                          | FirstEnergy Corp., Ser. C, 7.375%, 11/15/31 .....                      |
| A1         | 1,520                        | Florida Power Corp., 4.80%, 3/01/13 .....                              |
|            |                              | Kinder Morgan Energy Partners LP,                                      |
| BBB+       | 870                          | 7.30%, 8/15/33 .....   |
| BBB+       | 185                          | 7.75%, 3/15/32 .....   |
| BBB        | 930                          | Kinder Morgan, Inc., 7.25%, 3/01/28 .....                              |
| BB-        | 2,000                        | Leviathan Gas Pipeline Partners LP, Ser. B, 10.375%, 6/01/09 .....     |
| BBB+       | 360                          | Occidental Petroleum Corp., 7.20%, 4/01/28 .....                       |
| BBB+       | 350                          | Oncor Electric Delivery Co., 7.25%, 1/15/33(3) .....                   |

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|                          |       |   |
|--------------------------|-------|---|
| Baa1                     | 1,650 | Petroleos Mexicanos, 9.375%, 12/02/08 (Mexico) .....          |
| BBB                      | 110   | Progress Energy, Inc., 5.85%, 10/30/08 .....                  |
| A-                       | 500   | Texas Eastern Transmission LP, 7.00%, 7/15/32 .....           |
| A3                       | 725   | Virginia Electric & Power Co., Ser. A, 5.75%, 3/31/06 .....   |
| FINANCE & BANKING--14.3% |       |   |
| AA+                      | 1,000 | 2 American General Instl. Capital A, 7.57%, 12/01/45(3) ..... |
| AAA                      | 1,550 | 2 Asif Global Financing XVIII, 3.85%, 11/26/07(3) .....       |
| Aa3                      | 150   | Bank of America Corp., 7.40%, 1/15/11 .....                   |
| Aa3                      | 640   | 7.80%, 2/15/10 .....  |
| Aa2                      | 325   | Bank One NA, 3.70%, 1/15/08 .....                             |
| Aa3                      | 800   | Barclays Bank PLC, 6.86%, 9/29/49 (United Kingdom) (3) .....  |
| AA+                      | 1,060 | Citigroup, Inc., 5.75%, 5/10/06 .....                         |
| AA                       | 1,700 | 5.875%, 2/22/33 .....   |
| AA                       | 2,465 | 7.25%, 10/01/10 .....   |
| Aa3                      | 290   | Credit Suisse First Boston USA, Inc., 6.125%, 11/15/11 .....  |
| AAA                      | 1,875 | Federal Home Loan Mortgage Corp., 3.50%, 4/01/08 .....        |
| AAA                      | 3,370 | 4.875%, 3/15/07 .....   |
| AAA                      | 3,515 | 7.00%, 3/15/10 .....  |

See Notes to Financial Statements.

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| RATING (1)                  | PRINCIPAL AMOUNT (000) | DESCRIPTION   |
|-----------------------------|------------------------|---|
| FINANCE & BANKING--(CONT'D) |                        |   |
| AAA                         | \$ 1,450               | Federal National Mortgage Assoc., 5.00%, 1/15/07 .....        |
| AAA                         | 6,630 (2)              | 6.00%, 5/15/08 - 5/15/11 .....                                |
| AAA                         | 635                    | 7.25%, 1/15/10 .....  |
| A1                          | 610                    | FleetBoston Financial Corp., Ser. T, 4.20%, 11/30/07 .....    |
| A3                          | 3,355                  | Ford Motor Credit Co., 7.375%, 10/28/09 - 2/01/11 .....       |
| A3                          | 505                    | 7.875%, 6/15/10 .....   |
| AAA                         | 620                    | General Electric Capital Corp., Ser. A, 5.875%, 2/15/12 ..... |
| AAA                         | 2,775                  | 6.00%, 6/15/12 .....  |
| AAA                         | 580                    | 6.125%, 2/22/11 .....   |
| A2                          | 2,969                  | General Motors Acceptance Corp., 6.875%, 9/15/11 .....        |
| A2                          | 1,130                  | 8.00%, 11/01/31 .....   |
| Aa3                         | 370                    | Goldman Sachs Group, Inc., 6.125%, 2/15/33 .....              |
| AA-                         | 355                    | 6.60%, 1/15/12 .....  |

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|      |       |  |
|------|-------|--|
| AA-  | 190   | 6.875%, 1/15/11 .....  |
| AA-  | 135   | 7.35%, 10/01/09 .....  |
| A    | 1,760 | Household Finance Corp., 6.375%, 8/01/10 - 11/27/12 .....    |
| Aa2  | 1,750 | ING Bank NV, 5.125%, 5/01/15 (Netherlands)(3) .....          |
| A-   | 550   | John Deere Capital Corp., 5.10%, 1/15/13 .....               |
| A    | 1,155 | JP Morgan Chase & Co., 6.75%, 2/01/11 .....                  |
|      |       | Lehman Brothers Holdings, Inc.,                              |
| A    | 295   | 4.00%, 1/22/08 .....   |
| A+   | 810   | 6.25%, 5/15/06 .....   |
|      |       | MetLife, Inc.,   |
| A    | 300   | 6.125%, 12/01/11 .....                                       |
| A    | 1,175 | 6.50%, 12/15/32 .....  |
|      |       | Morgan Stanley,  |
| Aa3  | 130   | 5.30%, 3/01/13 .....   |
| AA-  | 285   | 6.75%, 4/15/11 .....   |
| A+   | 1,000 | Prudential Funding LLC, 6.60%, 5/15/08(3) .....              |
|      |       | Sears Roebuck Acceptance Corp.,                              |
| BBB+ | 725   | 6.75%, 8/15/11 .....   |
| BBB+ | 960   | 7.00%, 6/01/32 .....   |
| AAA  | 1,875 | Tiaa Global Markets, Inc., 3.875%, 1/22/08(3) .....          |
| Aa3  | 610   | U.S. Bancorp, Ser. N, 3.95%, 8/23/07 .....                   |
|      |       | FOREST PRODUCTS--1.9%  |
| Ba2  | 3,425 | Caraustar Industries, Inc., 9.875%, 4/01/11 .....            |
| BBB  | 725   | International Paper Co., 5.30%, 4/01/15(3) .....             |
|      |       | Weyerhaeuser Co.,  |
| BBB  | 160   | 6.00%, 8/01/06 .....   |
| BBB  | 400   | 6.125%, 3/15/07 .....  |
| BBB  | 900   | 6.875%, 12/15/33 .....                                       |
| BBB  | 1,060 | 6.95%, 10/01/27 .....  |
| BBB  | 745   | 7.375%, 3/15/32 .....  |
|      |       | HEALTH CARE--2.0%  |
| AA   | 425   | Bristol-Myers Squibb Co., 4.75%, 10/01/06 .....              |
| B-   | 3,000 | Hanger Orthopedic Group, Inc., 11.25%, 6/15/09 .....         |
| Caa2 | 2,000 | HealthSouth Corp., 7.625%, 6/01/12 .....                     |
| AAA  | 500   | Pharmacia Corp., 6.50%, 12/01/18 .....                       |
| B-   | 2,000 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 ..... |
| A-   | 525   | Wellpoint Health Networks, Inc., 6.375%, 6/15/06 .....       |
|      |       | HOTELS & CASINO--1.2%  |
| B+   | 1,000 | Circus & Eldorado Joint Venture, 10.125%, 3/01/12 .....      |
| Ba3  | 3,000 | HMH Properties, Inc., Ser. A, 7.875%, 8/01/05 .....          |
| B    | 1,000 | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 .....    |

See Notes to Financial Statements.

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
|            |                              | INDUSTRIAL EQUIPMENT--1.2%  |
| B          | \$ 3,000                     | Terex Corp., 9.25%, 7/15/11 .....                                       |
| B+         | 2,000                        | United Rentals, Inc., Ser. B, 9.25%, 1/15/09 .....                      |
|            |                              | LEISURE--0.7%   |
| BB+        | 3,000                        | Royal Caribbean Cruises Ltd., 8.125%, 7/28/04 (Liberia) .....           |
|            |                              | MEDIA--5.8%   |
| B1         | 4,000                        | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) ..... |
|            |                              | AOL Time Warner, Inc.,  |
| BBB+       | 80                           | 6.125%, 4/15/06 .....   |
| BBB+       | 525                          | 7.625%, 4/15/31 .....   |
| CCC-       | 4,000                        | Charter Communications Holdings LLC, 10.75%, 10/01/09 .....             |
|            |                              | Comcast Cable Communications, Inc.,                                     |
| BBB        | 450                          | 6.75%, 1/30/11 .....  |
| BBB        | 1,050                        | 6.875%, 6/15/09 .....   |
| BBB        | 4,175                        | Comcast Corp., 5.50%, 3/15/11 .....                                     |
| BB-        | 4,000                        | EchoStar DBS Corp., 10.375%, 10/01/07 .....                             |
|            |                              | Time Warner, Inc.,  |
| BBB+       | 90                           | 6.625%, 5/15/29 .....   |
| BBB+       | 260                          | 6.875%, 6/15/18 .....   |
| BBB+       | 4,380                        | 7.57%, 2/01/24 .....  |
| BBB+       | 360                          | Turner Broadcasting Systems, Inc., 8.375%, 7/01/13 .....                |
|            |                              | REAL ESTATE--0.9%   |
| BBB+       | 775                          | AvalonBay Communities, Inc., 8.25%, 7/15/08 .....                       |
|            |                              | ERP Operating LP,   |
| A-         | 1,950                        | 5.20%, 4/01/13 .....  |
| A-         | 825                          | 6.95%, 3/02/11 .....  |
|            |                              | TELECOMMUNICATION--4.6%   |
| AA-        | 170                          | Ameritech Capital Funding Corp., 6.45%, 1/15/18 .....                   |
| BBB+       | 1,320                        | AT&T Corp., 8.50%, 11/15/31 .....                                       |
| A-         | 1,000                        | British Telecommunications PLC, 8.875%, 12/15/30 (United Kingdom) ..... |
| BBB+       | 1,060                        | Deutsche Telekom Intl. Finance BV, 8.50%, 6/15/10 (Netherlands) .....   |
|            |                              | Nextel Communications, Inc.,  |
| B+         | 2,000                        | 9.375%, 11/15/09 .....  |
| B+         | 3,000                        | 9.50%, 2/01/11 .....  |
| CCC+       | 3,000                        | Rural Cellular Corp., Ser. B, 9.625%, 5/15/08 .....                     |
| AA-        | 2,030                        | SBC Communications, Inc., 6.25%, 3/15/11 .....                          |
| A+         | 805                          | Verizon Global Funding Corp., 7.75%, 12/01/30 - 6/15/32 .....           |
| AA         | 375                          | Verizon Maryland, Inc., 6.125%, 3/01/12 .....                           |
| AA         | 1,750                        | Verizon New Jersey, Inc., Ser. A, 5.875%, 1/17/12 .....                 |
| Aa3        | 790                          | Verizon Pennsylvania, Inc., Ser. A, 5.65%, 11/15/11 .....               |
| A          | 350                          | Vodafone Group PLC, 6.25%, 11/30/32 (United Kingdom) .....              |

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|                                     |        |   |
|-------------------------------------|--------|---|
|                                     |        | TRANSPORTATION--2.0%  |
| BBB-                                | 362    | American Airlines, Inc., Ser. 1, 6.855%, 10/15/10 .....       |
| BBB+                                | 1,400  | Burlington Northern Santa Fe Corp., 5.90%, 7/01/12 .....      |
| BBB+                                | 1,410  | Canadian National Railway Co., 6.90%, 7/15/28 (Canada) .....  |
| BBB                                 | 1,450  | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) ..... |
| A-                                  | 636    | Continental Airlines, Inc., Ser. A, 6.545%, 2/02/19 .....     |
| Baal                                | 375    | Norfolk Southern Corp., 7.05%, 5/01/37 .....                  |
| B                                   | 2,000  | Pacer Intl., Inc., Ser. B, 11.75%, 6/01/07 .....              |
|                                     |        |   |
|                                     |        | OTHER--5.4%   |
| A-                                  | 20,300 | Traded Custody Receipts, Floating Coupon, 9/15/11(3) .....    |
|                                     |        |   |
| TOTAL CORPORATE BONDS .....         |        |   |
|                                     |        |   |
| TAXABLE MUNICIPAL BONDS--1.4%       |        |   |
|                                     |        | California Dept. of Wtr. Res. Pwr. Sply.,                     |
| A-                                  | 5,000  | 3.585%, 5/01/04 .....   |
| A-                                  | 650    | 3.975%, 5/01/05 .....   |
|                                     |        |   |
| Total Taxable Municipal Bonds ..... |        |   |

See Notes to Financial Statements.

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| RATING (1)   | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION                                      |
|--|------------------------------|--|
| -----  |                              |  |
|  |                              | FOREIGN GOVERNMENT BONDS--11.8%                  |
| Aaa  | \$19,503                     | Bundesobligation, 4.50%, 8/17/07 (Germany) ..... |
|  |                              | Canada Government (Canada)                       |
| AAA  | 7,545                        | 4.50%, 9/01/07 .....                             |
| AAA  | 12,790                       | 5.25%, 6/01/12 .....                             |
|  |                              | Kingdom of Sweden (Sweden)                       |
| Aaa  | 17,740                       | 5.00%, 1/28/09 .....                             |
| Aaa  | 22,455                       | 8.00%, 8/15/07 .....                             |
|  |                              | United Mexican States (Mexico)                   |
| Baa2   | 350                          | 4.625%, 10/08/08 .....                           |
| Baa2   | 24,000                       | 6.625%, 3/03/15 .....                            |
| Baa2   | 1,225                        | 8.30%, 8/15/31 .....                             |
|  |                              |  |
| Total Foreign Government Bonds .....                   |                              |  |
|  |                              |  |
| Total Long-Term Investments (cost \$572,125,325) ..... |                              |  |



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|       |   |
|-------|---|
|       | SHORT-TERM INVESTMENTS--3.6%                                    |
|       | U.S. GOVERNMENT SECURITIES--1.2%                                |
|       | U.S. Treasury Bills,  |
| 4,000 | 1.09%, 7/31/03 - 8/07/03 .....                                  |
| 200   | 1.115%, 5/22/03 .....   |
| 500   | 1.155%, 5/01/03 .....   |
|       | Total U.S. Government Securities .....                          |
|       | DISCOUNT NOTES--2.4%  |
| 9,200 | Federal Home Loan Bank, 1.25%, 5/01/03 .....                    |
| 800   | Federal Home Loan Mortgage Corp., Ser. RB, 1.14%, 7/03/03 ..... |
|       | Total Discount Notes .....                                      |
|       | Total Short-Term Investments (cost \$14,686,744) .....          |
|       | TOTAL INVESTMENTS--146.1% (cost \$586,812,069) .....            |
|       | LIABILITIES IN EXCESS OF OTHER ASSETS--(46.1)% .....            |
|       | NET ASSETS--100% .....  |

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
  - (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 9.4% of its net assets, with a current market value of \$39,084,672, in securities restricted as to resale.

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

-----  
BlackRock High Yield Trust  
-----

|           | PRINCIPAL<br>AMOUNT |             |
|-----------|---------------------|-------------|
| RATING(1) | (000)               | DESCRIPTION |

-----

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|      |          |  |
|------|----------|--|
|      |          | LONG-TERM INVESTMENTS--140.9%                              |
|      |          | CORPORATE BONDS--140.9%                                    |
|      |          | AEROSPACE & DEFENSE--2.8%                                  |
| B-   | \$ 1,000 | BE Aerospace, Inc., 9.50%, 11/01/08 .....                  |
| NR   | 1,500    | Condor Systems Inc., Ser. B, 11.88%, 5/01/09(2) .....      |
|      |          | AUTOMOTIVE--6.4%   |
| B    | 1,000    | CSK Auto, Inc., 12.00%, 6/15/06 .....                      |
| B3   | 1,000    | Delco Remy Intl., Inc., 11.00%, 5/01/09 .....              |
| B+   | 1,000    | Sonic Automotive, Inc., Ser. D, 11.00%, 8/01/08 .....      |
|      |          | BASIC MATERIALS--1.2%                                      |
| NR   | 2,000    | Golden Northwest Aluminum Inc., 12.00%, 12/15/06 .....     |
| NR   | 376      | Republic Engineered Products LLC, 10.00%, 8/16/09(3) ..... |
| NR   | 2,000    | Republic Technologies Intl. LLC, 13.75%, 7/15/092 .....    |
|      |          | BUILDING & DEVELOPMENT--11.2%                              |
| B-   | 1,500    | Ainsworth Lumber Co. Ltd., 12.50%, 7/15/07 (Canada) .....  |
| Bal  | 1,000    | D.R. Horton, Inc., 10.50%, 4/01/05 .....                   |
| D    | 500      | Encompass Services Corp., 10.50%, 5/01/09(2) .....         |
| BB   | 1,000    | Hovnanian Enterprises, Inc., 10.50%, 10/01/07 .....        |
| B2   | 1,000    | MMI Products Inc., Ser. B, 11.25%, 4/15/07 .....           |
|      |          | CHEMICAL--7.9%   |
| B-   | 250      | Avecia Group PLC, 11.00%, 7/01/09 (United Kingdom) .....   |
| Ba2  | 1,000    | Hercules Inc., 11.13%, 11/15/07 .....                      |
| B+   | 1,000    | Lyondell Chemical Co., 10.88%, 5/01/09 .....               |
| CCC  | 1,750    | Mississippi Chemical Corp., 7.25%, 11/15/17 .....          |
| Ba3  | 1,000    | Solutia, Inc., 11.25%, 7/15/09 .....                       |
|      |          | CONGLOMERATES--2.3%  |
| B-   | 500      | MSX Intl., Inc., 11.38%, 1/15/08 .....                     |
| NR   | 1,200    | Nebco Evans Holding Co., 12.375%, 7/15/07(2,3) .....       |
| B    | 1,000    | Penhall Intl., Inc., 12.00%, 8/01/06 .....                 |
|      |          | CONSUMER PRODUCTS--26.7%                                   |
| BB+  | 1,000    | American Greetings Corp., 11.75%, 7/15/08 .....            |
| B    | 1,000    | Elizabeth Arden, Inc., Ser. B, 11.75%, 2/01/11 .....       |
| BB-  | 1,000    | Levi Strauss & Co., 11.63%, 1/15/08 .....                  |
| NR   | 1,000    | Mattress Discounters Corp., 12.63%, 7/15/07(2) .....       |
| B3   | 464      | National Vision Inc., 12.00%, 3/30/09 .....                |
| CCC+ | 1,760    | O'Sullivan Industries Inc., 13.38%, 10/15/09 .....         |
| B-   | 1,100    | Pantry, Inc., The, 10.25%, 10/15/07 .....                  |
|      |          | Revlon Consumer Products Corp.,                            |
| CCC- | 2,000    | 8.63%, 2/01/08 .....                                       |
| CCC+ | 1,000    | 12.00%, 12/01/05 .....                                     |
| B    | 1,000    | Salton, Inc., 12.25%, 4/15/08 .....                        |
| B+   | 1,000    | Sbarro, Inc., 11.00%, 9/15/09 .....                        |
| B-   | 1,000    | St. John Knits Intl., Inc., 12.50%, 7/01/09 .....          |

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|      |       |  |
|------|-------|--|
|      |       | CONTAINERS & GLASS--4.7%                             |
| B    | 1,000 | Radnor Holdings Inc., 11.00%, 3/15/10(4) .....       |
| CCC+ | 1,500 | U.S. Can Co., Ser. B, 12.38%, 10/01/10 .....         |
|      |       | ECOLOGICAL SERVICES & EQUIPMENT--2.5%                |
| B+   | 1,000 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 ..... |

See Notes to Financial Statements.

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
|            |                              | ELECTRONICS--12.3%  |
| B          | \$ 1,788                     | Asat Finance LLC, 12.50%, 11/01/06 .....                                  |
| B3         | 1,000                        | Communications & Power Industry Inc., 12.00%, 8/01/05 .....               |
| CCC-       | 2,500                        | Knowles Electronics Holdings, Inc., 13.125%, 10/15/09 .....               |
| B          | 825                          | ON Semiconductor Corp., 12.00%, 3/15/104 .....                            |
|            |                              | ENERGY--8.4%  |
| B-         | 1,000                        | AES Corp., 8.38%, 8/15/07 .....   |
| B+         | 1,000                        | Calpine Corp., 10.50%, 5/15/06 .....                                      |
| B-         | 1,000                        | Mission Energy Holding Co., 13.50%, 7/15/08 .....                         |
| B3         | 1,000                        | Orion Power Holdings Inc., 12.00%, 5/01/10 .....                          |
|            |                              | FARMING & AGRICULTURE--0.8%   |
| NR         | 1,000                        | Precision Partners Inc., 12.00%, 3/15/09(2) .....                         |
|            |                              | FINANCE & BANKING--12.9%  |
| NR         | 500                          | Ameriserve Finance Capital Corp., 12.00%, 9/15/06(2,4) .....              |
| Ba2        | 1,000                        | Capital Guardian High Yield, CBO, Ltd., Ser. 1A, 11.45%, 5/24/13(4) ..... |
| BB         | 1,000                        | Fairfax Financial Holdings Ltd., 6.88%, 4/15/08 .....                     |
| Ba3        | 2,500                        | First Dominion Funding II, Ser. 1A, 11.61%, 4/25/14(4) .....              |
| CCC+       | 1,000                        | Madison River Capital Corp., 13.25%, 3/01/10 .....                        |
| B1         | 2,000                        | Zais Investment Grade Ltd., Class C, Pay-in-Kind, 9.95%, 9/23/14(4) ..... |
|            |                              | FOREST PRODUCTS--2.4%   |
| B+         | 1,000                        | FiberMark Inc., 10.75%, 4/15/11 .....                                     |

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|      |       |   |
|------|-------|---|
|      |       | HEALTH CARE--4.9%   |
| B-   | 1,000 | Concentra Operating Corp., Ser. B, 13.00%, 8/15/09 .....                |
| B-   | 1,000 | Medquest Inc., Ser. B, 11.88%, 8/15/12 .....                            |
|      |       | INDUSTRIAL EQUIPMENT--1.4%  |
| CC   | 2,000 | National Equipment Services Inc., Ser. D, 10.00%, 11/30/04 .....        |
|      |       | MEDIA--14.0%  |
| B1   | 2,000 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) ..... |
|      |       | Charter Communications Holdings LLC,                                    |
| CCC- | 1,000 | 10.75%, 10/01/09 .....  |
| CCC- | 1,000 | 11.13%, 1/15/11 .....   |
| B-   | 1,000 | WRC Media Corp., 12.75%, 11/15/09 .....                                 |
| Caal | 980   | XM Satellite Radio Inc., 14.00%, 3/15/10 .....                          |
| NR   | 607   | Ziff Davis Media Inc., Ser. B, 13.00%, 8/12/09 .....                    |
|      |       | TELECOMMUNICATION--6.2%   |
| C    | 1,500 | Allegiance Telecom Inc., 12.88%, 5/15/08 (Canada) (2) .....             |
| NR   | 2,000 | Asia Global Crossing Ltd., 13.38%, 10/15/10 (United Kingdom) (2) .....  |
| B+   | 1,000 | Nextel Communications Inc., 12.00%, 11/01/08 .....                      |
| NR   | 1,000 | Northeast Optic, 12.75%, 8/15/08(2) .....                               |
| NR   | 600   | PF.Net Communications, Inc., 13.75%, 5/15/10(2) .....                   |
| B3   | 1,000 | Time Warner Telecom LLC, 9.75%, 7/15/08 .....                           |
|      |       | TRANSPORTATION--11.9%   |
|      |       | Amtran Inc.,  |
| CCC  | 2,000 | 9.63%, 12/15/05 .....   |
| CCC  | 1,000 | 10.50%, 8/01/04 .....   |
| B    | 2,000 | Pacer Intl., Inc., Ser. B, 11.75%, 6/01/07 .....                        |
| B1   | 1,000 | Sea Containers Ltd., Ser B, 10.75%, 10/15/06 (United Kingdom) .....     |
| BB-  | 1,000 | TFM SA de CV, 12.50%, 6/15/12 (Mexico) .....                            |
|      |       | Total Corporate Bonds--140.9% (cost \$77,043,025) .....                 |

See Notes to Financial Statements.

| RATING (1) | SHARES | DESCRIPTION |
|------------|--------|-------------|
|------------|--------|-------------|

---

PREFERRED STOCK--0.0%

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|    |       |  |
|----|-------|--|
|    |       | TELECOMMUNICATION--0.0%  |
| NR | 1,098 | Adelphia Business Solutions, Inc., Ser. B, 12.88%, 10/15/07 (cost \$925,57 |
|    |       |  |
|    | UNITS | WARRANTS--0.0%   |
|    | ----- |  |
|    | 1,000 | Mattress Discounters Corp., Expires 7/15/072 .....                         |
|    | 600   | PF.Net Communications, Inc., Expires 5/15/102 .....                        |
|    | 2,000 | Republic Technologies Intl. Inc., Expires 7/15/092 .....                   |
|    |       |  |
|    |       | TOTAL WARRANTS (cost \$377,115) .....                                      |
|    |       |  |
|    |       | TOTAL INVESTMENTS--140.9% (cost \$78,345,716) .....                        |
|    |       | LIABILITIES IN EXCESS OF OTHER ASSETS--(40.9)% .....                       |
|    |       |  |
|    |       | NET ASSETS--100% .....   |

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Issuer is technically in default.
  - (3) Security is fair valued.
  - (4) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 13.4% of its net assets, with a current market value of \$5,575,700, in securities restricted as to resale.

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

-----  
BlackRock Income Opportunity Trust  
-----

|            | PRINCIPAL<br>AMOUNT |                               |
|------------|---------------------|-------------------------------|
| RATING (1) | (000)               | DESCRIPTION                   |
|            |                     | LONG-TERM INVESTMENTS--140.2% |
|            |                     | MORTGAGE PASS-THROUGHS--51.8% |

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|     |              |   |  |
|-----|--------------|---|--|
|     | \$ 49,273(2) | Federal Home Loan Mortgage Corp., 6.50%, 1/01/26 - 11/01/32 .....           |  |
|     |              | Federal National Mortgage Assoc.,   |  |
|     | 109,469(2)   | 5.50%, 12/01/13 - 2/01/33 .....   |  |
|     | 50,321(2)    | 6.00%, 12/01/09 - 11/01/32 .....  |  |
|     | 1,173        | 7.00%, 2/01/24 - 1/01/29 .....  |  |
|     | 408          | Government National Mortgage Assoc., 8.00%, 4/15/24 - 11/15/25 .....        |  |
|     |              | Total Mortgage Pass-Throughs .....  |  |
|     |              | FEDERAL HOUSING ADMINISTRATION--4.4%  |  |
|     |              | GMAC Projects,  |  |
|     | 1,314        | Ser. 37, 7.43%, 10/01/22 .....  |  |
|     | 631          | Ser. 44, 7.43%, 8/01/22 .....   |  |
|     |              | Merrill Projects,   |  |
|     | 1,044        | Ser. 29, 7.43%, 6/01/22 .....   |  |
|     | 10,266       | Ser. 42, 7.43%, 9/01/22 .....   |  |
|     | 2,017        | Reilly Project, Series B-11, 7.40%, 4/01/21 .....                           |  |
|     | 2,051        | Westmore Project 8240, 7.25%, 4/01/21 .....                                 |  |
|     |              | Total Federal Housing Administration .....                                  |  |
|     |              | NON-AGENCY MULTIPLE CLASS MORTGAGE PASS-THROUGH--0.1%                       |  |
| AAA | 353          | Summit Mortgage Trust, Ser. 1, Class B1, 12/28/12(3) .....                  |  |
|     |              | ADJUSTABLE RATE MORTGAGE SECURITIES--0.1%                                   |  |
|     | 280          | Federal National Mortgage Assoc., Ser. 256, Class F, 11/25/23 .....         |  |
|     |              | INVERSE FLOATING RATE MORTGAGES--1.0%                                       |  |
|     |              | Federal Home Loan Mortgage Corp.,   |  |
|     | 844          | Ser. 1601, Class SE, 10/15/08 .....   |  |
|     | 1,000(2)     | Ser. 1611, Class JC, 8/15/23 .....  |  |
|     |              | Federal National Mortgage Assoc.,   |  |
|     | 1,808(2)     | Ser. 23, Class PS, 4/25/23 .....  |  |
|     | 196          | Ser. 87, Class S, 8/25/21 .....   |  |
|     | 101          | Ser. 145, Class S, 10/25/06 .....   |  |
|     |              | Total Inverse Floating Rate Mortgages .....                                 |  |
|     |              | INTEREST ONLY MORTGAGE-BACKED SECURITIES--1.3%                              |  |
|     |              | BA Mortgage Securities, Inc.,   |  |
|     | 1,596        | Ser. 1, Class A7, 3/25/29 .....   |  |
|     | 179          | Ser. 1, Class X, 7/25/26 .....  |  |
|     | 264          | Ser. 1, Class 2X, 5/28/13 .....   |  |
|     | 27,030       | Countrywide Home Loans, Inc., Ser. 6, Class X, 6/25/13 .....                |  |
|     |              | Federal Home Loan Mortgage Corp.,   |  |
|     | 1,192        | Ser. 1223, Class H, 3/15/22 .....   |  |
|     | 856          | Ser. 1254, Class Z, 4/15/22 .....   |  |
|     | 105          | Ser. 1644, Class DA, 12/15/23 .....   |  |
|     | 6,975        | Ser. 1809, Class SC, 12/15/23 .....   |  |
|     | 1,899        | Ser. 1831, Class PG, 3/15/11 .....  |  |
|     | 1,957        | Ser. 2080, Class PL, 1/15/27 .....  |  |
|     | 253          | Ser. 2137, Class CI, 10/15/26 .....   |  |
|     |              | Federal National Mortgage Assoc.,   |  |
|     | 15           | Ser. G46, Class H, 12/25/09 .....   |  |
|     | 307          | Ser. G92-5, Class H, 1/25/22 .....  |  |
|     | 1,681        | Ser. 7, Class PH, 4/25/11 .....   |  |
|     | 10,300       | Ser. 16, Class IW, 11/25/12 .....   |  |
|     | 1,727        | Ser. 50, Class SI, 4/25/23 .....  |  |
|     | 6,400        | Ser. 70, Class IN, 5/25/15 .....  |  |
|     | 10,546       | G.E. Capital Mortgage Services, Inc., Ser. 11, Class A5, 7/25/29 .....      |  |
|     | 17,582       | GMAC Commercial Mortgage Securities Inc., Ser. C2, Class X, 5/15/35 .....   |  |
|     | 14,434       | Goldman Sachs Mortgage Securities Corp., Ser. 5, Class IO, 6/19/27(3) ..... |  |

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| RATING (1) | PRINCIPAL AMOUNT (000) | DESCRIPTION  |
|------------|------------------------|--|
|            |                        | INTEREST ONLY MORTGAGE-BACKED SECURITIES--(CONT'D)                         |
| \$         | 580                    | Government National Mortgage Assoc., Ser. 3, Class E, 6/16/25 .....        |
|            | 9,339                  | Hanover Grantor Trust, Ser. A, Class 1IO, 8/28/27(3) .....                 |
|            | 4,162                  | Morgan Stanley Capital 1, Inc., Ser. HF1, Class X, 7/15/29(3) .....        |
|            | 13,285                 | Prudential Home Mortgage Securities Co., Ser. 5, Class A9, 2/25/24 .....   |
|            | 14,022                 | Residential Asset Securitization Trust,<br>Ser. A3, Class X, 5/25/29 ..... |
|            | 11,932                 | Ser. A5, Class A2, 9/25/30 .....   |
|            | 521                    | Residential Funding Mortgage Securities I Inc., Ser. S30, Class A7, 12/25  |
|            | 18,958                 | Salomon Brothers Mortgage Securities VII Inc., Ser. 1, Class IO, 3/25/22   |
|            | 33,031                 | Vendee Mortgage Trust, Ser. 1, Class IO, 2/15/27 .....                     |
|            |                        | Total Interest Only Mortgage-Backed Securities .....                       |
|            |                        | PRINCIPAL ONLY MORTGAGE-BACKED SECURITIES--0.8%                            |
|            | 426(2)                 | Federal Home Loan Mortgage Corp.,<br>Ser. 1739, Class B, 2/15/24 .....     |
|            | 130                    | Ser. 1857, Class PB, 12/15/08 .....  |
|            | 1,154(2)               | Federal National Mortgage Assoc.,<br>Ser. 26, Class L, 3/25/23 .....       |
|            | 285                    | Ser. 279, Class 1, 7/01/26 .....   |
| AAA        | 5,490                  | Fund America Investors Corp., Ser. C, Class B, 4/29/30 .....               |
|            |                        | Total Principal Only Mortgage-Backed Securities .....                      |
|            |                        | U.S. GOVERNMENT AND AGENCY SECURITIES--6.5%                                |
|            | 14,968                 | Overseas Private Investment Corp., 4.30% - 7.35%, 5/29/12 .....            |
|            | 2,366                  | Small Business Administration, Ser. 20K-1, 6.95%, 11/01/16 .....           |
|            | 1,800                  | U.S. Treasury Notes,<br>3.25%, 8/15/07 .....                               |
|            | 2,100                  | 4.00%, 11/15/12 .....  |
|            | 4,200(2)               | 4.875%, 2/15/12 .....  |
|            |                        | Total U.S. Government and Agency Securities .....                          |
|            |                        | CORPORATE BONDS--73.4%   |
|            |                        | AEROSPACE & DEFENSE--1.6%  |
| B-         | 1,235                  | BE Aerospace, Inc., 9.50%, 11/01/08 .....                                  |
| BB-        | 1,500                  | L-3 Communications Corp., 7.625%, 6/15/12 .....                            |
| BBB+       | 1,250                  | Lockheed Martin Corp., 8.50%, 12/01/29 .....                               |
| BBB-       | 1,000                  | Northrop Grumman Corp., 7.125%, 2/15/11 .....                              |
| BBB-       | 1,200                  | Raytheon Co., 6.15%, 11/01/08 .....  |

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|     |       |   |
|-----|-------|---|
|     |       | AUTOMOTIVE--2.3%  |
| B   | 2,000 | Asbury Automotive Group, Inc., 9.00%, 6/15/12 .....       |
| BB+ | 1,500 | Autonation, Inc., 9.00%, 8/01/08 .....                    |
| BB+ | 2,000 | Briggs & Stratton Corp., 8.875%, 3/15/11 .....            |
| B+  | 3,715 | Dura Operating Corp., Ser. B, 8.625%, 4/15/12 .....       |
|     |       | BASIC MATERIAL--1.4%                                      |
| BB  | 3,000 | AK Steel Corp., 7.875%, 2/15/09 .....                     |
| A   | 2,000 | Alcoa, Inc., 7.375%, 8/01/10 .....                        |
| B+  | 1,000 | Oregon Steel Mills, Inc., 10.00%, 7/15/09 .....           |
|     |       | BUILDING & DEVELOPMENT--0.9%                              |
| B-  | 1,000 | Ainsworth Lumber Co. Ltd., 12.50%, 7/15/07 (Canada) ..... |
| Bal | 2,500 | D.R. Horton, Inc., 10.50%, 4/01/05 .....                  |
|     |       | CHEMICAL--1.9%  |
| B-  | 500   | Avecia Group PLC, 11.00%, 7/01/09 (United Kingdom) .....  |
|     |       | Dow Chemical Co.,   |
| A-  | 750   | 5.75%, 12/15/08 .....                                     |
| A-  | 1,400 | 6.00%, 10/01/12 .....                                     |
| BB  | 3,000 | Lyondell Chemical Co., 11.125%, 7/15/12 .....             |
| B   | 1,750 | Noveon, Inc., Ser. B, 11.00%, 2/28/11 .....               |
|     |       | CONGLOMERATES--1.2%                                       |
| AAA | 3,650 | General Electric Co., 5.00%, 2/01/13 .....                |
| A   | 1,300 | Honeywell, Inc., 6.125%, 11/01/11 .....                   |

See Notes to Financial Statements.

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| RATING(1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|-----------|------------------------------|---|
|           |                              | CONSUMER PRODUCTS--8.8%                             |
| B         | \$ 1,875                     | American Seafoods Group LLC, 10.125%, 4/15/10 ..... |
| A         | 2,000                        | Avery Dennison Corp., 4.875%, 1/15/13 .....         |
| B         | 2,000                        | Buffets, Inc., 11.25%, 7/15/10 .....                |



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|      |       |  |
|------|-------|--|
|      |       | General Mills, Inc.,   |
| BBB+ | 550   | 5.125%, 2/15/07 .....  |
| BBB+ | 1,700 | 6.00%, 2/15/12 .....   |
|      |       | Kellogg Co., Ser. B,   |
| BBB  | 700   | 6.00%, 4/01/06 .....   |
| BBB  | 2,000 | 6.60%, 4/01/11 .....   |
| A-   | 3,000 | Kohls Corp., 6.30%, 3/01/11 .....                                  |
| A3   | 2,000 | Kraft Foods, Inc., 5.625%, 11/01/11 .....                          |
| BBB- | 1,000 | Kroger Co., 5.50%, 2/01/13 .....                                   |
| BB-  | 2,000 | Levi Strauss & Co., 12.25%, 12/15/123 .....                        |
| AA-  | 3,000 | Procter & Gamble Co., 6.875%, 9/15/09 .....                        |
| B    | 2,000 | Roundys, Inc., Ser. B, 8.875%, 6/15/12 .....                       |
| BBB  | 2,495 | Safeway, Inc., 6.50%, 3/01/11 .....                                |
| A+   | 2,000 | Unilever Capital Corp., 7.125%, 11/01/10 .....                     |
| AA   | 3,000 | Wal-Mart Stores, Inc., 6.875%, 8/10/09 .....                       |
| BB+  | 3,000 | Yum! Brands, Inc., 8.875%, 4/15/11 .....                           |
|      |       | CONTAINERS & GLASS--1.8%   |
| B+   | 1,500 | Crown European Holdings SA, 9.50%, 3/01/11 (France)3 .....         |
| BB   | 2,250 | Owens-Brockway Glass Container, Inc., 8.875%, 2/15/09 .....        |
|      |       | Plastipak Holdings, Inc.,  |
| B+   | 1,590 | 10.75%, 9/01/11 .....  |
| B+   | 685   | 10.75%, 9/01/113 .....   |
| B    | 1,240 | Stone Container Corp., 9.25%, 2/01/08 .....                        |
|      |       | ECOLOGICAL SERVICES & EQUIPMENT--1.3%                              |
| B+   | 3,000 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 .....               |
| B    | 2,250 | Casella Waste Systems, Inc., 9.75%, 2/01/133 .....                 |
|      |       | ELECTRONICS--0.5%  |
| B-   | 1,750 | Chippac Int. Ltd., Ser. B, 12.75%, 8/01/09 .....                   |
|      |       | ENERGY--7.8%   |
| BBB  | 2,000 | Amerada Hess Corp., 6.65%, 8/15/11 .....                           |
| BBB+ | 600   | Anadarko Petroleum Corp., 5.375%, 3/01/07 .....                    |
| B2   | 500   | Baytex Energy Ltd., 10.50%, 2/15/11 (Canada) .....                 |
| BB-  | 2,500 | Chesapeake Energy Corp., 9.00%, 8/15/12 .....                      |
| A-   | 3,000 | Conoco Funding Co., 6.35%, 10/15/11 .....                          |
| BBB+ | 2,000 | Dominion Resources, Inc., 5.70%, 9/17/12 .....                     |
| B    | 2,500 | Dresser, Inc., 9.375%, 4/15/11 .....                               |
| BBB  | 1,500 | DTE Energy Co., 7.05%, 6/01/11 .....                               |
| B    | 400   | El Paso Corp., 7.875%, 6/15/123 .....                              |
| BBB+ | 3,000 | Exelon Corp., 6.75%, 5/01/11 .....                                 |
| Baa2 | 1,500 | FirstEnergy Corp., Ser. C, 7.375%, 11/15/31 .....                  |
| BBB+ | 1,250 | Kinder Morgan Energy Partners LP, 7.30%, 8/15/33 .....             |
| BBB  | 1,000 | Kinder Morgan, Inc., 6.50%, 9/01/12 .....                          |
| BB-  | 2,500 | Leviathan Gas Pipeline Partners LP, Ser. B, 10.375%, 6/01/09 ..... |
| BBB  | 1,800 | Occidental Petroleum Corp., 6.75%, 1/15/12 .....                   |
|      |       | Progress Energy, Inc.,   |
| BBB  | 1,800 | 6.75%, 3/01/06 .....   |
| BBB  | 2,000 | 7.10%, 3/01/11 .....   |
|      |       | FINANCE & BANKING--18.0%   |
| Aa3  | 2,450 | Bank of America Corp., 7.80%, 2/15/10 .....                        |

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|     |          |   |
|-----|----------|---|
| Aa3 | 1,400(2) | Bank One Corp., 6.50%, 2/01/06 .....                      |
| Aa3 | 2,000    | Barclays Bank PLC, 6.86%, 6/15/32 (United Kingdom)3 ..... |
| A   | 500      | Bear Stearns Co., Inc., 6.50%, 5/01/06 .....              |
| Aa2 | 6,000    | Citigroup, Inc., 5.625%, 8/27/12 .....                    |
|     |          | Credit Suisse First Boston USA, Inc.,                     |
| Aa3 | 700(2)   | 6.125%, 11/15/11 .....                                    |
| Aa3 | 1,000    | 7.125%, 7/15/32 .....                                     |

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| RATING (1) | PRINCIPAL AMOUNT (000) | DESCRIPTION  |
|------------|------------------------|--|
|            |                        | FINANCE & BANKING--(CONT'D)  |
|            |                        | Federal Home Loan Mortgage Corp.,                                  |
| AAA        | \$ 4,000(2)            | 4.875%, 3/15/07 .....  |
| AAA        | 4,000(2)               | 6.875%, 9/15/10 .....  |
| AAA        | 8,000(2)               | Federal National Mortgage Assoc., 4.375%, 10/15/06 - 9/15/12 ..... |
| A3         | 3,000(2)               | Ford Motor Credit Co., 6.875%, 2/01/06 .....                       |
| AAA        | 3,000                  | General Electric Capital Corp., Ser. A, 6.75%, 3/15/32 .....       |
|            |                        | General Motors Acceptance Corp.,                                   |
| A2         | 700                    | 6.75%, 1/15/06 .....   |
| A2         | 4,000                  | 6.875%, 8/28/12 .....  |
| AA-        | 1,000                  | Goldman Sachs Group, Inc., 6.60%, 1/15/12 .....                    |
| A          | 3,650                  | Household Finance Corp., 6.375%, 10/15/11 - 11/27/12 .....         |
| A-         | 2,000                  | John Deere Capital Corp., 5.10%, 1/15/13 .....                     |
|            |                        | JP Morgan Chase & Co.,   |
| A+         | 2,100                  | 5.25%, 5/30/07 .....   |
| A          | 1,000                  | 6.75%, 2/01/11 .....   |
| AAA        | 3,000                  | KFW Intl. Finance, Inc., 5.25%, 6/28/06 .....                      |
| Ba1        | 1,000                  | Labranche & Co., Inc., 12.00%, 3/02/07 .....                       |
|            |                        | Lehman Brothers Holdings, Inc.,                                    |
| A+         | 850                    | 6.25%, 5/15/06 .....   |
| A+         | 1,500                  | 6.625%, 1/18/12 .....  |
| A          | 2,000                  | MetLife, Inc., 5.375%, 12/15/12 .....                              |
|            |                        | Morgan Stanley,  |
| Aa3        | 600                    | 5.80%, 4/01/07 .....   |
| AA-        | 1,600                  | 6.75%, 4/15/11 .....   |
| AA         | 2,000                  | Northern Trust Co., 6.30%, 3/07/11 .....                           |
| BBB+       | 2,000                  | Sears Roebuck Acceptance Corp., 6.75%, 8/15/11 .....               |
| AA-        | 2,000                  | UBS Preferred Funding Trust I, 8.622%, 10/29/49 .....              |
| Aa2        | 2,000                  | Wells Fargo Bank, 7.55%, 6/21/10 .....                             |
|            |                        | FOREST PRODUCTS--1.8%  |
| Ba2        | 2,000                  | Caraustar Industries, Inc., 9.875%, 4/01/11 .....                  |
| BB+        | 2,500                  | Tembec Industries, Inc., 8.50%, 2/01/11 (Canada) .....             |
|            |                        | Weyerhaeuser Co.,  |

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|      |       |   |
|------|-------|---|
| BBB  | 1,550 | 5.95%, 11/01/08 .....   |
| BBB  | 1,000 | 6.75%, 3/15/12 .....  |
|      |       | HEALTH CARE--1.4%   |
| AA   | 1,000 | Bristol Myers Squibb Co., 5.75%, 10/01/11 .....                         |
| B-   | 1,200 | Concentra Operating Corp., Ser. B, 13.00%, 8/15/09 .....                |
| Caa2 | 3,000 | HealthSouth Corp., 7.00%, 6/15/084 .....                                |
| BB+  | 1,500 | Omnicare, Inc., Ser. B, 8.125%, 3/15/11 .....                           |
|      |       | HOTELS & CASINO--4.8%   |
| B+   | 2,100 | Argosy Gaming Co., 10.75%, 6/01/09 .....                                |
| B+   | 2,000 | Boyd Gaming Corp., 8.75%, 4/15/12 .....                                 |
| B    | 2,000 | Extended Stay America, Inc., 9.875%, 6/15/11 .....                      |
| B    | 1,700 | Hammons John Q. Hotels LP, Ser. B, 8.875%, 5/15/12 .....                |
| B    | 1,500 | Herbst Gaming, Inc., Ser. B, 10.75%, 9/01/08 .....                      |
| Ba3  | 1,500 | HMH Properties, Inc., Ser. B, 7.875%, 8/01/08 .....                     |
| BB+  | 1,000 | MGM Mirage, Inc., 9.75%, 6/01/07 .....                                  |
| BB-  | 2,200 | Mohegan Tribal Gaming Authority, 8.75%, 1/01/09 .....                   |
| BB+  | 2,000 | Park Place Entertainment Corp., 8.875%, 9/15/08 .....                   |
| BBB- | 3,000 | Starwood Hotels & Resorts, 7.875%, 5/01/12 .....                        |
|      |       | INDUSTRIAL EQUIPMENT--1.0%  |
| B+   | 2,010 | Manitowoc, Inc., 10.50%, 8/01/12 .....                                  |
| BB-  | 2,000 | United Rentals NA, Inc., 10.75%, 4/15/08(3) .....                       |
|      |       | LEISURE--0.4%   |
| B    | 1,500 | Six Flags, Inc., 9.50%, 2/01/09 .....                                   |
|      |       | MEDIA--5.0%   |
| B1   | 2,000 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) ..... |
|      |       | AOL Time Warner, Inc.,  |
| BBB+ | 2,000 | 7.70%, 5/01/32 .....  |
| BBB+ | 3,000 | 9.125%, 1/15/13 .....   |

See Notes to Financial Statements.

| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
| CCC-       | \$ 3,000                     | MEDIA-- (CONT'D)<br>Charter Communications Holdings LLC, 10.75%, 10/01/09 ..... |

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|      |        |   |
|------|--------|---|
|      |        | Comcast Cable Communications, Inc.,   |
| BBB  | 1,000  | 6.75%, 1/30/11 .....  |
| BBB  | 1,800  | 8.875%, 5/01/17 .....   |
| BB-  | 3,000  | EchoStar DBS Corp., 10.375%, 10/01/07 .....                                 |
| B    | 1,000  | Quebecor Media, Inc., 11.125%, 7/15/11 (Canada) .....                       |
| B-   | 3,000  | WRC Media Corp., 12.75%, 11/15/09 .....                                     |
|      |        | REAL ESTATE--0.5%   |
| BBB+ | 1,000  | Avalonbay Communities, Inc., 6.625%, 9/15/11 .....                          |
| BBB+ | 800    | EOP Operating LP, 7.00%, 7/15/11 .....                                      |
|      |        | TECHNOLOGY--0.5%  |
| BB+  | 2,000  | Seagate Technology Holdings, 8.00%, 5/15/09 .....                           |
|      |        | TELECOMMUNICATION--3.9%   |
| BBB+ | 2,000  | Deutsche Telekom Intl. Finance BV, 8.50%, 6/15/10 (Netherlands) .....       |
| B3   | 1,340  | Dobson Communications Corp., 10.875%, 7/01/10 .....                         |
| B+   | 2,000  | Nextel Communications, Inc., 9.95%, 2/15/08 .....                           |
| Ba3  | 3,000  | PanAmSat Corp., 8.50%, 2/01/12 .....  |
|      |        | SBC Communications, Inc.,   |
| AA-  | 450    | 5.875%, 8/15/12 .....   |
| AA-  | 1,000  | 6.25%, 3/15/11 .....  |
| A+   | 1,000  | Verizon Global Funding Corp., 7.75%, 6/15/32 .....                          |
| Aa3  | 3,000  | Verizon Pennsylvania, Inc., Ser. A, 5.65%, 11/15/11 .....                   |
| A    | 1,000  | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) .....                   |
|      |        | TRANSPORTATION--1.9%  |
| BBB+ | 1,000  | Burlington Northern Santa Fe Corp., 5.90%, 7/01/12 .....                    |
| BBB+ | 1,000  | Canadian National Railway Co., 6.375%, 10/15/11 (Canada) .....              |
| BBB  | 1,475  | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) .....               |
| B    | 2,000  | RailAmerica Transp. Corp., 12.875%, 8/15/10 .....                           |
| BBB  | 2,000  | Union Pacific Corp., 6.125%, 1/15/12 .....                                  |
|      |        | OTHER--4.7%   |
| A3   | 17,520 | 2 Targeted Return Index Securities Trust, Ser. 10-2002, Floating Coupon, 1/ |
|      |        | Total Corporate Bonds .....   |
|      |        | FOREIGN GOVERNMENT BONDS--0.8%  |
| Baa2 | 3,000  | United Mexican States, 8.00%, 9/24/22 (Mexico) .....                        |
|      |        | TOTAL LONG-TERM INVESTMENTS (cost \$572,542,044) .....                      |
|      |        | SHORT-TERM INVESTMENT--1.8%   |
|      |        | DISCOUNT NOTE--1.8%   |
|      | 7,800  | Federal Home Loan Bank, 1.25%, 5/01/03 (cost \$7,800,000) .....             |
|      |        | Total investments before outstanding option written (cost \$580,342,044) .  |

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| NOTIONAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|-----------------------------|---|
|                             | OUTSTANDING OPTION WRITTEN--(0.1)%<br>CALL OPTION--(0.1)%                 |
| \$3,000                     | Interest Rate Swap, 5.50%, over 3 month LIBOR, expires 5/06/03 (premium r |
|                             | TOTAL INVESTMENTS, NET OF OUTSTANDING OPTION WRITTEN--141.9% .....        |
|                             | OTHER LIABILITIES IN EXCESS OF OTHER ASSETS--(41.9)% .....                |
|                             | NET ASSETS--100% .....  |

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
  - (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 7.6% of its net assets, with a current market value of \$32,019,488, in securities restricted as to resale.
  - (4) Issuer is technically in default.

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PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

-----  
BlackRock Income Trust

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| RATING (1)   | PRINCIPAL AMOUNT (000) | DESCRIPTION   |
|--------------|------------------------|---|
|              |                        | LONG-TERM INVESTMENTS--121.9%   |
|              |                        | MORTGAGE PASS-THROUGHS--52.0%   |
|              |                        | Federal Home Loan Mortgage Corp.,   |
| \$40,470 (2) |                        | 5.50%, 10/01/16 - 5/01/17 .....   |
| 271          |                        | 6.50%, 5/01/29 - 5/01/30 .....  |
| 68           |                        | 7.50%, 2/01/23 .....  |
| 253          |                        | 8.00%, 11/01/15 .....   |
| 245          |                        | 8.50%, 10/01/06 - 3/01/08 .....   |
| 554          |                        | 9.00%, 9/01/20 .....  |
|              |                        | Federal National Mortgage Assoc.,   |
| 97,777 (2)   |                        | 5.50%, 12/01/13 - 9/01/17 .....   |
| 32,338 (2)   |                        | 6.00%, 11/01/31 - 10/01/32 .....  |
| 24,324 (2)   |                        | 6.50%, 2/01/26 - 5/01/31 .....  |
| 31,002 (2)   |                        | 7.00%, 6/01/26 - 2/01/32 .....  |
| 5,336        |                        | 7.50%, 11/01/14 - 9/01/23 .....   |
| 1,171        |                        | 8.00%, 5/01/08 - 5/01/22 .....  |
| 16           |                        | 9.50%, 1/01/19 - 6/01/20 .....  |
|              |                        | Government National Mortgage Assoc.,                                      |
| 250          |                        | 7.00%, 10/15/17 .....   |
| 1,974        |                        | 7.50%, 8/15/21 - 12/15/23 .....   |
| 1,391        |                        | 8.00%, 10/15/22 - 2/15/29 .....   |
| 127          |                        | 9.00%, 6/15/18 - 9/15/21 .....  |
|              |                        | Total Mortgage Pass-Throughs .....  |
|              |                        | FEDERAL HOUSING ADMINISTRATION--5.4%                                      |
|              |                        | GMAC Projects,  |
| 2,002        |                        | Ser. 33, 7.43%, 9/01/21 .....   |
| 1,940        |                        | Ser. 46, 7.43%, 3/01/22 .....   |
| 1,093        |                        | Ser. 51, 7.43%, 2/01/23 .....   |
| 2,221        |                        | Ser. 56, 7.43%, 11/01/22 .....  |
| 490          |                        | Merrill Project, Ser. 54, 7.43%, 2/01/23 .....                            |
| 923          |                        | Reilly Project, Ser. 41, 8.767%, 12/01/18 .....                           |
|              |                        | USGI Projects,  |
| 466          |                        | Ser. 87, 7.43%, 12/01/22 .....  |
| 1,920        |                        | Ser. 99, 7.43%, 10/01/23 .....  |
| 2,482        |                        | Ser. 6302, 7.43%, 12/01/21 .....  |
| 3,894        |                        | Polaris, Ser. 982, 7.43%, 11/01/21 .....                                  |
| 6,307        |                        | Yorkville, Ser. 6094, 7.43%, 6/01/21 .....                                |
|              |                        | Total Federal Housing Administration .....                                |
|              |                        | AGENCY MULTIPLE CLASS MORTGAGE PASS-THROUGHS--3.2%                        |
|              |                        | Federal Home Loan Mortgage Corp.,   |
| 10,192       |                        | Ser. T11, Class A9, 3.068%, 1/25/28 .....                                 |
| 784          |                        | Ser. 19, Class F, 8.50%, 3/15/20 .....                                    |
|              |                        | Federal National Mortgage Assoc.,   |
| 977          |                        | Ser. 12, Class G, 4.50%, 2/25/20 .....                                    |
| 1,173        |                        | Ser. 43, Class E, 7.50%, 4/25/22 .....                                    |
| 2,500        |                        | Government National Mortgage Assoc., Ser. 33, Class PB, 6.50%, 7/20/31 .. |
|              |                        | Total Agency Multiple Class Mortgage Pass-Throughs .....                  |

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|     |       |   |
|-----|-------|---|
|     |       | NON-AGENCY MULTIPLE CLASS MORTGAGE PASS-THROUGHS--0.9%                            |
| AAA | 2,822 | Bank One, Ser. 1, Class 2A, 3/15/15 .....   |
| AAA | 561   | Prudential Home Mortgage Securities Co., Ser. 35, Class A12, 6.75%, 9/25/15 ..... |
| AAA | 1,158 | Summit Mortgage Trust, Ser. 1, Class B1, 12/28/12(3) .....                        |
|     |       | Total Non-Agency Multiple Class Mortgage Pass-Throughs .....                      |
|     |       | ADJUSTABLE RATE MORTGAGE SECURITIES--0.2%   |
|     |       | Federal National Mortgage Assoc.,   |
|     | 430   | Ser. 38, Class F, 8.325%, 4/25/21 .....   |
|     | 631   | Ser. 256, Class F, 2.844%, 11/25/23 .....   |
|     |       | Total Adjustable Rate Mortgage Securities .....                                   |

See Notes to Financial Statements.

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| RATING(1) | PRINCIPAL AMOUNT (000) | DESCRIPTION   |
|-----------|------------------------|---|
|           |                        | INVERSE FLOATING RATE MORTGAGES--10.0%  |
| AAA       | \$ 6,460               | Countrywide Mortgage-Backed Securities, Inc., Ser. D, Class A15, 1/25/09          |
|           | 157                    | Ser. 1160, Class F, 10/15/21 .....  |
|           | 294                    | Ser. 1580, Class SD, 9/15/08 .....  |
|           | 915                    | Ser. 1601, Class SE, 10/15/08 .....   |
|           | 517                    | Ser. 1608, Class SC, 11/15/23 .....   |
|           | 1,457(2)               | Ser. 1616, Class SB, 11/15/08 .....   |
|           | 4,328                  | Ser. 1688, Class S, 12/15/13 .....  |
|           | 10,536                 | Ser. 2575, Class QS, 9/15/31 .....  |
|           |                        | Federal National Mortgage Assoc.,   |
|           | 102                    | Ser. 19, Class SB, 1/25/24 .....  |
|           | 436                    | Ser. 38, Class SA, 4/25/21 .....  |
|           | 3,109                  | Ser. 79, Class SE, 1/25/22 .....  |
|           | 428                    | Ser. 87, Class S, 8/25/21 .....   |
|           | 1,920                  | Ser. 93, Class S, 5/25/08 .....   |
|           | 204                    | Ser. 129, Class SE, 8/25/08 .....   |
|           | 206                    | Ser. 145, Class S, 10/25/06 .....   |
|           | 1,651                  | Ser. 170, Class SC, 9/25/08 .....   |
|           | 4,327                  | Ser. 196, Class SC, 10/25/08 .....  |
|           | 2,173                  | Ser. 214, Class S, 12/25/08 .....   |
|           | 1,358                  | Ser. 214, Class SH, 12/25/08 .....  |
|           | 2,562                  | Ser. 247, Class SN, 12/25/23 .....  |
| AAA       | 1,911                  | Kidder Peabody Acceptance Corp., Ser. 1, Class A6, 8/25/23 .....                  |
| AAA       | 649                    | Residential Funding Mortgage Securities Inc., Ser. S36, Class A13, 10/25/15 ..... |
|           |                        | Total Inverse Floating Rate Mortgages .....                                       |
|           |                        | INTEREST ONLY MORTGAGE-BACKED SECURITIES--10.0%                                   |

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|         |   |
|---------|---|
|         | American Housing Trust,   |
| 489     | Ser. III, Class 4, 3/25/19 .....  |
| 115     | Ser. VII, Class 2, 11/25/20 .....   |
|         | BA Mortgage Securities, Inc.,   |
| 405     | Ser. 1, Class X, 7/25/26 .....  |
| 300     | Ser. 1, Class 2X, 5/28/13 .....   |
| 104,801 | Commercial Mortgage Acceptance Corp., Ser. ML1, Class IO, 12/15/30 .....  |
| 38,360  | Credit Suisse First Boston Mortgage Securities Corp. Trust, Ser. C1, Clas |
|         | Federal Home Loan Mortgage Corp.,   |
| 1,387   | Ser. G-13, Class PP, 5/25/21 .....  |
| 41,587  | Ser. G-60, Class HS, 4/25/24 .....  |
| 11,543  | Ser. 204, Class IO, 5/01/29 .....   |
| 22      | Ser. 1494, Class PL, 3/15/22 .....  |
| 2,384   | Ser. 1706, Class IA, 10/15/23 .....                                       |
| 622     | Ser. 1720, Class PK, 1/15/24 .....  |
| 18,484  | Ser. 1809, Class SC, 12/15/23 .....                                       |
| 20,310  | Ser. 1914, Class PC, 12/15/11 .....                                       |
| 22,106  | Ser. 2002, Class HJ, 10/15/08 .....                                       |
| 763     | Ser. 2037, Class IB, 12/15/26 .....                                       |
| 3,042   | Ser. 2050, Class PI, 12/15/11 .....                                       |
| 1,708   | Ser. 2063, Class PI, 4/15/12 .....  |
| 5,434   | Ser. 2080, Class PL, 1/15/27 .....  |
| 27      | Ser. 2099, Class JB, 9/15/22 .....  |
| 2,029   | Ser. 2138, Class PI, 3/15/11 .....  |
| 8,630   | Ser. 2289, Class S, 2/15/31 .....   |
| 457     | Ser. 2296, Class IO, 8/15/27 .....  |
| 6,762   | Ser. 2296, Class SA, 3/15/16 .....  |
| 7,359   | Ser. 2358, Class IB, 7/15/21 .....  |
| 6,240   | Ser. 2444, Class ST, 9/15/29 .....  |
| 9,078   | Ser. 2512, Class QS, 10/15/22 .....                                       |
| 5,101   | Ser. 2513, Class BI, 12/15/15 .....                                       |
| 4,545   | Ser. 2542, Class MX, 5/15/22 .....  |
| 5,028   | Ser. 2543, Class IM, 9/15/12 .....  |
| 11,648  | Ser. 2545, Class NI, 3/15/22 .....  |

See Notes to Financial Statements.

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
| -----      |                              |   |
|            |                              | INTEREST ONLY MORTGAGE-BACKED SECURITIES-- (CONT'D) |
|            |                              | Federal National Mortgage Assoc.,                   |
| \$         | 3                            | Ser. G-50, Class G, 12/25/21 .....                  |
|            | 790                          | Ser. G92-5, Class H, 1/25/22 .....                  |
|            | 2                            | Ser. G92-12, Class C, 2/25/22 .....                 |
|            | 2,679                        | Ser. G92-60, Class SB, 10/25/22 .....               |
|            | 3,050                        | Ser. W4, Class IO, 12/25/28 .....                   |
|            | 12,851                       | Ser. 2, Class ID, 3/25/23 .....                     |



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|         |   |
|---------|---|
| 28,816  | Ser. 16, Class PI, 11/25/12 .....   |
| 2,898   | Ser. 19, Class PI, 8/25/12 .....  |
| 48,277  | Ser. 23, Class ES, 10/25/22 .....   |
| 11,048  | Ser. 33, Class SG, 3/25/09 .....  |
| 13,508  | Ser. 37, Class SE, 10/25/22 .....   |
| 3,454   | Ser. 50, Class SI, 4/25/23 .....  |
| 3,955   | Ser. 62, Class IC, 7/25/15 .....  |
| 5,597   | Ser. 62, Class IL, 3/25/24 .....  |
| 12,371  | Ser. 68, Class SC, 1/25/24 .....  |
| 7,989   | Ser. 82, Class IR, 9/25/12 .....  |
| 49,725  | Ser. 90, Class M, 1/25/28 .....   |
| 8,070   | Ser. 199, Class SB, 10/25/23 .....  |
| 6,157   | Ser. 301, Class 2, 4/01/29 .....  |
| 11,935  | Ser. 302, Class 2, 6/01/29 .....  |
| 249     | First Boston Mortgage Securities Corp., Ser. C, Class IO, 4/25/17 .....       |
| 37,916  | GMAC Commercial Mortgage Securities, Inc., Ser. C1, Class X, 7/15/29 .....    |
| 28,694  | Goldman Sachs Mortgage Securities Corp., Ser. 5, Class IO, 6/19/27(3) .....   |
| 1,632   | Government National Mortgage Assoc., Ser. 7, Class PS, 1/20/28 .....          |
| 17,779  | Hanover Grantor Trust, Ser. A, Class 1IO, 8/28/27(3) .....                    |
| 305     | Kidder Peabody Acceptance Corp., Ser. B, Class A2, 4/22/18 .....              |
| 7,874   | Merrill Lynch Mortgage Investors, Inc., Ser. C2, Class IO, 6/15/21 .....      |
| 13,005  | Morgan Stanley Capital 1, Inc., Ser. HF1, Class X, 7/15/293 .....             |
| 24,675  | Prudential Home Mortgage Securities Co., Ser. 5, Class A9, 2/25/24 .....      |
| 65      | Prudential Securities Inc., Ser. 15, Class 1G, 5/20/21 .....                  |
| 4,500   | Residential Accredit Loans, Inc., Ser. QS7, Class A1, 4/25/33 .....           |
| 30,340  | Small Business Administration, Ser. 1, Class IO, 4/01/15 .....                |
| 285,951 | Vendee Mortgage Trust, Ser. 2, Class 1IO, 5/15/29 .....                       |
|         | Total Interest Only Mortgage-Backed Securities .....                          |
|         | PRINCIPAL ONLY MORTGAGE-BACKED SECURITIES--13.3%                              |
| AAA     | 342 Chase Mortgage Finance Corp., Ser. A, Class AP, 1/25/10 .....             |
| AAA     | 235 Collateralized Mortgage Obligation Trust, Ser. 29, Class A, 5/23/17 ..... |
|         | Countrywide Home Loan Mortgage Certificates,                                  |
| AAA     | 1,585 Ser. J2, Class A30, 4/25/33 .....                                       |
| AAA     | 1,322 Ser. 11, Class A14, 5/25/33 .....                                       |
| AAA     | 4,199 Ser. 11, Class A28, 5/25/33 .....                                       |
|         | Drexel Burnham Lambert, Inc.,   |
| AAA     | 90 Ser. K, Class 1, 9/23/17 .....   |
| AAA     | 1,005 Ser. V, Class 1, 9/01/18 .....  |
|         | Federal Home Loan Mortgage Corp.,   |
|         | 1,061 Ser. T-8, Class A10, 11/15/28 .....                                     |
|         | 634 Ser. 1418, Class M, 11/15/22 .....  |
|         | 3,077 Ser. 1571, Class G, 8/15/23 .....                                       |
|         | 7,271 Ser. 1691, Class B, 3/15/24 .....                                       |
|         | 955 Ser. 1739, Class B, 2/15/24 .....   |
|         | 288 Ser. 1750, Class PC, 3/15/24 .....  |
|         | 532 Ser. 1857, Class PB, 12/15/08 .....                                       |
|         | 1,506 Ser. 1896, Class PA, 11/15/23 .....                                     |
|         | Federal National Mortgage Assoc.,   |
|         | 1,428 Ser. G93-2, Class KB, 1/25/23 .....                                     |
|         | 1,468 Ser. W4, Class PO, 2/25/29 .....  |
|         | 120 Ser. 5, Class PV, 11/25/23 .....  |
|         | 166 Ser. 7, Class J, 2/25/21 .....  |
|         | 6,137 Ser. 13, Class PR, 3/25/32 .....  |
|         | 3,148 Ser. 26, Class L, 3/25/23 .....   |
|         | 2,589 Ser. 82, Class PO, 12/25/32 .....                                       |
|         | 1,609 Ser. 273, Class 1, 7/01/26 .....  |
|         | 734 Ser. 279, Class 1, 7/01/26 .....  |
|         | 24,949 Ser. 328, Class1, 11/01/32 .....                                       |

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|------------|------------------------------|---|
|            |                              | PRINCIPAL ONLY MORTGAGE-BACKED SECURITIES--(CONT'D)   |
| AAA        | \$ 467                       | First Union Residential Securitization Trust, Ser. A, Class 1-APO, 3/25/1                               |
| AAA        | 11,786                       | Fund America Investors Corp., Ser. C, Class B, 4/29/30 .....  |
| AAA        | 150                          | Housing Security Inc., Ser. D, Class D8, 6/25/23 .....  |
| AAA        | 110                          | Structured Mortgage Asset Residential Trust, Ser. 3C, Class CX, 4/25/24 .                               |
|            |                              | Total Principal Only Mortgage-Backed Securities .....   |
|            |                              | COMMERCIAL MORTGAGE-BACKED SECURITIES--2.4%   |
| AAA        | 10,250                       | New York City Mortgage Loan Trust, Ser. 1996, Class A2, 6.75%, 6/25/11(3)                               |
|            |                              | U.S. GOVERNMENT AND AGENCY SECURITIES--24.4%  |
|            | 13,607                       | Overseas Private Investment Corp., 4.30% - 7.35%, 5/29/12 .....   |
|            |                              | Small Business Administration,  |
|            | 1,763                        | Ser. 20C-1, 7.15%, 3/01/17 .....  |
|            | 2,843                        | Ser. 20E-1, 7.60%, 5/01/16 .....  |
|            | 3,518                        | Ser. 20F-1, 7.55%, 6/01/16 .....  |
|            | 2,223                        | Ser. 20G-1, 7.70%, 7/01/16 .....  |
|            | 2,884                        | Ser. 20H-1, 7.25%, 8/01/16 .....  |
|            | 4,480                        | Ser. 20K-1, 6.95%, 11/01/16 .....   |
|            | 2,105                        | Small Business Investment Companies, Ser. P10A-1, 6.12%, 2/01/08 .....                                  |
|            |                              | U.S. Treasury Bonds,  |
|            | 155,700 (2)                  | Zero Coupon, 11/15/24 .....   |
|            | 8,325 (2)                    | 8.00%, 11/15/21 .....   |
|            |                              | U.S. Treasury Notes,  |
|            | 3,000 (2)                    | 3.875%, 2/15/13 .....   |
|            | 14,000 (2)                   | 4.00%, 11/15/12 .....   |
|            |                              | Total U.S. Government and Agency Securities .....   |
|            |                              | COLLATERALIZED MORTGAGE OBLIGATION RESIDUALS--0.1%  |
|            | 45                           | FBC Mortgage Securities Trust 16, CMO, Ser. A1, 7/01/17(4) .....  |
|            |                              | Total Long-Term Investments (cost \$578,980,223) .....  |
|            |                              | SHORT-TERM INVESTMENT--2.6%   |
|            |                              | DISCOUNT NOTE--2.6%   |
|            | 12,700                       | Federal Home Loan Bank, 1.25%, 5/01/03 (cost \$12,700,000) .....  |
|            |                              | Total investments before investment sold short and outstanding option wri<br>(cost \$591,680,223) ..... |
|            |                              | INVESTMENT SOLD SHORT--(3.5)%   |
|            | 15,750                       | U.S. Treasury Notes, 4.375%, 8/15/12 (proceeds \$16,213,984) .....                                      |

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NOTIONAL  
AMOUNT  
(000)  
-----

OUTSTANDING OPTION WRITTEN--(0.2)%  
CALL OPTION--(0.2)%  
\$11,000 Interest Rate Swap, 5.50%, over 3 month LIBOR, expires 5/06/03 (premium r  
Total investments, net of investment sold short and outstanding option wr  
Other liabilities in excess of other assets--(20.8)% .....

NET ASSETS--100% .....

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
  - (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 3.4% of its net assets, with a current market value of \$16,201,097, in securities restricted as to resale.
  - (4) Illiquid security representing 0.1% of net assets.

See Notes to Financial Statements.

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PORTFOLIO OF INVESTMENTS (UNAUDITED)  
APRIL 30, 2003

-----  
BlackRock Strategic Bond Trust  
-----

| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION                                  |
|------------|------------------------------|--|
|            |                              | LONG-TERM INVESTMENTS--144.0%                |
|            |                              | CORPORATE BONDS--142.0%                      |
|            |                              | AEROSPACE & DEFENSE--4.4%                    |
| B-         | \$ 2,000 (2)                 | BE Aerospace, Inc., 9.50%, 11/01/08 .....    |
| BBB        | 1,000                        | Lockheed Martin Corp., 8.20%, 12/01/09 ..... |
| BBB-       | 650 (2)                      | Raytheon Co., 6.55%, 3/15/10 .....           |

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|      |          |   |
|------|----------|---|
| A+   | 1,000(2) | United Technologies Corp., 6.35%, 3/01/11 .....                 |
|      |          | AUTOMOTIVE--15.8%   |
| BB+  | 2,000(2) | Autonation, Inc., 9.00%, 8/01/08 .....                          |
| B1   | 2,000(2) | Collins & Aikman Products Co., 10.75%, 12/31/11 .....           |
| A3   | 1,000(2) | Daimler Chrysler NA Holding Corp., 7.30%, 1/15/12 .....         |
| BB   | 2,000    | Dana Corp., 10.125%, 3/15/10 .....                              |
| B3   | 2,000(2) | Delco Remy Intl., Inc., 11.00%, 5/01/09 .....                   |
| B    | 2,000    | Dura Operating Corp., Ser. D, 9.00%, 5/01/09 .....              |
| B+   | 2,000(2) | Sonic Automotive, Inc., Ser. D, 11.00%, 8/01/08 .....           |
| B+   | 1,000    | TRW Automotive, Inc., 9.375%, 2/15/13(3) .....                  |
| B    | 2,000    | United Auto Group Inc., 9.625%, 3/15/12 .....                   |
|      |          | BASIC MATERIAL--2.1%  |
| BB-  | 2,000(2) | Century Aluminum Co., 11.75%, 4/15/08 .....                     |
|      |          | BUILDING & DEVELOPMENT--5.3%                                    |
| BB   | 1,000(2) | Beazer Homes USA, Inc., 8.625%, 5/15/11 .....                   |
| B-   | 2,000    | Great Lakes Dredge & Dock Corp., 11.25%, 8/15/08 .....          |
| Bal  | 2,000    | Schuler Homes, Inc., 9.375%, 7/15/09 .....                      |
|      |          | CHEMICAL--5.4%  |
| BB   | 2,000    | Lyondell Chemical Co., Ser. B, 9.875%, 5/01/07 .....            |
| B    | 1,796    | Noveon, Inc., Ser. B, 11.00%, 2/28/11 .....                     |
| B-   | 1,250    | Resolution Performance Products, Inc., 13.50%, 11/15/10 .....   |
|      |          | CONGLOMERATES--4.5%   |
| A    | 325      | Honeywell Intl., Inc., 7.50%, 3/01/10 .....                     |
| B    | 1,500    | MDP Acquisitions PLC, 9.625%, 10/01/12 (Ireland) (3) .....      |
| B    | 2,000    | Penhall Intl., Inc., 12.00%, 8/01/06 .....                      |
| BBB- | 1,132(2) | Tyco Intl. Group SA, 6.375%, 2/15/06 (Luxembourg) .....         |
|      |          | CONSUMER PRODUCTS--7.8%   |
| B-   | 2,000    | Friendly Ice Cream Corp., 10.50%, 12/01/07 .....                |
| BBB+ | 1,000(2) | General Mills, Inc., 5.125%, 2/15/07 .....                      |
| BBB  | 575(2)   | Kellogg Co., Ser. B, 6.00%, 4/01/06 .....                       |
| BB-  | 2,000    | Levi Strauss & Co., 12.25%, 12/15/12(3) .....                   |
| B-   | 500      | Pantry, Inc., The, 10.25%, 10/15/07 .....                       |
| B+   | 2,000    | Sbarro, Inc., 11.00%, 9/15/09 .....                             |
|      |          | CONTAINERS & GLASS--3.0%  |
| B    | 1,000    | Crown European Holdings SA, 10.875%, 3/01/13 (France) (3) ..... |
| B+   | 1,800    | Plastipak Holdings, Inc., 10.75%, 9/01/11 .....                 |
|      |          | ECOLOGICAL SERVICES & EQUIPMENT--3.8%                           |
| B+   | 2,000(2) | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 .....            |
| B    | 1,500    | Casella Waste Systems, Inc., 9.75%, 2/01/13(3) .....            |

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|     |          |   |
|-----|----------|---|
|     |          | ELECTRONICS--4.4%   |
| B+  | 2,000    | FIMEP SA, 10.50%, 2/15/13 (France) (3) .....              |
| Ba2 | 2,000(2) | Flextronics Intl. Ltd., 9.875%, 7/01/10 (Singapore) ..... |

See Notes to Financial Statements.

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| RATING (1) | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION  |
|------------|------------------------------|--|
|            |                              | ENERGY--18.9%  |
| BBB+       | \$ 1,000(2)                  | Anadarko Petroleum Corp., 5.375%, 3/01/07 .....                        |
| B+         | 2,000(2)                     | Calpine Corp., 10.50%, 5/15/06 .....                                   |
| BB         | 2,000(2)                     | Compagnie Generale De Geophysique SA, 10.625%, 11/15/07 (France) ..... |
| A-         | 1,000(2)                     | Conoco, Inc., 6.95%, 4/15/29 .....                                     |
| B          | 2,000(2)                     | Dresser, Inc., 9.375%, 4/15/11 .....                                   |
| BBB        | 250(2)                       | DTE Energy Co., 7.05%, 6/01/11 .....                                   |
|            |                              | El Paso Corp.,   |
| B          | 165                          | 7.75%, 1/15/32 .....   |
| B          | 85                           | 7.80%, 8/01/31 .....   |
| BB-        | 1,000                        | GulfTerra Energy Partners L.P., Ser. B, 8.50%, 6/01/11 .....           |
| BBB+       | 250(2)                       | Exelon Corp., 6.75%, 5/01/11 .....                                     |
| Baa2       | 325(2)                       | FirstEnergy Corp., Ser. C, 7.375%, 11/15/31 .....                      |
| B+         | 2,000                        | Hanover Equipment Trust, Ser. A, 8.50%, 9/01/08 .....                  |
| BB-        | 1,000                        | Leviathan Gas Pipeline Partners LP, Ser. B, 10.375%, 6/01/09 .....     |
| BBB        | 250                          | Occidental Petroleum Corp., 6.75%, 1/15/12 .....                       |
| BBB        | 1,000(2)                     | Progress Energy, Inc., 6.75%, 3/01/06 .....                            |
| B          | 2,000                        | Swift Energy Co., 10.25%, 8/01/09 .....                                |
| BB-        | 2,000                        | Western Gas Resources, Inc., 10.00%, 6/15/09 .....                     |
|            |                              | FINANCE & BANKING--16.9%   |
| A+         | 500(2)                       | Allstate Corp., 7.875%, 5/01/05 .....                                  |
| Aa3        | 1,000(2)                     | Bank One Corp., 6.50%, 2/01/06 .....                                   |
| Aa3        | 650(2)                       | Barclays Bank PLC, 8.55%, 9/29/49 (United Kingdom)3 .....              |
| A          | 325(2)                       | Bear Stearns Co., Inc., 6.50%, 5/01/06 .....                           |
| B+         | 2,000(2)                     | Bluewater Finance Ltd., 10.25%, 2/15/12 (United Kingdom) .....         |
| AA+        | 3,000(2)                     | Citigroup, Inc., 5.75%, 5/10/06 .....                                  |
|            |                              | Ford Motor Credit Co.,   |
| A3         | 750(2)                       | 5.80%, 1/12/09 .....   |
| A3         | 2,000(2)                     | 6.875%, 2/01/06 .....  |
|            |                              | General Motors Acceptance Corp.,                                       |
| A2         | 250(2)                       | 6.75%, 1/15/06 .....   |
| A2         | 900(2)                       | 6.875%, 9/15/11 .....  |

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|                            |          |   |
|----------------------------|----------|---|
| A2                         | 300(2)   | 8.00%, 11/01/31 .....   |
| AAA                        | 850(2)   | KFW Intl. Finance, Inc., 5.25%, 6/28/06 .....                 |
| Ba1                        | 1,000    | Labranche & Co., Inc., 12.00%, 3/02/07 .....                  |
| A+                         | 1,000(2) | Lehman Brothers Holdings, Inc., 6.25%, 5/15/06 .....          |
| A                          | 325(2)   | MetLife, Inc., 6.125%, 12/01/11 .....                         |
| BBB+                       | 1,000    | Sears Roebuck Acceptance Corp., 6.75%, 8/15/11 .....          |
|                            |          |   |
| FOREST PRODUCTS--3.1%      |          |   |
| Ba2                        | 2,000(2) | Caraustar Industries, Inc., 9.875%, 4/01/11 .....             |
| BBB                        | 1,000(2) | Weyerhaeuser Co., 6.125%, 3/15/07 .....                       |
|                            |          |   |
| HEALTH CARE--6.7%          |          |   |
| D                          | 2,000    | HealthSouth Corp., 6.875%, 6/15/05 .....                      |
| B-                         | 2,000    | Insight Health Services Corp., Ser. B, 9.875%, 11/01/11 ..... |
| B+                         | 2,000    | Matria Healthcare, Inc., Ser. B, 11.00%, 5/01/08 .....        |
| B-                         | 1,500    | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 .....  |
|                            |          |   |
| HOTELS & CASINO--2.9%      |          |   |
| BB+                        | 2,000    | Park Place Entertainment Corp., 7.875%, 3/15/10 .....         |
| B                          | 1,000    | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 .....     |
|                            |          |   |
| INDUSTRIAL EQUIPMENT--4.0% |          |   |
| BB-                        | 2,000    | Mail Well I Corporation, 9.625%, 3/15/12 .....                |
| B+                         | 2,000(2) | United Rentals, Inc., Ser. B, 9.25%, 1/15/09 .....            |

See Notes to Financial Statements.

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| RATING (1)    | PRINCIPAL<br>AMOUNT<br>(000) | DESCRIPTION   |
|---------------|------------------------------|---|
| -----         |                              |   |
| LEISURE--1.5% |                              |   |
| BB+           | \$ 1,500                     | Royal Caribbean Cruises Ltd., 8.75%, 2/02/11 (Liberia) .....            |
|               |                              |   |
| MEDIA--13.4%  |                              |   |
| NR            | 2,000(2)                     | Adelphia Communications Corporation, Ser. B, 10.50%, 7/15/04(4) .....   |
| B1            | 1,500(2)                     | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) ..... |
| BBB+          | 1,000(2)                     | AOL Time Warner, Inc., 7.70%, 5/01/32 .....                             |
| CCC-          | 2,000                        | Charter Communications Holdings LLC, 11.125%, 1/15/11 .....             |

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|  |          |  |
|--|----------|--|
| BBB  | 1,000    | Comcast Cable Communications, Inc., 6.875%, 6/15/09 .....    |
| BB-  | 2,000    | EchoStar DBS Corp., 10.375%, 10/01/07 .....                  |
| B-   | 2,000    | Nextmedia Operating, Inc., 10.75%, 7/01/11 .....             |
| A-   | 1,000(2) | Viacom, Inc., 6.625%, 5/15/11 .....                          |
| B-   | 1,500    | WRC Media Corp., 12.75%, 11/15/09 .....                      |
|  |          |  |
| REAL ESTATE--2.5%                                    |          |  |
| A-   | 500(2)   | ERP Operating LP, 6.95%, 3/02/11 .....                       |
|  |          | Felcore Lodging LP,  |
| Ba3  | 1,000    | 8.50%, 6/01/11 .....   |
| Ba3  | 1,000    | 9.50%, 9/15/08 .....   |
|  |          |  |
| TECHNOLOGY--2.1%                                     |          |  |
| BB+  | 2,000    | Unisys Corp., 8.125%, 6/01/06 .....                          |
|  |          |  |
| TELECOMMUNICATION--8.2%                              |          |  |
| BBB+   | 900(2)   | AT&T Corp., 6.50%, 11/15/06 .....                            |
| B3   | 1,000    | Crown Castle Int'l. Corp., 10.75%, 8/01/11 .....             |
| Ba3  | 2,000    | PanAmSat Corp., 8.50%, 2/01/12 .....                         |
| CCC+   | 450      | Qwest Capital Funding, Inc., 5.875%, 8/03/04 .....           |
| Aa3  | 2,000(2) | Verizon New England, Inc., 6.50%, 9/15/11 .....              |
| A  | 1,000(2) | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) .....    |
|  |          | Worldcom, Inc.,  |
| NR   | 400      | 7.375%, 1/15/06(3,4) .....                                   |
| NR   | 200      | 8.00%, 5/15/06(4) .....                                      |
|  |          |  |
| TRANSPORTATION--5.3%                                 |          |  |
| BBB+   | 500      | Canadian National Railway Co., 6.90%, 7/15/28 (Canada) ..... |
| Baa1   | 400      | Norfolk Southern Corp., 7.05%, 5/01/37 .....                 |
| B  | 2,000    | Pacer Intl., Inc., Ser. B, 11.75%, 6/01/07 .....             |
| B  | 2,000    | RailAmerica Transp. Corp., 12.875%, 8/15/10 .....            |
|  |          |  |
| Total Corporate Bonds .....                          |          |  |
|  |          |  |
| FOREIGN GOVERNMENT BONDS--1.1%                       |          |  |
| Baa2   | 1,000    | United Mexican States, 8.125%, 12/30/19 (Mexico) .....       |
|  |          |  |
| SUPRANATIONAL--0.9%                                  |          |  |
| AAA  | 850(2)   | European Investment Bank, 4.875%, 9/06/06 .....              |
|  |          |  |
| TOTAL INVESTMENTS--144.0% (COST \$143,798,660) ..... |          |  |
| LIABILITIES IN EXCESS OF OTHER ASSETS--(44.0)% ..... |          |  |
|  |          |  |
| NET ASSETS--100% .....                               |          |  |

- 
- (1) Using the higher of S&P's, Moody's or Fitch's rating.
  - (2) Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.

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- (3) Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of April 30, 2003, the Trust held 10.0% of its net assets, with a current market value of \$10,071,100, in securities restricted as to resale.
- (4) Issuer is technically in default.

See Notes to Financial Statements.

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### STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED) APRIL 30, 2003

| Assets   | Broad Investment<br>Grade 2009<br>Term Trust (1) | Bo    |
|--|--|-------|
|  | -----  | ----- |
| Investments at value(2) .....  | \$ 67,486,179                                    | \$ 60 |
| Cash .....   | 75,072   |       |
| Receivable from investments sold .....                                 | 142,795  | 3     |
| Variation margin receivable .....                                      | 39,188   |       |
| Collateral deposited with brokers .....                                | --   |       |
| Receivable for closed forward foreign currency contracts, net .....    | --   |       |
| Interest receivable .....  | 825,961  |       |
| Unrealized appreciation on interest rate swaps .....                   | --   |       |
| Other assets .....   | 10,547   |       |
|  | -----  | ----- |
|  | 68,579,742                                       | 64    |
|  | -----  | ----- |
| <br>Liabilities  |  |       |
| Reverse repurchase agreements .....                                    | 18,166,250                                       | 5     |
| Payable to custodian .....   | --   |       |
| Payable for investments purchased .....                                | --   | 18    |
| Loan payable .....   | --   |       |
| Investments sold short at value(3) .....                               | --   |       |
| Outstanding options written at value(4) .....                          | --   |       |
| Interest payable .....   | 4,348  |       |
| Interest rate floors at value .....                                    | --   |       |
| Payable for open forward foreign currency contracts .....              | --   |       |
| Unrealized depreciation on interest rate swaps and purchase commitment | --   |       |
| Variation margin payable .....   | --   |       |
| Investment advisory fee payable .....                                  | 22,668   |       |
| Administration fee payable .....                                       | 6,182  |       |
| Deferred Directors/Trustees fees .....                                 | 9,500  |       |
| Other accrued expenses .....   | 173,221  |       |
|  | -----  | ----- |
|  | 18,382,169                                       | 23    |



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|  |               |       |
|--|---------------|-------|
| Net Assets .....   | \$ 50,197,573 | \$ 41 |
| -----  |               |       |
| Composition of Net Assets:   |               |       |
| Par value .....  | \$ 29,571     | \$    |
| Paid-in capital in excess of par .....                               | 40,240,039    | 38    |
| Cost of shares held in treasury(5) .....                             | --            | (     |
| Undistributed (distributions in excess of) net investment income ... | 7,769,200     | 1     |
| Accumulated net realized gain (loss) .....                           | 1,208,563     | 1     |
| Net unrealized appreciation (depreciation) .....                     | 950,200       | 1     |
| Accumulated net realized and unrealized foreign currency loss .....  | --            | --    |
| -----  |               |       |
| Net assets, April 30, 2003 .....                                     | \$ 50,197,573 | \$ 41 |
| =====  |               |       |
| Net asset value per common share(6) .....                            | \$16.98       | ----- |
| =====  |               |       |
| <br>(1)Consolidated Statement of Assets and Liabilities              |               |       |
| (2)Investments at cost   | \$ 66,489,325 | \$ 58 |
| (3)Proceeds received   | --            | --    |
| (4)Premium received  | --            | --    |
| (5)Shares held in treasury   | --            | --    |
| (6)Common shares issued and outstanding                              | 2,957,093     | 2     |

See Notes to Financial Statements.

| HIGH<br>YIELD TRUST | INCOME<br>OPPORTUNITY<br>TRUST | INCOME<br>TRUST | STRATEGIC<br>BOND TRUST |
|---------------------|--------------------------------|-----------------|-------------------------|
| -----               | -----                          | -----           | -----                   |
| \$ 58,801,618       | \$599,994,605                  | \$594,565,355   | \$144,323,116           |
| --                  | 103,912                        | 349,511         | 58,472                  |
| --                  | 2,974,659                      | 1,278,602       | --                      |
| --                  | 1,445,063                      | --              | --                      |
| --                  | 1,180,000                      | 16,464,688      | --                      |
| --                  | --                             | --              | --                      |
| 2,420,967           | 7,652,624                      | 5,454,311       | 3,834,357               |
| --                  | 1,146,903                      | --              | --                      |
| 51,781              | 76,914                         | 85,796          | 2,933                   |
| -----               | -----                          | -----           | -----                   |
| 61,274,366          | 614,574,680                    | 618,198,263     | 148,218,878             |
| -----               | -----                          | -----           | -----                   |
| --                  | 187,816,125                    | 110,819,750     | 47,747,000              |

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|               |               |               |               |
|---------------|---------------|---------------|---------------|
| 130,057       | --            | --            | --            |
| --            | 2,946,894     | --            | --            |
| 19,250,000    | --            | --            | --            |
| --            | --            | 16,444,606    | --            |
| --            | 323,740       | 1,187,046     | --            |
| 28,690        | 536,147       | 1,523,155     | --            |
| --            | --            | 1,626,107     | --            |
| --            | --            | --            | --            |
| --            | 11,220        | 8,474,732     | --            |
| --            | 38            | 103,380       | --            |
| 51,575        | 204,004       | 253,933       | 65,021        |
| 4,912         | 34,001        | 78,133        | --            |
| 14,185        | 69,232        | 84,681        | 2,933         |
| 71,363        | 104,960       | 144,505       | 179,077       |
| -----         | -----         | -----         | -----         |
| 19,550,782    | 192,046,361   | 140,740,028   | 47,994,031    |
| -----         | -----         | -----         | -----         |
| \$ 41,723,584 | \$422,528,319 | \$477,458,235 | \$100,224,847 |
| -----         | -----         | -----         | -----         |
| \$ 6,367      | \$ 344,497    | \$ 632,471    | \$ 7,026      |
| 93,758,505    | 406,532,068   | 563,097,029   | 100,127,403   |
| --            | (17,377,850)  | --            | --            |
| (70,114)      | 5,340,133     | 8,842,687     | 1,377,247     |
| (32,427,076)  | 9,827,500     | (86,680,931)  | (1,811,285)   |
| (19,544,098)  | 18,057,969    | (8,433,021)   | 524,456       |
| --            | (195,998)     | --            | --            |
| -----         | -----         | -----         | -----         |
| \$ 41,723,584 | \$422,528,319 | \$477,458,235 | \$100,224,847 |
| -----         | -----         | -----         | -----         |
| \$6.55        | \$12.27       | \$7.55        | \$14.27       |
| =====         | =====         | =====         | =====         |
| \$ 78,345,716 | \$580,342,044 | \$591,680,223 | \$143,798,660 |
| --            | --            | 16,810,234    | --            |
| --            | 56,660        | 207,753       | --            |
| --            | 1,757,400     | --            | --            |
| 6,367,294     | 34,449,693    | 63,247,058    | 7,025,735     |

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STATEMENTS OF OPERATIONS (UNAUDITED)  
FOR THE SIX MONTHS ENDED APRIL 30, 2003

-----  
INVESTMENT INCOME

BROAD INVESTMENT  
GRADE 2009  
TERM TRUST(1)

-----  
CORE  
BOND TRUS

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|  |              |             |
|--|--------------|-------------|
| Interest income .....  | \$ 2,267,041 | \$ 14,561,3 |
| <hr/>  |              |             |
| EXPENSES   |              |             |
| Investment advisory .....  | 138,035      | 1,519,5     |
| Administration .....   | 37,646       |             |
| Transfer agent .....   | 5,380        | 8,3         |
| Custodian .....  | 33,703       | 71,3        |
| Reports to shareholders .....                                    | 28,287       | 47,9        |
| Directors/Trustees fees .....                                    | 7,109        | 23,5        |
| Registration .....   | 1,175        | 15,6        |
| Independent accountants .....                                    | 24,697       | 21,5        |
| Interest expense .....   | 131,598      | 180,9       |
| Excise tax .....   | 219,172      |             |
| Legal .....  | 9,663        | 13,8        |
| Miscellaneous .....  | 11,751       | 54,1        |
| <hr/>  |              |             |
| Total expenses .....   | 648,216      | 1,956,7     |
| Less fees waived by Advisor .....                                | --           |             |
| Less fees paid indirectly .....                                  | --           | (4,3        |
| <hr/>  |              |             |
| Net expenses .....   | 648,216      | 1,952,3     |
| <hr/>  |              |             |
| Net investment income .....                                      | 1,618,825    | 12,609,0    |
| <hr/>  |              |             |
| REALIZED AND UNREALIZED GAIN (LOSS) Net realized gain (loss) on: |              |             |
| Investments .....  | (127,696)    | 8,567,7     |
| Foreign currency .....   | --           | 573,2       |
| Futures .....  | 322,209      | 5,078,5     |
| Interest rate caps .....   | --           |             |
| Interest rate swaps .....  | --           |             |
| Options written .....  | --           |             |
| Short sales .....  | --           |             |
| <hr/>  |              |             |
|  | 194,513      | 14,219,5    |
| <hr/>  |              |             |
| Net change in unrealized appreciation/depreciation on:           |              |             |
| Investments .....  | (1,409,314)  | 15,838,8    |
| Foreign currency .....   | --           | (49,0       |
| Futures .....  | (119,548)    | (81,5       |
| Interest rate caps .....   | --           |             |
| Interest rate floors .....                                       | --           |             |
| Interest rate swaps .....  | --           |             |
| Options written .....  | --           | 134,5       |
| Short sales .....  | --           |             |
| <hr/>  |              |             |
|  | (1,528,862)  | 15,842,7    |
| <hr/>  |              |             |
| Net gain (loss) on investments .....                             | (1,334,349)  | 30,062,2    |
| <hr/>  |              |             |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....       | \$ 284,476   | \$ 42,671,2 |
| <hr/>  |              |             |
| <hr/>  |              |             |

(1) Consolidated Statement of Operations.

See Notes to Financial Statements.

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| HIGH<br>YIELD TRUST | INCOME<br>OPPORTUNITY<br>TRUST | INCOME<br>TRUST | STRATEGIC<br>BOND TRUST |
|---------------------|--------------------------------|-----------------|-------------------------|
| \$ 4,262,804        | \$ 16,474,347                  | \$ 21,284,662   | \$ 6,268,135            |
| 308,225             | 1,218,930                      | 1,560,470       | 515,550                 |
| 29,355              | 203,155                        | 480,145         | --                      |
| 10,909              | 17,035                         | 43,141          | 7,831                   |
| 15,762              | 102,040                        | 86,904          | 25,055                  |
| 29,753              | 67,383                         | 61,985          | 14,828                  |
| 5,950               | 26,633                         | 32,351          | 6,229                   |
| 11,157              | 15,620                         | 24,049          | 11,157                  |
| 17,209              | 54,465                         | 54,103          | 20,426                  |
| 186,714             | 849,627                        | 857,092         | 366,074                 |
| --                  | --                             | --              | --                      |
| 12,397              | 44,902                         | 21,660          | 6,089                   |
| 10,916              | 76,704                         | 87,481          | 13,577                  |
| 638,347             | 2,676,494                      | 3,309,381       | 986,816                 |
| --                  | --                             | --              | (137,480)               |
| (1,382)             | (2,863)                        | (6,094)         | (6,112)                 |
| 636,965             | 2,673,631                      | 3,303,287       | 843,224                 |
| 3,625,839           | 13,800,716                     | 17,981,375      | 5,424,911               |
| (2,083,995)         | (1,268,598)                    | 920,149         | (1,494,577)             |
| --                  | (195,998)                      | --              | --                      |
| --                  | 10,871,248                     | (65,475)        | --                      |
| --                  | --                             | (1,317)         | --                      |
| --                  | 5,570                          | (882,431)       | --                      |
| --                  | 64,050                         | 234,850         | --                      |
| --                  | (27,844)                       | (162,481)       | --                      |
| (2,083,995)         | 9,448,428                      | 43,295          | (1,494,577)             |
| 4,784,614           | 16,220,556                     | (8,646,770)     | 12,621,690              |
| --                  | 168,091                        | --              | --                      |
| --                  | (2,262,090)                    | (1,162,947)     | --                      |
| --                  | --                             | 354,083         | --                      |
| --                  | --                             | 381,599         | --                      |
| --                  | (969,381)                      | (439,203)       | --                      |
| --                  | (157,822)                      | (578,680)       | --                      |
| --                  | 599,240                        | (230,622)       | --                      |
| 4,784,614           | 13,598,594                     | (10,322,540)    | 12,621,690              |
| 2,700,619           | 23,047,022                     | (10,279,245)    | 11,127,113              |

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\$ 6,326,458                      \$ 36,847,738                      \$ 7,702,130                      \$ 16,552,024  
 =====

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STATEMENTS OF CASH FLOWS (UNAUDITED)  
 FOR THE SIX MONTHS ENDED APRIL 30, 2003

| RECONCILIATION OF NET INCREASE (DECREASE)<br>IN NET ASSETS RESULTING FROM OPERATIONS TO<br>NET CASH FLOWS PROVIDED BY (USED FOR)<br>OPERATING ACTIVITIES | BROAD INVESTMENT<br>GRADE 2009<br>TERM TRUST (1) | C<br>BOND |
|--|--|-----------|
|  | -----  | -----     |
| Net increase in net assets resulting from operations .....   | \$ 284,476                                       | \$ 42,    |
|  | -----  | -----     |
| Decrease (increase) in investments .....   | 5,505,802  | (5,       |
| Net realized loss (gain) .....   | (194,513)  | (14,      |
| Decrease (increase) in unrealized appreciation/depreciation .....  | 1,528,862  | (15,      |
| Decrease in interest rate caps .....   | --   |           |
| Increase in interest rate floors .....   | --   |           |
| Decrease in interest rate swaps and purchase commitments .....   | --   |           |
| Decrease (increase) in receivable for investments sold .....   | (142,795)  | (2,       |
| Increase in receivable for forward foreign currency contracts .....  | --   | (         |
| Decrease (increase) in variation margin receivable .....   | (15,626)   |           |
| Decrease (increase) in collateral deposited with brokers .....   | --   |           |
| Decrease (increase) in interest receivable .....   | 39,201   | (1,       |
| Decrease (increase) in other assets .....  | (1,384)  |           |
| Decrease in payable for investments purchased .....  | --   | (3,       |
| Increase (decrease) in payable for forward foreign currency contracts .....  | --   |           |
| Decrease in variation margin payable .....   | --   |           |
| Increase (decrease) in interest payable .....  | (12,975)   |           |
| Increase (decrease) in outstanding options written .....   | --   | (         |
| Increase (decrease) in investments sold short .....  | --   |           |
| Increase (decrease) in investment advisory fee payable .....   | (1,361)  |           |
| Decrease in administration fee payable .....   | (371)  |           |
| Increase in deferred Directors/Trustees fees .....   | 1,823  |           |
| Increase (decrease) in other accrued expenses .....  | (158,318)  |           |
|  | -----  | -----     |
| Total adjustments .....  | 6,548,345  | (43,      |
|  | -----  | -----     |
| Net cash flows provided by (used for) operating activities .....   | \$ 6,832,821                                     | \$ (      |
|  | =====  | =====     |
| INCREASE (DECREASE) IN CASH AND FOREIGN CURRENCY   |  |           |
| Net cash flows provided by (used for) operating activities .....   | \$ 6,832,821                                     | \$ (      |
|  | -----  | -----     |
| Cash flows provided by (used for) financing activities:  |  |           |
| Increase (decrease) in reverse repurchase agreements .....   | (5,502,937)                                      | 17,       |
| Cash dividends paid .....  | (1,330,536)                                      | (16,      |
|  | -----  | -----     |

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|  |             |    |
|--|-------------|----|
| Net cash flows provided by (used for) financing activities ..... | (6,833,473) | 1, |
| Effect of changes in exchange rate .....                         | --          |    |
| Net increase (decrease) in cash .....                            | (652)       |    |
| Cash at beginning of period .....                                | 75,724      | (  |
| Cash at end of period .....                                      | \$ 75,072   | \$ |

(1) Consolidated Statement of Cash Flows.

See Notes to Financial Statements.

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| HIGH<br>YIELD TRUST | INCOME<br>OPPORTUNITY<br>TRUST | INCOME<br>TRUST | STRATEGIC<br>BOND TRUST |
|---------------------|--------------------------------|-----------------|-------------------------|
| \$ 6,326,458        | \$ 36,847,738                  | \$ 7,702,130    | \$ 16,552,024           |
| 175,007             | (18,213,420)                   | 83,353,851      | (3,797,110)             |
| 2,083,995           | (9,448,428)                    | (43,295)        | 1,494,577               |
| (4,784,614)         | (13,598,594)                   | 10,322,540      | (12,621,690)            |
| --                  | --                             | 20              | --                      |
| --                  | --                             | (560,474)       | --                      |
| --                  | 980,601                        | 449,403         | --                      |
| --                  | 98,916,946                     | 18,402,695      | --                      |
| --                  | --                             | --              | --                      |
| --                  | (756,221)                      | 296,214         | --                      |
| --                  | (1,180,000)                    | 769,687         | --                      |
| (108,956)           | (1,857,398)                    | 1,368,150       | (149,088)               |
| 488                 | 16,537                         | (5,500)         | (476)                   |
| --                  | (98,621,183)                   | (1,460,612)     | --                      |
| --                  | --                             | --              | --                      |
| --                  | 38                             | 103,380         | --                      |
| (11,874)            | 256,256                        | (763,696)       | (35,552)                |
| --                  | 90,022                         | 330,080         | --                      |
| --                  | (73,551,740)                   | 16,444,606      | --                      |
| (2,379)             | (2,181)                        | (25,901)        | 1,787                   |
| (226)               | (363)                          | (7,476)         | --                      |
| 1,593               | 8,037                          | 11,006          | 1,182                   |
| 8,101               | (190,923)                      | (103,353)       | 17,978                  |
| (2,638,865)         | (117,152,014)                  | 128,881,325     | (15,088,392)            |
| \$ 3,687,593        | \$ (80,304,276)                | \$136,583,455   | \$ 1,463,632            |

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|              |                 |               |              |
|--------------|-----------------|---------------|--------------|
| =====        | =====           | =====         | =====        |
| \$ 3,687,593 | \$ (80,304,276) | \$136,583,455 | \$ 1,463,632 |
| -----        | -----           | -----         | -----        |
| --           | 102,112,338     | (94,972,514)  | 3,523,625    |
| (3,555,578)  | (21,799,162)    | (41,629,035)  | (4,921,483)  |
| -----        | -----           | -----         | -----        |
| (3,555,578)  | 80,313,176      | (136,601,549) | 1,397,858    |
| -----        | -----           | -----         | -----        |
| --           | 3,681           | --            | --           |
| -----        | -----           | -----         | -----        |
| 132,015      | 12,581          | (18,094)      | 65,774       |
| (262,072)    | 91,331          | 367,605       | (7,302)      |
| -----        | -----           | -----         | -----        |
| \$ (130,057) | \$ 103,912      | \$ 349,511    | \$ 58,472    |
| =====        | =====           | =====         | =====        |

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STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE SIX MONTHS ENDED APRIL 30, 2003 (UNAUDITED) AND FOR THE PERIOD(1) ENDED  
OCTOBER 31, 2002

|   | BROAD INVESTMENT GRADE<br>2009 TERM TRUST(2) |              |               |
|---|--|--------------|---------------|
|   | 2003   | 2002         | 2001          |
| INCREASE (DECREASE) IN NET ASSETS                             |  |              |               |
| OPERATIONS:   |  |              |               |
| Net investment income .....                                   | \$ 1,618,825                                 | \$ 5,953,008 | \$ 12,600,000 |
| Net realized gain (loss) .....                                | 194,513                                      | 2,180,535    | 14,210,000    |
| Net change in unrealized appreciation/depreciation .....      | (1,528,862)                                  | (2,064,590)  | 15,840,000    |
| Net increase in net assets resulting<br>from operations ..... | 284,476                                      | 6,068,953    | 42,670,000    |
| DIVIDENDS AND DISTRIBUTIONS:                                  |  |              |               |
| From net investment income .....                              | (1,330,536)                                  | (2,291,473)  | (16,210,000)  |
| From net realized gains .....                                 | --   | --           | --            |
| Tax return of capital distributions .....                     | --   | --           | --            |
| In excess of net investment income .....                      | --   | --           | --            |
| Total dividends and distributions .....                       | (1,330,536)                                  | (2,291,473)  | (16,210,000)  |

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|  | -----         | -----         | -----     |
|--|---------------|---------------|-----------|
| CAPITAL SHARE TRANSACTIONS:  |               |               |           |
| Net proceeds from the issuance of common shares ..                                   | --            | --            |           |
| Net proceeds from the underwriters' overallotment option exercised .....             | --            | --            |           |
| Trust shares issued in conjunction with reinvestment of dividends .....              | --            | --            |           |
| Cost of Trust shares reacquired .....  | --            | --            |           |
|  | -----         | -----         | -----     |
| Net proceeds from capital share transactions ...                                     | --            | --            |           |
|  | -----         | -----         | -----     |
| Total increase (decrease) .....  | (1,046,060)   | 3,777,480     | 26,46     |
|  | -----         | -----         | -----     |
| NET ASSETS   |               |               |           |
| Beginning of period .....  | 51,243,633    | 47,466,153    | 387,23    |
|  | -----         | -----         | -----     |
| End of period .....  | \$ 50,197,573 | \$ 51,243,633 | \$ 413,69 |
|  | =====         | =====         | =====     |
| End of period undistributed (distributions in excess of) net investment income ..... | \$ 7,769,200  | \$ 7,480,911  | \$ (3,74  |

- 
- (1) Commencement of investment operations for Core Bond was November 30, 2001. This information includes the initial investment by BlackRock Funding, Inc. The other Trusts' statements are for a full year.
- (2) Consolidated Statement of Changes in Net Assets.

See Notes to Financial Statements.

| HIGH YIELD TRUST |              | INCOME OPPORTUNITY TRUST |               |              |
|------------------|--------------|--------------------------|---------------|--------------|
| 2003             | 2002         | 2003                     | 2002          | 2003         |
| -----            | -----        | -----                    | -----         | -----        |
| \$ 3,625,839     | \$ 7,613,863 | \$ 13,800,716            | \$ 39,603,548 | \$ 17,981,37 |
| (2,083,995)      | (8,468,860)  | 9,448,428                | (6,747,774)   | 43,29        |
| 4,784,614        | 2,224,397    | 13,598,594               | 5,135,503     | (10,322,54   |
| -----            | -----        | -----                    | -----         | -----        |
| 6,326,458        | 1,369,400    | 36,847,738               | 37,991,277    | 7,702,13     |
| -----            | -----        | -----                    | -----         | -----        |
| (3,625,839)      | (7,613,863)  | (13,434,708)             | (25,885,698)  | (44,475,82   |
| --               | --           | (8,364,454)              | --            | --           |



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|               |               |               |               |              |
|---------------|---------------|---------------|---------------|--------------|
| --            | (584,069)     | --            | --            | --           |
| (70,114)      | --            | --            | --            | --           |
| (3,695,953)   | (8,197,932)   | (21,799,162)  | (25,885,698)  | (44,475,82)  |
| --            | --            | --            | --            | --           |
| --            | --            | --            | --            | --           |
| 140,375       | 261,647       | --            | --            | 2,846,78     |
| --            | --            | --            | (2,381,796)   | --           |
| 140,375       | 261,647       | --            | (2,381,796)   | 2,846,78     |
| 2,770,880     | (6,566,885)   | 15,048,576    | 9,723,783     | (33,926,90)  |
| 38,952,704    | 45,519,589    | 407,479,743   | 397,755,960   | 511,385,14   |
| \$ 41,723,584 | \$ 38,952,704 | \$422,528,319 | \$407,479,743 | \$477,458,23 |
| \$ (70,114)   | \$ --         | \$ 5,340,133  | \$ 4,974,125  | \$ 8,842,68  |

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STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE SIX MONTHS ENDED APRIL 30, 2003 (UNAUDITED) AND FOR THE PERIOD(1) ENDED  
OCTOBER 31, 2002

|  | STRATEGIC BOND TRUST |              |
|--|----------------------|--------------|
|  | 2003                 | 2002         |
| INCREASE (DECREASE) IN NET ASSETS  |                      |              |
| OPERATIONS:  |                      |              |
| Net investment income .....  | \$ 5,424,911         | \$ 6,886,556 |
| Net realized loss .....  | (1,494,577)          | (316,708)    |
| Net change in unrealized appreciation/depreciation .                     | 12,621,690           | (12,097,234) |
| Net increase (decrease) in net assets resulting<br>from operations ..... | 16,552,024           | (5,527,386)  |

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|  |                |               |
|--|----------------|---------------|
| DIVIDENDS FROM NET INVESTMENT INCOME .....                                 | (5,053,253)    | (5,890,967)   |
| CAPITAL SHARE TRANSACTIONS:  |                |               |
| Net proceeds from the issuance of common shares ....                       | --             | 99,920,015    |
| Trust shares issued in conjunction with reinvestment<br>of dividends ..... | 131,770        | 92,644        |
| Net proceeds from capital share transactions .....                         | 131,770        | 100,012,659   |
| Total increase .....   | 11,630,541     | 88,594,306    |
| NET ASSETS   |                |               |
| Beginning of period .....  | 88,594,306     | --            |
| End of period .....  | \$ 100,224,847 | \$ 88,594,306 |
| End of period undistributed net investment income ....                     | \$ 1,377,247   | \$ 1,005,589  |

(1) Commencement of investment operations for Strategic Bond was February 28, 2002. This information includes the initial investment by BlackRock Funding, Inc.

See Notes to Financial Statements.

CONSOLIDATED FINANCIAL HIGHLIGHTS

BlackRock Broad Investment Grade 2009 Term Trust

|   | SIX MONTHS ENDED<br>APRIL 30, 2003<br>(UNAUDITED) | 2002     | 2001     | 2000     |
|---|---|----------|----------|----------|
| PER SHARE OPERATING PERFORMANCE:                            |   |          |          |          |
| Net asset value, beginning of period(1) .                   | \$ 17.33  | \$ 16.05 | \$ 13.64 | \$ 10.00 |
| Investment operations:                                      |   |          |          |          |
| Net investment income .....                                 | 0.55  | 2.01     | 1.17     | 0.00     |
| Net realized and unrealized gain (loss)                     | (0.45)  | 0.04     | 2.01     | (0.00)   |
| Net increase (decrease) from<br>investment operations ..... | 0.10  | 2.05     | 3.18     | 0.00     |

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|   |           |           |           |       |
|---|-----------|-----------|-----------|-------|
| Dividends from net investment income ....                               | (0.45)    | (0.77)    | (0.77)    | (     |
|   | -----     | -----     | -----     | ----  |
| Net asset value, end of period(1) .....                                 | \$ 16.98  | \$ 17.33  | \$ 16.05  | \$ 1  |
|   | =====     | =====     | =====     | ===== |
| Market value, end of period(1) .....                                    | \$ 16.40  | \$ 16.18  | \$ 14.39  | \$ 1  |
|   | =====     | =====     | =====     | ===== |
| TOTAL INVESTMENT RETURN(2) .....  | 4.18%     | 18.34%    | 27.66%    | 1     |
|   | =====     | =====     | =====     | ===== |
| RATIOS TO AVERAGE NET ASSETS:   |           |           |           |       |
| Total expenses .....  | 2.58%(3)  | 2.50%     | 3.52%     |       |
| Net expenses .....  | 2.58%(3)  | 2.50%     | 3.52%     |       |
| Net expenses excluding interest expense<br>and excise tax .....         | 1.19%(3)  | 1.16%     | 1.16%     |       |
| Net investment income .....   | 6.45%(3)  | 12.22%    | 7.93%     |       |
| SUPPLEMENTAL DATA:  |           |           |           |       |
| Average net assets (000) .....  | \$ 50,611 | \$ 48,731 | \$ 43,701 | \$ 39 |
| Portfolio turnover .....  | 12%       | 35%       | 19%       |       |
| Net assets, end of period (000) .....                                   | \$ 50,198 | \$ 51,244 | \$ 47,466 | \$ 40 |
| Reverse repurchase agreements<br>outstanding, end of period (000) ..... | \$ 18,166 | \$ 23,669 | \$ 13,373 | \$ 18 |
| Asset coverage(4) .....   | \$ 3,763  | \$ 3,165  | \$ 4,550  | \$ 3  |

- 
- (1) Net asset value and market value are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday.
  - (2) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
  - (3) Annualized.
  - (4) Per \$1,000 of reverse repurchase agreements outstanding.

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

See Notes to Financial Statements.

### FINANCIAL HIGHLIGHTS

-----  
BlackRock Core Bond Trust  
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|  | SIX MONTHS<br>ENDED<br>APRIL 30, 2003<br>(UNAUDITED) | FOR THE PERIOD<br>NOVEMBER 30, 2002<br>THROUGH<br>OCTOBER 31, 2002 |
|--|--|--|
| PER SHARE OPERATING PERFORMANCE:                                     |  |  |
| Net asset value, beginning of period(2) .....                        | \$ 14.33   | \$ 14.33   |
| Investment operations:   |  |  |
| Net investment income .....  | 0.47   | 0.99   |
| Net realized and unrealized gain .....                               | 1.11   | 0.04   |
| Net increase from investment operations .....                        | 1.58   | 1.03   |
| Dividends and distributions from net investment income .....         | (0.60)   | (1.00)   |
| Capital charges with respect to issuance of shares .....             | (0.60)   | (0.03)   |
| Net asset value, end of period(2) .....                              | \$ 15.31   | \$ 14.33   |
| Market value, end of period(2) .....                                 | \$ 14.88   | \$ 13.82   |
| TOTAL INVESTMENT RETURN(3) .....                                     | 12.23%   | (1.02)%  |
| RATIOS TO AVERAGE NET ASSETS:(4)                                     |  |  |
| Total expenses .....   | 0.99%  | 1.04%  |
| Net expenses .....   | 0.99%  | 1.04%  |
| Net expenses excluding interest expense .....                        | 0.90%  | 0.93%  |
| Net investment income .....  | 6.40%  | 7.67%  |
| SUPPLEMENTAL DATA:   |  |  |
| Average net assets (000) .....                                       | \$ 397,596   | \$ 380,277   |
| Portfolio turnover .....   | 208%   | 419%   |
| Net assets, end of period (000) .....                                | \$ 413,698   | \$ 387,238   |
| Reverse repurchase agreements outstanding, end of period (000) ..... | \$ 52,729  | \$ 165,215   |
| Asset coverage(5) .....  | \$ 8,846   | \$ 3,342   |

- 
- (1) Commencement of investment operations. This information includes the initial investments by BlackRock Funding, Inc. Net asset value immediately after the closing of the public offering was \$14.30.
  - (2) Net asset value and market value are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday.
  - (3) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
  - (4) Annualized.
  - (5) Per \$1,000 of reverse repurchase agreements outstanding.

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

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See Notes to Financial Statements.

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FINANCIAL HIGHLIGHTS

|  | SIX MONTHS ENDED              | YEAR ENDED OCTOBER |           |
|--|-------------------------------|--------------------|-----------|
|  | APRIL 30, 2003<br>(UNAUDITED) | 2002               | 2001      |
| PER SHARE OPERATING PERFORMANCE:                   |                               |                    |           |
| Net asset value, beginning of period(2) .....      | \$ 6.13                       | \$ 7.20            | \$ 10.60  |
| Investment operations:                             |                               |                    |           |
| Net investment income .....                        | 0.57                          | 1.20               | 1.32      |
| Net realized and unrealized gain (loss) .....      | 0.43                          | (0.98)             | (3.13)    |
| Net increase (decrease) from investment operations | 1.00                          | 0.22               | (1.81)    |
| Dividends and distributions:                       |                               |                    |           |
| From net investment income .....                   | (0.58)                        | (1.20)             | (1.48)    |
| Tax return of capital .....                        | --                            | (0.09)             | (0.11)    |
| Total dividends and distributions .....            | (0.58)                        | (1.29)             | (1.59)    |
| Capital charge with respect to issuance of shares  | --                            | --                 | --        |
| Net asset value, end of period(2) .....            | \$ 6.55                       | \$ 6.13            | \$ 7.20   |
| Market value, end of period(2) .....               | \$ 10.29                      | \$ 8.68            | \$ 9.18   |
| TOTAL INVESTMENT RETURN(3) .....                   | 26.28%                        | 7.97%              | (11.31)%  |
| RATIOS TO AVERAGE NET ASSETS:                      |                               |                    |           |
| Total expenses .....                               | 3.22%(4)                      | 3.47%              | 4.90%     |
| Net expenses .....                                 | 3.22%(4)                      | 3.47%              | 4.90%     |
| Net expenses excluding interest expense .....      | 2.27%(4)                      | 2.20%              | 2.03%     |
| Net investment income .....                        | 18.32%(4)                     | 16.29%             | 14.23%    |
| SUPPLEMENTAL DATA:                                 |                               |                    |           |
| Average net assets (000) .....                     | \$ 39,917                     | \$ 46,751          | \$ 58,553 |
| Portfolio turnover .....                           | 22%                           | 147%               | 71%       |
| Net assets, end of period (000) .....              | \$ 41,724                     | \$ 38,953          | \$ 45,520 |
| Loan outstanding, end of period (000) .....        | \$ 19,250                     | \$ 19,250          | \$ 23,000 |
| Asset coverage(5) .....                            | \$ 3,167                      | \$ 3,024           | \$ 2,983  |

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- 
- (1) Commencement of investment operations. This information includes the initial investment by BlackRock Financial Management, Inc.
  - (2) Net asset value and market value are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday.
  - (3) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
  - (4) Annualized.
  - (5) Per \$1,000 of loan outstanding.

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

See Notes to Financial Statements.

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### FINANCIAL HIGHLIGHTS

-----  
 BlackRock Income Opportunity Trust  
 -----

|  | SIX MONTHS ENDED<br>APRIL 30, 2003<br>(UNAUDITED) | -----<br>2002<br>----- | YEAR ENDED OCTOBER<br>-----<br>2001<br>----- | 2000<br>----- |
|--|---|------------------------|--|---------------|
| <b>PER SHARE OPERATING PERFORMANCE:</b>    |   |                        |  |               |
| Net asset value, beginning of period(1) .. | \$ 11.83  | \$ 11.47               | \$ 11.03                                     | \$ 11.45      |
| Investment operations:                     |   |                        |  |               |
| Net investment income .....                | 0.40  | 1.15                   | 0.87   | 0.70          |
| Net realized and unrealized gain (loss)    | 0.67  | (0.05)                 | 0.34   | (0.31)        |
| Net increase from investment operations .. | 1.07  | 1.10                   | 1.21   | 0.39          |
| Dividends and distributions:               |   |                        |  |               |
| From net investment income .....           | (0.39)  | (0.75)                 | (0.23)                                       | (0.39)        |
| From net realized gains .....              | (0.24)  | --                     | --   | (0.04)        |
| Tax return of capital .....                | --  | --                     | (0.54)                                       | (0.41)        |
| Total dividends and distributions .....    | (0.63)  | (0.75)                 | (0.77)                                       | (0.84)        |

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|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Increase resulting from Trust shares repurchased .....               | -----<br>--       | -----<br>0.01     | -----<br>0.002    | -----<br>0.03     |
| Net asset value, end of period(1) .....                              | -----<br>\$ 12.27 | -----<br>\$ 11.83 | -----<br>\$ 11.47 | -----<br>\$ 11.03 |
| Market value, end of period(1) .....                                 | =====             | =====             | =====             | =====             |
|  | \$ 11.17          | \$ 10.50          | \$ 10.41          | \$ 9.75           |
|  | =====             | =====             | =====             | =====             |
| TOTAL INVESTMENT RETURN(3) .....                                     | -----<br>12.68%   | -----<br>8.44%    | -----<br>15.09%   | -----<br>9.82%    |
|  | =====             | =====             | =====             | =====             |
| RATIOS TO AVERAGE NET ASSETS:  |                   |                   |                   |                   |
| Total expenses .....   | 1.32%(4)          | 1.40%             | 3.62%             | 3.76%             |
| Net expenses .....   | 1.32%(4)          | 1.40%             | 3.62%             | 3.76%             |
| Net expenses excluding interest expense ..                           | 0.90%(4)          | 0.93%             | 1.01%             | 0.88%             |
| Net investment income .....  | 6.79%(4)          | 10.04%            | 7.76%             | 6.14%             |
| SUPPLEMENTAL DATA:   |                   |                   |                   |                   |
| Average net assets (000) .....                                       | \$409,677         | \$394,495         | \$388,478         | \$396,157         |
| Portfolio turnover .....   | 36%               | 153%              | 83%               | 82%               |
| Net assets, end of period (000) .....                                | \$422,528         | \$407,480         | \$397,756         | \$383,651         |
| Reverse repurchase agreements outstanding, end of period (000) ..... | \$187,816         | \$ 85,704         | \$136,385         | \$178,033         |
| Asset coverage(5) .....  | \$ 3,250          | \$ 5,755          | \$ 3,916          | \$ 3,155          |

- 
- (1) Net asset value and market value published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday.
  - (2) Less than \$0.005 per share.
  - (3) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
  - (4) Annualized.
  - (5) Per \$1,000 of reverse repurchase agreements outstanding.

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

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

-----  
BlackRock Income Trust

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|  | SIX MONTHS ENDED              | YEAR ENDED OCTOBER |           |           |
|--|-------------------------------|--------------------|-----------|-----------|
|  | APRIL 30, 2003<br>(UNAUDITED) | 2002               | 2001      | 2000      |
| PER SHARE OPERATING PERFORMANCE:                                     |                               |                    |           |           |
| Net asset value, beginning of period(1) ..                           | \$ 8.13                       | \$ 8.06            | \$ 7.23   | \$ 7.31   |
| Investment operations:   |                               |                    |           |           |
| Net investment income .....  | 0.28                          | 0.99               | 0.56      | 0.50      |
| Net realized and unrealized gain (loss)                              | (0.15)                        | (0.35)             | 0.83      | (0.02)    |
| Net increase (decrease) from investment operations .....             | 0.13                          | 0.64               | 1.39      | 0.48      |
| Dividends from net investment income .....                           | (0.71)                        | (0.57)             | (0.56)    | (0.56)    |
| Net asset value, end of period(1) .....                              | \$ 7.55                       | \$ 8.13            | \$ 8.06   | \$ 7.23   |
| Market value, end of period(1) .....                                 | \$ 8.07                       | \$ 8.07            | \$ 7.26   | \$ 6.38   |
| TOTAL INVESTMENT RETURN(2) .....                                     | 9.47%                         | 15.35%             | 23.23%    | 14.01%    |
| RATIOS TO AVERAGE NET ASSETS:  |                               |                    |           |           |
| Total expense .....  | 1.38%(3)                      | 2.05%              | 2.54%     | 2.78%     |
| Net expenses .....   | 1.38%(3)                      | 2.05%              | 2.54%     | 2.78%     |
| Net expenses excluding interest expense ..                           | 1.02%(3)                      | 1.03%              | 1.03%     | 1.05%     |
| Net investment income .....  | 7.49%(3)                      | 12.28%             | 7.43%     | 7.11%     |
| SUPPLEMENTAL DATA:   |                               |                    |           |           |
| Average net assets (000) .....                                       | \$484,124                     | \$506,533          | \$470,185 | \$448,027 |
| Portfolio turnover .....   | 32%                           | 125%               | 32%       | 114%      |
| Net assets, end of period (000) .....                                | \$477,458                     | \$511,385          | \$506,764 | \$454,510 |
| Reverse repurchase agreements outstanding, end of period (000) ..... | \$110,820                     | \$205,792          | \$118,634 | \$ 64,460 |
| Asset coverage(4) .....  | \$ 5,308                      | \$ 3,485           | \$ 5,272  | \$ 8,095  |

- (1) Net asset value and market value are published in BARRON'S on Saturday and THE WALL STREET JOURNAL on Monday.
- (2) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
- (3) Annualized.
- (4) Per \$1,000 of reverse repurchase agreements outstanding.

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



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See Notes to Financial Statements.

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FINANCIAL HIGHLIGHTS

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 BlackRock Strategic Bond Trust  
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|  | SIX MONTHS ENDED<br>APRIL 30, 2003<br>(UNAUDITED) | FOR THE PERIOD<br>FEBRUARY 28, 2002<br>THROUGH<br>OCTOBER 31, 2002 |
|--|---|--|
|  | -----   | -----  |
| PER SHARE OPERATING PERFORMANCE:                               |   |  |
| Net asset value, beginning of period(2) .....                  | \$ 12.63  | \$ 14.33   |
|  | -----   | -----  |
| Investment operations:   |   |  |
| Net investment income .....                                    | 0.77  | 0.98   |
| Net realized and unrealized loss .....                         | 1.59  | (1.77)   |
|  | -----   | -----  |
| Net increase from investment operations .....                  | 2.36  | (0.79)   |
|  | -----   | -----  |
| Dividends from net investment income .....                     | --  | (0.84)   |
|  | -----   | -----  |
| Capital charges with respect to issuance of shares .....       | (0.72)  | (0.07)   |
|  | -----   | -----  |
| Net asset value, end of period(2) .....                        | \$ 14.27  | \$ 12.63   |
|  | =====   | =====  |
| Market value, end of period(2) .....                           | \$ 14.65  | \$ 12.35   |
|  | =====   | =====  |
| TOTAL INVESTMENT RETURN(3) .....                               | 25.05%  | (12.34)%   |
|  | =====   | =====  |
| RATIOS TO AVERAGE NET ASSETS:(4)                               |   |  |
| Total expenses .....   | 2.11%   | 2.57%  |
| Net expenses .....   | 1.80%   | 2.26%  |
| Net expenses excluding interest expense .....                  | 1.02%   | 1.25%  |
| Net investment income .....                                    | 11.60%  | 10.68%   |
| SUPPLEMENTAL DATA:   |   |  |
| Average net assets (000) .....                                 | \$ 94,271   | \$ 95,675  |
| Portfolio turnover .....                                       | 19%   | 22%  |
| Net assets, end of period (000) .....                          | \$100,225   | \$ 88,594  |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 47,747   | \$ 44,223  |
| Asset coverage(5) .....  | \$ 3,099  | \$ 3,003   |

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 (1) Commencement of investment operations. This information includes the initial investments by BlackRock Funding, Inc. Net asset value immediately after the closing of the public offering was \$14.25.

(2) Net asset value and market value are published in BARRON'S on Saturday and

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THE WALL STREET JOURNAL on Monday.

- (3) Total investment return is calculated assuming a purchase of a share at the current market price on the first day and a sale at the current market price on the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.
- (4) Annualized.
- (5) Per \$1,000 of reverse repurchase agreements outstanding.

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

See Notes to Financial Statements.

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### NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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#### NOTE 1. ORGANIZATION & ACCOUNTING POLICIES

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

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

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

**SECURITIES VALUATION:** The Trusts value most of their securities on the basis of current market quotations provided by dealers or pricing services selected under the supervision of each Trust's Board of Directors/Trustees (the "Board"). In determining the value of a particular security, pricing services may use certain information with respect to transactions in such securities, quotations from dealers, market transactions in comparable securities, various relationships observed in the market between securities, and calculated yield measures based

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on valuation technology commonly employed in the market for such securities. Exchange traded options are valued at their last sales price as of the close of options trading on applicable exchanges. In the absence of a last sale, options are valued at the average of the quoted bid and asked prices as of the close of business. A futures contract is valued at the last sale price as of the close of the commodities exchange on which it trades. Short-term securities may be valued at amortized cost. Securities or other assets for which such current market quotations are not readily available are valued at fair value as determined in good faith under procedures established by, and under the general supervision and responsibility of, each Trust's Board.

**SECURITIES TRANSACTIONS AND INVESTMENT INCOME:** Securities transactions are recorded on trade date. Realized and unrealized gains and losses are calculated on the identified cost basis. Each Trust also records interest income on an accrual basis and amortizes premium and/or accretes discount on securities purchased using the interest method.

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

**OPTION SELLING/PURCHASING:** When a Trust sells or purchases an option, an amount equal to the premium received or paid by the Trust is recorded as a liability or an asset and is subsequently adjusted to the current market value of the option written or purchased. Premiums received or paid from writing or purchasing options which expire unexercised are treated by the Trust on the expiration date as realized gains or losses. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction, including brokerage commissions, is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is added to the proceeds from the sale or cost of the purchase in determining whether a Trust has realized a gain or a loss on investment transactions. A Trust, as writer of an option, may have no control over whether the underlying securities may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the security underlying the written option.

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

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

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

**INTEREST RATE SWAPS:** In an interest rate swap, one investor pays a floating rate of interest on a notional principal amount and receives a fixed rate of interest on the same notional principal amount for a specified period of time. Alternatively, an investor may pay a fixed rate

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and receive a floating rate. Interest rate swaps are efficient as asset/liability management tools. In more complex swaps, the notional principal amount may decline (or amortize) over time.

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

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

**SWAP OPTIONS:** Swap options are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate swap agreement at any time before the expiration of the option. Premiums received or paid from writing or purchasing options are recorded as liabilities or assets and are subsequently adjusted to the current market value of the option written or purchased. Premiums received or paid from writing or purchasing options which expire unexercised are treated by a Trust on the expiration date as realized gains or losses. The difference between the premium and the amount paid or received on effecting a closing purchase or sale transaction, including brokerage commission, is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is added to the proceeds from the sale or cost of the purchase in determining whether a Trust has realized a gain or loss on investment transactions.

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

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

**INTEREST RATE CAPS:** Interest rate caps are similar to interest rate swaps,

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except that one party agrees to pay a fee, while the other party pays the excess, if any, of a floating rate over a specified fixed or floating rate.

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

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

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

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

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

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

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

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

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

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duration of the portfolio unexpectedly.

**FORWARD CURRENCY CONTRACTS:** The Trusts enter into forward currency contracts primarily to facilitate settlement of purchases and sales of foreign securities and to help manage the overall exposure to foreign currency. A forward contract is a commitment to purchase or sell a foreign currency at a future date (usually the security transaction settlement date) at a negotiated forward rate. In the event that a secu-

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rity fails to settle within the normal settlement period, the forward currency contract is renegotiated at a new rate. The gain or loss arising from the difference between the settlement value of the original and renegotiated forward contracts is isolated and is included in net realized gains (losses) from foreign currency transactions. Risks may arise as a result of the potential inability of the counterparties to meet the terms of their contract.

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

**FOREIGN CURRENCY TRANSLATION:** Foreign currency amounts are translated into United States dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities--at the New York City noon rates of exchange.
- (ii) purchases and sales of investment securities, income and expenses--at the rates of exchange prevailing on the respective dates of such transactions.

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

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

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

**SHORT SALES:** The Trusts may make short sales of securities as a method of

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

**SECURITY LENDING:** The Trusts may lend their portfolio securities to qualified institutions. The loans are secured by collateral at least equal, at all times, to the market value of the securities loaned. The Trusts may bear the risk of delay in recovery of, or even loss of rights in, the securities loaned should the borrower of the securities fail financially. The Trusts receive compensation for lending their securities in the form of interest on the loan. The Trusts also continue to receive interest on the securities loaned, and any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the accounts of the Trusts. The Trusts did not enter into any security lending transactions during the six months ended April 30, 2003.

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

**FEDERAL INCOME TAXES:** It is each Trust's (excluding Strategic Bond) intention to continue, and Strategic Bond intends to elect, to be treated as a regulated investment company under the Internal Revenue Code and to distribute sufficient amounts of their taxable income to shareholders. Therefore, no Federal income tax provisions are required. As part of a tax planning strategy, Broad Investment Grade intends to retain a portion of its taxable income and pay an excise tax on the undistributed amounts.

**DIVIDENDS AND DISTRIBUTIONS:** Each Trust declares and pays dividends and distributions to common shareholders monthly from net investment income, net realized short-term capital gains and other sources, if necessary. Net long-term capital gains, if any, in excess of loss carryforwards may be distributed annually. Dividends and distributions are recorded on the ex-dividend date.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

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

**DEFERRED COMPENSATION PLAN:** Under the revised deferred compensation plan approved by each Trust's Board, non-interested Trustees may elect to defer receipt of all or a portion of their annual compensation. As of January 1, 2003, the Board elected to require its members to defer a portion of their annual complex compensation pursuant to the plan. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of

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other BlackRock Trusts selected by the Directors/Trustees.

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

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### NOTE 2. AGREEMENTS

Each Trust has an Investment Management Agreement with BlackRock Advisors, Inc. (the "Advisor"), which is a wholly owned subsidiary of BlackRock, Inc. BlackRock Financial Management, Inc., a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to both Core Bond and Strategic Bond. BlackRock, Inc. is an indirect, majority owned subsidiary of The PNC Financial Services Group, Inc. The investment management agreement on Core Bond and Strategic Bond covers both investment advisory and administration services. Broad Investment Grade has an Administration Agreement with Princeton Administrators, L.P. ("Princeton"), an indirect wholly owned affiliate of Merrill Lynch & Co., Inc. High Yield, Income Opportunity and Income Trust have an Administration Agreement with Prudential Investments LLC ("Prudential"), an indirect wholly owned subsidiary of Prudential Financial, Inc.

Each Trust's investment advisory fee paid to the Advisor is computed weekly and payable monthly based on an annual rate, 0.55% for Broad Investment Grade, 0.60% for Income Opportunity and 0.65% for Income Trust, of each Trust's average net assets and 0.55% for Core Bond, 1.05% for High Yield and 0.75% for Strategic Bond, of each Trust's average weekly managed assets. The Advisor has voluntarily agreed to waive a portion of the investment advisory fees or other expenses on Strategic Bond as a percentage of its average weekly managed assets as follows: 0.20% for the first 5 years of the Trust's operations, 0.15% in year 6, 0.10% in year 7 and 0.05% in year 8.

The administration fee paid to each Trust's respective administrator, on other than Core Bond and Strategic Bond, is computed weekly and payable monthly based on an annual rate, 0.15% for Broad Investment Grade, 0.10% for Income Opportunity and 0.20% of the first \$500 million and 0.15% on any excess for Income Trust, of each Trust's average net assets and 0.10% for High Yield based on its average weekly managed assets.

Pursuant to the agreements, the Advisor provides continuous supervision of the investment portfolio and pays the compensation of officers of each Trust who are affiliated persons of the Advisor. The Advisor pays occupancy and certain clerical and accounting costs for Core Bond and Strategic Bond. Each Trust's respective administrator pays occupancy and certain clerical and accounting costs of their respective Trust(s). Each Trust bears all other costs and expenses, which include reimbursements to the Advisor for certain operational support services provided to each Trust.

Pursuant to the terms of their custody agreements, Core Bond, High Yield, Income Opportunity, Income Trust and Strategic Bond received earnings credits from its custodian for positive cash balances maintained, which are used to offset custody fees during the six months ended April 30, 2003, the amounts earned were \$4,390, \$1,382, \$2,863, \$6,094 and \$6,112, respectively.

### NOTE 3. PORTFOLIO SECURITIES



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Purchases and sales of investment securities, other than short-term investments, dollar rolls and U.S. government securities, for the six months ended April 30, 2003, aggregated as follows:

| TRUST<br>-----         | PURCHASES<br>----- | SALES<br>----- |
|------------------------|--------------------|----------------|
| Broad Investment Grade | \$ 2,793,709       | \$ 10,778,554  |
| Core Bond              | 1,093,538,346      | 1,050,553,478  |
| High Yield             | 12,358,553         | 12,848,350     |
| Income Opportunity     | 244,183,901        | 184,572,814    |
| Income Trust           | 65,856,647         | 83,410,882     |
| Strategic Bond         | 25,405,635         | 23,286,165     |

Purchases and sales of U.S. government securities for the six months ended April 30, 2003, aggregated as follows:

| TRUST<br>-----         | PURCHASES<br>----- | SALES<br>----- |
|------------------------|--------------------|----------------|
| Broad Investment Grade | \$ 5,144,969       | \$ --          |
| Core Bond              | 243,923,419        | 266,608,529    |
| High Yield             | --                 | --             |
| Income Opportunity     | 5,983,552          | 19,938,516     |
| Income Trust           | 130,038,105        | 122,103,351    |
| Strategic Bond         | 1,940,222          | 3,130,971      |

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

At April 30, 2003, the total cost of securities for Federal income tax purposes and the aggregate gross/net unrealized appreciation/depreciation for securities held by each Trust were as follows:

| TRUST<br>-----         | COST<br>----- | APPRECIATION<br>----- | DEPRECIATION<br>----- | NET<br>----- |
|------------------------|---------------|-----------------------|-----------------------|--------------|
| Broad Investment Grade | \$ 66,508,995 | \$ 1,304,156          | \$ 326,972            | \$ 977,184   |
| Core Bond              | 586,812,069   | 22,486,965            | 4,829,543             | 17,657,422   |
| High Yield             | 78,346,743    | 3,566,520             | 23,111,645            | (19,545,125) |
| Income Opportunity     | 580,342,044   | 25,157,150            | 5,504,589             | 19,652,561   |
| Income Trust           | 591,719,044   | 31,266,170            | 28,419,859            | 2,846,311    |
| Strategic Bond         | 143,798,660   | 5,946,949             | 5,422,493             | 524,456      |

For Federal income tax purposes, the following Trusts had capital loss carryforwards at October 31, 2002:

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| TRUST                  | CAPITAL LOSS<br>CARRYFORWARDS AMOUNT | EXPIRES      | TRUST          | CAPITAL LOSS<br>CARRYFORWARDS AMOUNT |
|------------------------|--------------------------------------|--------------|----------------|--------------------------------------|
| Broad Investment Grade | \$ 472,280<br>85,817                 | 2003<br>2008 | Income Trust   | \$10,359,634<br>27,373,194           |
|                        | \$ 558,097                           |              |                | 33,107,952                           |
| High Yield             | \$ 3,443,603<br>3,270,311            | 2007<br>2008 |                | 1,352,206<br>13,940,898              |
|                        | 15,159,280                           | 2009         |                | \$86,133,884                         |
|                        | 8,468,860                            | 2010         | Strategic Bond | \$ 316,708                           |
|                        | \$30,342,054                         |              |                |                                      |

Accordingly, no capital gain distributions are expected to be paid to shareholders of a Trust until that Trust has net realized capital gains in excess of its carryforward amounts.

Details of open financial futures contracts at April 30, 2003, were as follows:

| TRUST                  | NUMBER OF<br>CONTRACTS | TYPE               | EXPIRATION<br>DATE | VALUE AT<br>TRADE DATE | VALUE<br>APRIL 30, 2003 |
|------------------------|------------------------|--------------------|--------------------|------------------------|-------------------------|
| LONG POSITION:         |                        |                    |                    |                        |                         |
| Broad Investment Grade | 66                     | 10 Yr. U.S. T-Note | Jun. '03           | \$ 7,644,904           | \$ 7,644,904            |
| Core Bond              | 27                     | 10 Yr. U.S. T-Note | Jun. '03           | 3,106,266              | 3,106,266               |
|                        | 1,109                  | 30 Yr. U.S. T-Bond | Jun. '03           | 126,610,509            | 126,610,509             |
| Income Opportunity     | 1,233                  | 10 Yr. U.S. T-Note | Jun. '03           | 142,711,378            | 142,711,378             |
|                        | 1,261                  | 30 Yr. U.S. T-Bond | Jun. '03           | 144,436,146            | 144,436,146             |
| Income Trust           | 296                    | 10 Yr. U.S. T-Note | Jun. '03           | 34,286,235             | 34,286,235              |
| SHORT POSITION:        |                        |                    |                    |                        |                         |
| Core Bond              | 653                    | 5 Yr. U.S. T-Note  | Jun. '03           | 73,837,578             | 73,837,578              |
| Income Opportunity     | 1,001                  | 5 Yr. U.S. T-Note  | Jun. '03           | 112,794,327            | 112,794,327             |
| Income Trust           | 204                    | 30 Yr. U.S. T-Bond | Jun. '03           | 23,006,571             | 23,006,571              |
|                        | 30                     | Eurodollar         | Jun. '04           | 7,346,137              | 7,346,137               |
|                        | 30                     | Eurodollar         | Sep. '04           | 7,316,513              | 7,316,513               |
|                        | 30                     | Eurodollar         | Dec. '04           | 7,289,138              | 7,289,138               |
|                        | 30                     | Eurodollar         | Mar. '05           | 7,266,638              | 7,266,638               |
|                        | 25                     | Eurodollar         | Jun. '05           | 6,036,781              | 6,036,781               |
|                        | 25                     | Eurodollar         | Sep. '05           | 6,021,156              | 6,021,156               |
|                        | 25                     | Eurodollar         | Dec. '05           | 6,006,156              | 6,006,156               |

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25 Eurodollar Mar. '06 5,992,407

Details of open forward currency contracts at April 30, 2003, were as follows:

| TRUST AND FOREIGN CURRENCY | SETTLEMENT DATE | CONTRACT TO RECEIVE | VALUE AT SETTLEMENT DATE | VALUE AT APRIL 30, 2003 |
|----------------------------|-----------------|---------------------|--------------------------|-------------------------|
| Core Bond                  |                 |                     |                          |                         |
| BOUGHT:                    |                 |                     |                          |                         |
| Euro                       | 5/13/03         | 5,935,723e          | \$ 6,291,865             | \$ 6,633,688            |
| Swedish Krona              | 5/14/03         | 7,088,380kr         | 855,051                  | 866,445                 |
| SOLD:                      |                 |                     |                          |                         |
| Canadian Dollar            | 5/12/03         | 20,693,686\$        | \$14,033,260             | \$14,420,700            |
| Swedish Krona              | 5/14/03         | 50,391,090kr        | 5,961,453                | 6,159,532               |

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Income Trust held one interest rate cap. Under the agreement, Income Trust receives the excess, if any, of a floating rate over a fixed rate. Income Trust paid a transaction fee for each cap. Transaction fees are amortized through the termination of the agreement. Details of the cap at April 30, 2003, were as follows:

| NOTIONAL AMOUNT (000) | FIXED RATE | FLOATING RATE | TERMINATION DATE | AMORTIZED COST | VALUE AT APRIL 30, 2003 | UNREALIZED DEPRECIATION |
|-----------------------|------------|---------------|------------------|----------------|-------------------------|-------------------------|
| \$100,000             | 7.75%      | 3-month LIBOR | 5/4/03           | \$2,423        | --                      | \$(2,423)               |

Income Trust held one interest rate floor. Under the agreement, Income Trust pays the excess, if any, of a fixed rate over a floating rate. Income Trust received a transaction fee for the floor. Transaction fees are amortized through the termination of the agreement. Details of the interest rate floor held at April 30, 2003, were as follows:

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| NOTIONAL<br>AMOUNT<br>(000) | FIXED<br>RATE | FLOATING<br>RATE | TERMINATION<br>DATE | AMORTIZED<br>COST  | VALUE AT<br>APRIL 30,<br>2003 | UNREALIZED<br>DEPRECIATIO |
|-----------------------------|---------------|------------------|---------------------|--------------------|-------------------------------|---------------------------|
| \$35,000                    | 6.00%         | 1-month LIBOR    | 1/25/05             | \$596,250<br>===== | \$1,626,107<br>=====          | \$(1,029,857<br>=====     |

Details of open interest rate swaps at April 30, 2003, were as follows:

| TRUST              | NOTIONAL<br>AMOUNT<br>(000) | FIXED<br>RATE | FLOATING<br>RATE | TERMINATION<br>DATE | UNREALIZ<br>APPRECIAT<br>(DEPRECIAT |
|--------------------|-----------------------------|---------------|------------------|---------------------|-------------------------------------|
| Income Opportunity | \$ 10,000                   | 4.47% (a)     | 3-month LIBOR    | 11/04/12            | \$ (270,                            |
|                    | 7,000                       | 5.23% (a)     | 3-month LIBOR    | 11/04/21            | (295,                               |
|                    | 26,000                      | 5.46% (a)     | 3-month LIBOR    | 10/28/22            | (1,840,                             |
|                    | 9,000                       | 5.71% (b)     | 3-month LIBOR    | 5/22/06             | 904,                                |
|                    | 47,000                      | 5.73% (b)     | 3-month LIBOR    | 5/04/06             | 2,647,                              |
|                    |                             |               |                  |                     | -----                               |
|                    |                             |               |                  |                     | \$ 1,146,                           |
|                    |                             |               |                  |                     | =====                               |
| Income Trust       | \$ 24,000                   | 3.55% (b)     | 3-month LIBOR    | 10/24/06            | \$841,                              |
|                    | 162,000                     | 4.22% (b)     | 3-month LIBOR    | 5/04/06             | 4,441,                              |
|                    | 32,000                      | 5.46% (a)     | 3-month LIBOR    | 10/17/12            | (3,379,                             |
|                    | 24,000                      | 6.04% (a)     | 3-month LIBOR    | 11/15/21            | (3,468,                             |
|                    | 46,300                      | 6.07% (a)     | 3-month LIBOR    | 8/28/22             | (6,899,                             |
|                    |                             |               |                  |                     | -----                               |
|                    |                             |               |                  |                     | \$ (8,464,                          |
|                    |                             |               |                  |                     | =====                               |

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

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

Transactions in options written during the six months ended April 30, 2003, were as follows:

| TRUST | CONTRACTS/<br>NOTIONAL<br>AMOUNT<br>(000) | PREMIUM<br>RECEIVED |
|-------|---|---------------------|
|-------|---|---------------------|

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|   |           |            |
|---|-----------|------------|
| -----   | -----     | -----      |
| CORE BOND   |           |            |
| Options outstanding at October 31, 2002             | 138       | \$ 199,639 |
| Options expired                                     | (138)     | (199,639)  |
|   | -----     | -----      |
| Options outstanding at April 30, 2003               | --        | \$--       |
|   | =====     | =====      |
| INCOME OPPORTUNITY                                  |           |            |
| Options outstanding at October 31, 2002             | \$ 6,000  | \$ 124,460 |
| Options terminated in closing purchase transactions | (3,000)   | (67,800)   |
|   | -----     | -----      |
| Options outstanding at April 30, 2003               | \$ 3,000  | \$ 56,660  |
|   | =====     | =====      |
| INCOME TRUST  |           |            |
| Options outstanding at October 31, 2002             | \$ 22,000 | \$ 456,353 |
| Options terminated in closing purchase transactions | (11,000)  | (248,600)  |
|   | -----     | -----      |
| Options outstanding at April 30, 2003               | \$ 11,000 | \$ 207,753 |
|   | =====     | =====      |

NOTE 4. BORROWINGS

REVERSE REPURCHASE AGREEMENTS: The Trusts may enter into reverse repurchase agreements with qualified, third-party broker-dealers as determined by and under the direction of the Trusts' Board. Interest on the value of reverse repurchase agreements issued and outstanding is based upon competitive market rates at the time of issuance. At the time a Trust enters into a reverse repurchase agreement, it will establish and maintain a segregated account with the lender, containing liquid investment grade securities having a value not less than the repurchase price, including accrued interest of the reverse repurchase agreement.

The average daily balance and weighted average interest rate of reverse repurchase agreements during the six months ended April 30, 2003, were as follows:

| TRUST                  | AVERAGE DAILY<br>BALANCE | WEIGHTED AVERAGE<br>INTEREST RATE |
|------------------------|--------------------------|-----------------------------------|
| -----                  | -----                    | -----                             |
| Broad Investment Grade | \$ 19,884,350            | 1.33%                             |
| Core Bond              | 36,555,171               | 1.00                              |
| Income Opportunity     | 129,194,462              | 1.33                              |
| Income Trust           | 131,038,100              | 1.32                              |
| Strategic Bond         | 44,339,122               | 1.66                              |

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

LOAN PAYABLE: High Yield has a \$32 million committed credit facility (the "facility"). Under the terms of the facility, the Trust borrows at the London Interbank Offered Rate ("LIBOR") plus facility and administrative fees. In addition, the Trust pays a liquidity fee on the unused portion of the facility.

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The Trust may borrow up to 331/3% of its total assets up to the committed amount. In accordance with the terms of the debt agreement, the Trust has pledged its portfolio assets as collateral for the borrowing.

For the six months ended April 30, 2003, High Yield borrowed a daily weighted average balance of \$19,250,000 at a weighted average interest rate at 1.96%.

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### NOTE 5. CAPITAL

There are 200 million of \$0.01 par value common shares authorized for Broad Investment Grade, Income Opportunity and Income Trust. There are an unlimited number of \$0.001 par value common shares authorized for Core Bond, High Yield and Strategic Bond. At April 30, 2003, the common shares outstanding and the shares owned by affiliates of the Advisor of each Trust were:

| TRUST                  | COMMON SHARES<br>OUTSTANDING | COMMON SHARES<br>OWNED |
|------------------------|------------------------------|------------------------|
| -----                  | -----                        | -----                  |
| Broad Investment Grade | 2,957,093                    | 7,093                  |
| Core Bond              | 27,018,774                   | 9,425                  |
| High Yield             | 6,367,294                    | --                     |
| Income Opportunity     | 34,449,693                   | --                     |
| Income Trust           | 63,247,058                   | --                     |
| Strategic Bond         | 7,025,735                    | 9,425                  |

During the six months ended April 30, 2003, High Yield, Income Trust and Strategic Bond issued 15,326, 372,241 and 9,581 shares, respectively, under the terms of each Trust's Dividend Reinvestment Plan.

### NOTE 6. DIVIDENDS

Subsequent to April 30, 2003, the Board of each of the Trusts declared dividends from undistributed earnings per common share payable May 30, 2003, to shareholders of record on May 15, 2003. The per share common dividends declared were as follows:

| TRUST                  | COMMON DIVIDEND<br>PER SHARE |
|------------------------|------------------------------|
| -----                  | -----                        |
| Broad Investment Grade | \$0.075000                   |
| Core Bond              | 0.100000                     |
| High Yield             | 0.096875                     |
| Income Opportunity     | 0.070000                     |
| Income Trust           | 0.051042                     |
| Strategic Bond         | 0.120000                     |

### NOTE 7. COMMITMENT

On October 9, 1997, Income Opportunity and Income Trust each entered into a commitment to purchase an aggregate of up to \$22,000,000 and \$20,000,000, respectively, of Overseas Private Investment Corp. securities prior to the commitment expiration on September 30, 2003. As of April 30, 2003, Income Opportunity and Income Trust have purchased such securities with market values

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of \$16,260,093 and \$14,781,903, respectively. As of April 30, 2003, the remaining outstanding commitments of Income Opportunity and Income Trust were \$8,975,780 and \$8,159,800, respectively.

### NOTE 8. SUBSEQUENT EVENT

On May 22, 2003, the Boards of High Yield and Strategic Bond voted to change each Trust's monthly distribution per share, effective with the distribution declared on June 2, 2003, to \$0.0905 and \$0.13, respectively.

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### DIVIDEND REINVESTMENT PLANS

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Pursuant to each Trust's respective Dividend Reinvestment Plan (the "Plan"), shareholders of Broad Investment Grade, Income Opportunity and Income Trust may elect, while shareholders of Core Bond, High Yield and Strategic Bond are automatically enrolled, to have all distributions of dividends and capital gains reinvested by EquiServe Trust Company, N.A. (the "Plan Agent") in the respective Trust's shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

After Broad Investment Grade and/or Income Opportunity Trust declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, by the purchase of outstanding shares on the open market, on the Trust's primary exchange or elsewhere ("open market purchases"). The Trust will not issue any new shares under the Plan.

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

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends

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and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions.

Each Trust reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, each Trust reserves the right to amend the Plan to include a service charge payable by the participants. All correspondence concerning the Plan should be directed to the Plan Agent at 150 Royall Street, Canton, MA 02021 or (800) 699-1BFM.

### ADDITIONAL INFORMATION

The Joint Annual Meeting of Shareholders was held on May 22, 2003, to elect a certain number of Directors/Trustees for each of the following Trusts to three year terms, unless otherwise indicated, expiring in 2006:

#### BROAD INVESTMENT GRADE

Elected the Class III Directors and in accordance with Maryland law elected Walter F. Mondale, for the remainder of his term, as follows:

| DIRECTOR             | VOTES FOR | VOTES WITHHELD |
|----------------------|-----------|----------------|
| Andrew F. Brimmer    | 2,755,165 | 33,798         |
| Kent Dixon           | 2,756,365 | 32,598         |
| Robert S. Kapito     | 2,756,665 | 32,298         |
| Walter F. Mondale(1) | 2,741,445 | 47,518         |

#### CORE BOND

Elected the Class II Trustees as follows:

| TRUSTEE              | VOTES FOR  | VOTES WITHHELD |
|----------------------|------------|----------------|
| Frank J. Fabozzi     | 26,044,831 | 154,361        |
| Walter F. Mondale    | 25,961,379 | 237,813        |
| Ralph L. Schlosstein | 26,047,238 | 151,954        |

(1) Walter F. Mondale's term will expire in 2005.

#### HIGH YIELD

Elected the Class I Trustees as follows:

| TRUSTEE                      | VOTES FOR | VOTES WITHHELD |
|------------------------------|-----------|----------------|
| Richard E. Cavanagh          | 6,052,239 | 57,124         |
| James Clayburn La Force, Jr. | 6,047,853 | 61,510         |



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### INCOME OPPORTUNITY

Elected the Class II Directors and in accordance with Maryland law elected Robert S. Kapito, for the remainder of his term, as follows:

| DIRECTOR             | VOTES FOR  | VOTES WITHHELD |
|----------------------|------------|----------------|
| Frank J. Fabozzi     | 31,940,094 | 248,935        |
| Robert S. Kapito(2)  | 31,945,672 | 243,357        |
| Walter F. Mondale    | 31,855,311 | 333,718        |
| Ralph L. Schlosstein | 31,950,515 | 238,514        |

### INCOME TRUST

Elected the Class II Directors and in accordance with Maryland law elected Robert S. Kapito, for the remainder of his term, as follows:

| DIRECTOR             | VOTES FOR  | VOTES WITHHELD |
|----------------------|------------|----------------|
| Frank J. Fabozzi     | 58,207,702 | 677,691        |
| Robert S. Kapito2    | 58,219,376 | 666,017        |
| Walter F. Mondale    | 57,970,768 | 914,625        |
| Ralph L. Schlosstein | 58,222,291 | 663,102        |

### STRATEGIC BOND

Elected the Class II Trustees as follows:

| TRUSTEE              | VOTES FOR | VOTES WITHHELD |
|----------------------|-----------|----------------|
| Frank J. Fabozzi     | 6,752,233 | 52,587         |
| Walter F. Mondale    | 6,726,221 | 78,599         |
| Ralph L. Schlosstein | 6,750,877 | 53,943         |

(2) Robert S. Kapito's term will expire in 2004.

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BlackRock Closed-End Funds

Directors/Trustees

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

Officers

Robert S. Kapito, PRESIDENT  
Henry Gabbay, TREASURER  
Anne Ackerley, VICE PRESIDENT  
Richard M. Shea, VICE PRESIDENT/TAX  
James Kong, ASSISTANT TREASURER  
Vincent B. Tritto, SECRETARY  
Brian P. Kindelan, ASSISTANT SECRETARY

Investment Advisor

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

Sub-Advisor(1)

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

Custodian

State Street Bank and Trust Company  
One Heritage Drive  
North Quincy, MA 02171

Transfer Agent

EquiServe Trust Company, N.A.

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150 Royall Street  
Canton, MA 02021  
(800) 699-1BFM

Independent Accountants  
Deloitte & Touche LLP  
200 Berkeley Street  
Boston, MA 02116

Legal Counsel  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, NY 10036

Legal Counsel - Independent Directors/Trustees  
Debevoise & Plimpton  
919 Third Avenue  
New York, NY 10022

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

-----  
BlackRockAdvisors, Inc.(2)  
100 Bellevue Parkway  
Wilmington, DE 19809  
(800) 227-7BFM

BlackRock Core Bond Trust  
BlackRock Strategic Bond Trust

Princeton Administrators, L.P.(2)  
P.O. Box 9095  
Princeton, NJ 08543-9095  
(800) 543-6217

BlackRock Broad Investment Grade  
2009 Term Trust

Prudential Investme  
Gateway Center Thre  
100 Mulberry Street  
Newark, NJ 07102-40

(800) 227-7BFM  
BlackRock High  
BlackRock Inco  
BlackRock Inco

- (1) For BlackRock Core Bond Trust and BlackRock Strategic Bond Trust only.  
(2) Provides administrative services for the Trust(s) listed directly below its name.

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 227-7BFM.

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[BLACKROCK LOGO]

### ITEM 2. CODE OF ETHICS.

Not applicable for semi-annual reports.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual reports.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual reports.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual reports.

### ITEM 6. [RESERVED.]

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable for semi-annual reports.

### ITEM 8. [RESERVED.]

### ITEM 9. CONTROLS AND PROCEDURES.

The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust in this Form N-CSR was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

There were no significant changes or corrective actions with regard to significant deficiencies or material weaknesses in the Trust's internal controls or in other factors that could significantly affect the Trust's internal controls subsequent to the date of their evaluation.

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ITEM 10. EXHIBITS.

- (a) Code of Ethics - Not applicable for semi-annual reports.
- (b) (1) Certification of Principal Executive Officer.
- (b) (2) Certification of Principal Financial Officer.

SIGNATURES

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

(Registrant) BlackRock Core Bond Trust

By: /s/ Henry Gabbay  
-----  
Name: Henry Gabbay  
Title: Treasurer  
Date: 6/30/03

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

By: /s/ Robert S. Kapito  
-----  
Name: Robert S. Kapito  
Title: Principal Executive Officer  
Date: 6/30/03

By: /s/ Henry, Gabbay  
-----  
Name: Henry Gabbay  
Title: Principal Financial Officer  
Date: 6/30/03