

BLACKROCK LTD DURATION INCOME TRUST
Form N-CSR
January 16, 2007

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

FORM N-CSR

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

Investment Company Act file number: 811-21349

BlackRock Limited Duration Income Trust
(Exact name of Registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE
(Address of principal executive offices)

19809
(Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: October 31, 2006

Date of reporting period: October 31, 2006

Item 1. Reports to Stockholders.

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

ALTERNATIVES BLACKROCK SOLUTIONS EQUITIES FIXED INCOME LIQUIDITY REAL ESTATE



BlackRock
Closed-End Funds

ANNUAL REPORT | OCTOBER 31, 2006

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

BlackRock Core Bond Trust (BHK)

BlackRock High Yield Trust (BHY)

BlackRock Income Opportunity Trust (BNA)

BlackRock Income Trust Inc. (BKT)

BlackRock Limited Duration Income Trust (BLW)

BlackRock Strategic Bond Trust (BHD)

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

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BlackRock obtains or verifies personal nonpublic information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our Web sites.

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LETTER TO SHAREHOLDERS

October 31, 2006

Dear Shareholder:

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

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

The following table shows the Trusts' yields, closing market prices per share and net asset values (NAV) per share as of October 31, 2006.

Trust	Yield¹	Market Price	NAV
BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)	5.97%	\$15.08	\$13.79
BlackRock Core Bond Trust (BHK)	6.25	12.86	13.82
BlackRock High Yield Trust (BHY)	7.88	7.77	7.85
BlackRock Income Opportunity Trust (BNA)	6.24	10.58	11.17
BlackRock Income Trust Inc. (BKT)	6.13	6.07	6.48
BlackRock Limited Duration Income Trust (BLW)	7.96	18.85	19.01
BlackRock Strategic Bond Trust (BHD)	7.19	12.85	13.83

¹ Yield is based on closing market price. Past performance does not guarantee future results. These yields may increase/decrease due to an increase/decrease in the monthly distribution per share.

On September 29, 2006, BlackRock, Inc. (BlackRock) and Merrill Lynch Investment Managers united to form one of the largest asset management firms in the world. Now with more than \$1 trillion in assets under management, over 4,500 employees in 18 countries and representation in key markets worldwide, BlackRock's global presence means greater depth and scale to serve you.

BlackRock, a world leader in asset management, has a proven commitment to managing fixed income securities. As of September 30, 2006, BlackRock managed \$448 billion in fixed income securities, including 37 open-end and 94 closed-end bond funds. BlackRock is recognized for its emphasis on risk management and proprietary analytics and for its reputation managing money for the world's largest institutional investors. BlackRock Advisors, LLC, and its affiliate, BlackRock Financial Management, Inc., which manage the Trusts, are wholly owned subsidiaries of BlackRock, Inc.

At a Meeting that occurred on November 21, 2006, the Board of Trustees of BNA approved an amendment to BNA's Dividend Reinvestment Plan (the Plan). The amendment to the Plan is described under Dividend Reinvestment Plans .

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

Sincerely,

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Laurence D. Fink
Chief Executive Officer
BlackRock Advisors, LLC

Ralph L. Schlosstein
President
BlackRock Advisors, LLC

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TRUST SUMMARIES
OCTOBER 31, 2006

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

Trust Information

Symbol on American Stock Exchange:	BCT
Initial Offering Date:	June 17, 1993
Closing Market Price as of 10/31/06:	\$15.08
Net Asset Value as of 10/31/06:	\$13.79
Yield on Closing Market Price as of 10/31/06 (\$15.08): ¹	5.97%
Current Monthly Distribution per Share: ²	\$0.075
Current Annualized Distribution per Share: ²	\$0.900

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$15.08	\$15.86	(4.92)%	\$15.86	\$14.75
NAV	\$13.79	\$14.63	(5.74)%	\$14.65	\$13.77

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

Portfolio Composition

Composition	October 31, 2006	October 31, 2005
U.S. Government and Agency Securities	30%	46%
Agency Multiple Class Mortgage Pass-Through Securities	28	16
Corporate Bonds	14	18
Taxable Municipal Bonds	11	9
Inverse Floating Rate Mortgage Securities	8	4

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Interest Only Mortgage-Backed Securities	7	6
Mortgage Pass-Through Securities	2	1

2

TRUST SUMMARIES**OCTOBER 31, 2006****BlackRock Core Bond Trust (BHK)****Trust Information**

Symbol on New York Stock Exchange:	BHK
Initial Offering Date:	November 27, 2001
Closing Market Price as of 10/31/06:	\$ 12.86
Net Asset Value as of 10/31/06:	\$ 13.82
Yield on Closing Market Price as of 10/31/06 (\$12.86): ¹	6.25%
Current Monthly Distribution per Share: ²	\$ 0.067
Current Annualized Distribution per Share: ²	\$ 0.804

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$12.86	\$13.69	(6.06)%	\$13.85	\$11.94
NAV	\$13.82	\$14.27	(3.15)%	\$14.36	\$13.12

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

Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Corporate Bonds	58%	42%
Mortgage Pass-Through Securities	10	15
Agency Multiple Class Mortgage Pass-Through Securities	8	
Asset-Backed Securities	8	1

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Commercial Mortgage-Backed Securities	6	6
U.S. Government and Agency Securities	5	31
Non-Agency Multiple Class Mortgage Pass-Through Securities	2	
Interest Only Asset-Backed Securities	1	
Interest Only Mortgage-Backed Securities	1	1
Foreign Government Bonds	1	2
Collateralized Mortgage Obligation Securities		2

Corporate Credit Breakdown³

Credit Rating	October 31, 2006	October 31, 2005
AAA/Aaa	7%	5%
AA/Aa	26	25
A	10	13
BBB/Baa	17	13
BB/Ba	12	12
B	23	23
CCC/Caa	5	6
Not Rated		3

³ Using the highest of Standard & Poor's (S&P's), Moody's Investors Service (Moody's) or Fitch Rating (Fitch's) ratings. Corporate bonds represented approximately 58.3% and 53.3% of net assets on October 31, 2006 and 2005, respectively.

TRUST SUMMARIES**OCTOBER 31, 2006****BlackRock High Yield Trust (BHY)****Trust Information**

Symbol on New York Stock Exchange:	BHY
Initial Offering Date:	December 23, 1998
Closing Market Price as of 10/31/06:	\$ 7.77
Net Asset Value as of 10/31/06:	\$ 7.85
Yield on Closing Market Price as of 10/31/06 (\$7.77): ¹	7.88%
Current Monthly Distribution per Share: ²	\$ 0.051
Current Annualized Distribution per Share: ²	\$ 0.612

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$7.77	\$7.36	5.57%	\$8.89	\$7.08
NAV	\$7.85	\$7.48	4.95%	\$7.85	\$7.33

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

Corporate Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Energy	16%	19%
Financial Institutions	14	14
Telecommunications	13	8
Basic Materials	11	12
Media	11	7
Consumer Products	6	7

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

Corporate Credit Breakdown³

Credit Rating	October 31, 2006	October 31, 2005
BBB/Baa	3%	3%
BB/Ba	26	32
B	55	51
CCC/Caa	12	14
C	2	
Not Rated	2	

³ Using the highest of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 128.9% and 133.8% of net assets on October 31, 2006 and 2005, respectively.

TRUST SUMMARIES
OCTOBER 31, 2006
BlackRock Income Opportunity Trust (BNA)
Trust Information

Symbol on New York Stock Exchange:	BNA
Initial Offering Date:	December 20, 1991
Closing Market Price as of 10/31/06:	\$ 10.58
Net Asset Value as of 10/31/06:	\$ 11.17
Yield on Closing Market Price as of 10/31/06 (\$10.58): ¹	6.24%
Current Monthly Distribution per Share: ²	\$ 0.055
Current Annualized Distribution per Share: ²	\$ 0.660

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$ 10.58	\$ 10.90	(2.94)%	\$ 11.06	\$ 9.63
NAV	\$ 11.17	\$ 11.56	(3.37)%	\$ 11.63	\$ 10.58

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

Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Corporate Bonds	48%	35%
Asset-Backed Securities	13	
Mortgage Pass-Through Securities	12	13
Agency Multiple Class Mortgage Pass-Through Securities	7	5

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U.S. Government and Agency Securities	7	37
Non-Agency Multiple Class Mortgage Pass-Through Securities	6	1
Commercial Mortgage-Backed Securities	4	4
Federal Housing Administration Securities	1	1
Interest Only Mortgage-Backed Securities	1	1
Inverse Floating Rate Mortgage Securities	1	1
Interest Only Asset-Backed Securities		1
Collateralized Mortgage Obligation Securities		1

Corporate Credit Breakdown³

Credit Rating	October 31, 2006	October 31, 2005
AAA/Aaa	9%	8%
AA/Aa	17	17
A	10	9
BBB/Baa	19	19
BB/Ba	13	15
B	25	24
CCC/Caa	6	6
Not Rated	1	2

³ Using the highest of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 52.1% and 46.6% of net assets on October 31, 2006 and 2005, respectively.

TRUST SUMMARIES
OCTOBER 31, 2006
BlackRock Income Trust Inc. (BKT)
Trust Information

Symbol on New York Stock Exchange:	BKT
Initial Offering Date:	July 22, 1988
Closing Market Price as of 10/31/06:	\$ 6.07
Net Asset Value as of 10/31/06:	\$ 6.48
Yield on Closing Market Price as of 10/31/06 (\$6.07): ¹	6.13%
Current Monthly Distribution per Share: ²	\$ 0.031
Current Annualized Distribution per Share: ²	\$ 0.372

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$ 6.07	\$ 5.90	2.88%	\$ 6.52	\$ 5.86
NAV	\$ 6.48	\$ 6.54	(0.92)%	\$ 6.57	\$ 6.36

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

Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Agency Multiple Class Mortgage Pass-Through Securities	28%	14%
Mortgage Pass-Through Securities	22	23
U.S. Government and Agency Securities	20	30
Interest Only Mortgage-Backed Securities	10	7

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Non-Agency Multiple Class Mortgage Pass-Through Securities	9	2
Principal Only Mortgage-Backed Securities	5	5
Inverse Floating Rate Mortgage Securities	3	1
Federal Housing Administration Securities	2	2
Corporate Bonds	1	
Collateralized Mortgage Obligation Residual Securities		2
Interest Only Asset-Backed Securities		1
Collateralized Mortgage Obligation Securities		13

TRUST SUMMARIES
OCTOBER 31, 2006
BlackRock Limited Duration Income Trust (BLW)
Trust Information

Symbol on New York Stock Exchange:	BLW
Initial Offering Date:	July 30, 2003
Closing Market Price as of 10/31/06:	\$ 18.85
Net Asset Value as of 10/31/06:	\$ 19.01
Yield on Closing Market Price as of 10/31/06 (\$18.85): ¹	7.96%
Current Monthly Distribution per Share: ²	\$ 0.125
Current Annualized Distribution per Share: ²	\$ 1.500

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$ 18.85	\$ 17.48	7.84%	\$ 18.90	\$ 16.54
NAV	\$ 19.01	\$ 19.17	(0.83)%	\$ 19.22	\$ 18.67

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

Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Corporate Bonds	43%	43%
Bank Loans	36	32
Mortgage Pass-Through Securities	14	15
U.S. Government and Agency Securities	4	4

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Foreign Government Bonds	2	2
Non-Agency Multiple Class Mortgage Pass-Through Securities	1	1
Asset-Backed Securities		2
Interest Only Asset-Backed Securities		1

Corporate Credit Breakdown³

Credit Rating	October 31, 2006	October 31, 2005
AA/Aa	2%	%
A	1	3
BBB/Baa	9	9
BB/Ba	24	33
B	51	43
CCC/Caa	11	8
Not Rated	2	4

³ Using the highest of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 64.3% and 59.8% of net assets on October 31, 2006 and 2005, respectively.

TRUST SUMMARIES
OCTOBER 31, 2006
BlackRock Strategic Bond Trust (BHD)
Trust Information

Symbol on New York Stock Exchange:	BHD
Initial Offering Date:	February 26, 2002
Closing Market Price as of 10/31/06:	\$ 12.85
Net Asset Value as of 10/31/06:	\$ 13.83
Yield on Closing Market Price as of 10/31/06 (\$12.85): ¹	7.19%
Current Monthly Distribution per Share: ²	\$ 0.077
Current Annualized Distribution per Share: ²	\$ 0.924

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

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

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

	10/31/06	10/31/05	Change	High	Low
Market Price	\$ 12.85	\$ 12.45	3.21%	\$ 13.23	\$ 11.56
NAV	\$ 13.83	\$ 13.68	1.10%	\$ 13.85	\$ 13.23

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

Corporate Portfolio Composition

Composition	October 31, 2006	October 31, 2005
Financial Institutions	18%	21%
Media	14	10
Energy	13	12
Telecommunications	12	8

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Consumer Products	7	9
Aerospace & Defense	6	5
Basic Materials	6	5
Technology	5	3
Health Care	4	7
Entertainment & Leisure	3	3
Industrials	3	4
Automotive	2	3
Building & Development	2	2
Ecological Services & Equipment	2	2
Containers & Packaging	1	1
Real Estate	1	2
Transportation	1	2
Conglomerates		1

Corporate Credit Breakdown³

Credit Rating	October 31, 2006	October 31, 2005
AAA/Aaa	3%	3%
AA/Aa	6	8
A	12	11
BBB/Baa	13	19
BB/Ba	16	11
B	40	36
CCC/Caa	9	9
Not Rated	1	3

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Using the highest of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 107.6% and 122.7% of net assets on October 31, 2006 and 2005, respectively.

**CONSOLIDATED PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006**
BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 46.3%			
Mortgage Pass-Through Securities 1.0%			
		Federal National Mortgage Assoc.,	
	\$ 375	5.50%, 1/01/17-2/01/17	\$ 376,888
	15	6.50%, 7/01/29	15,499
		Total Mortgage Pass-Through Securities	392,387
Agency Multiple Class Mortgage Pass-Through Securities 13.1%			
		Federal Home Loan Mortgage Corp.,	
	2,168	Ser. 1510, Class G, 7.05%, 5/15/13	2,188,610
	2,000	Ser. 1598, Class J, 6.50%, 10/15/08	2,002,862
	81	Ser. 2564, Class NC, 5.00%, 2/15/33	76,072
		Federal National Mortgage Assoc.,	
	23	Ser. 17, Class JA, 4.00%, 4/25/34	23,165
	966	Ser. 49, Class H, 7.00%, 4/25/13	991,795
	² 57	Government National Mortgage Assoc., REMIC Trust 2000, Ser. 16, Class FD, 5.97%, 12/16/27	57,524
		Total Agency Multiple Class Mortgage Pass-Through Securities	5,340,028
Inverse Floating Rate Mortgage Securities 3.5%			
AAA	166 ²	Citicorp Mortgage Securities, Inc., Ser. 14, Class A-4, 4.192%, 11/25/23	165,379
		Federal Home Loan Mortgage Corp.,	
	97 ²	Ser. 1425, Class SB, 7.966%, 12/15/07	97,272
	20 ²	Ser. 1506, Class S, 9.71%, 5/15/08	19,650
	102 ²	Ser. 1515, Class S, 8.756%, 5/15/08	103,024
	181 ²	Ser. 1618, Class SA, 8.25%, 11/15/08	187,548
	22 ²	Ser. 1661, Class SB, 8.834%, 1/15/09	22,752
	84 ²	Ser. 1688, Class S, 9.206%, 12/15/13	85,598
	172 ²	Ser. 2517, Class SE, 2.95%, 10/15/09	162,563
		Federal National Mortgage Assoc.,	
	26 ²	Ser. 13, Class SJ, 8.75%, 2/25/09	26,883
	252 ²	Ser. 179, Class SB, 7.437%, 10/25/07	254,487
	53 ²	Ser. 187, Class SB, 11.795%, 10/25/07	54,461
	37 ²	Ser. 191, Class SD, 6.83%, 10/25/08	36,968
	87 ²	Ser. 214, Class SH, 4.359%, 12/25/08	87,256
	121 ²	Ser. 214, Class SK, 10.00%, 12/25/08	126,866
		Total Inverse Floating Rate Mortgage Securities	1,430,707
Interest Only Mortgage-Backed Securities 3.1%			
		Federal Home Loan Mortgage Corp.,	
	1	Ser. 65, Class I, 918.03%, 8/15/20	1,242
		Ser. 141, Class H, 1,060.00%, 5/15/21	249
	104	Ser. 1645, Class IB, 5.50%, 9/15/08	1,151
	1,970	Ser. 2523, Class EH, 5.50%, 4/15/20	167,571
	673	Ser. 2633, Class PI, 4.50%, 3/15/12	15,876
	5,605	Ser. 2739, Class PI, 5.00%, 3/15/22	314,814

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	1,243	Ser. 2775, Class UB, 5.00%, 12/15/17	26,360
	2,255	Ser. 2976, Class KI, 5.50%, 11/15/34	179,326
		Federal National Mortgage Assoc.,	
	1	Ser. 8, Class HA, 1,199.999%, 1/25/08	4,830
	1,607	Ser. 13, Class IG, 5.00%, 10/25/22	77,528
	103 ²	Ser. 20, Class SL, 10.123%, 9/25/08	7,963
	3	Ser. 49, Class L, 444.917%, 4/25/13	29,462
	1	Ser. 51, Class K, 1,006.50%, 4/25/07	1,755
	10,408	Ser. 70, Class ID, 5.00%, 4/25/22	394,743
	3 ²	Ser. 174, Class S, 97.242%, 9/25/22	12,318
		Ser. G-21, Class L, 949.50%, 7/25/21	9,447
NR	14,857 ²	Vendee Mortgage Trust, Ser. 1, 0.043%, 10/15/31	28,532
			1,273,167
		Total Interest Only Mortgage-Backed Securities	1,273,167

See Notes to Financial Statements.

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

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Principal Only Mortgage-Backed Security 0.0%			
Aaa	\$ 21 ³	Salomon Brothers Mortgage Securities, Inc. VI, Ser. 3, Class A, 12.50%, 10/23/17	\$ 18,787
Asset-Backed Securities 0.0%			
NR	235 ^{2,4,5,6}	Global Rated Eligible Asset Trust, Ser. A, Class 1, 7.33%, 9/15/07	23
NR	568 ^{2,5,6}	Structured Mortgage Asset Residential Trust, Ser. 2, 8.24%, 12/15/06	57
NR	629 ^{2,5,6}	Ser. 3, 8.724%, 4/15/07	63
Total Asset-Backed Securities			143
Corporate Bonds 6.6%			
Caa2	100	American Airlines, Inc., 10.44%, 3/04/07	101,250
BBB+	500 ⁴	Israel Electric Corp. Ltd., 7.25%, 12/15/06 (Israel)	500,665
AA-	1,000	Morgan Stanley Group, Inc., 10.00%, 6/15/08	1,073,919
Aa1	500	U.S. Bank NA, 2.85%, 11/15/06	499,570
AA-	500	Wachovia Corp., 4.95%, 11/01/06	500,000
Total Corporate Bonds			2,675,404
U.S. Government and Agency Securities 13.9%			
	3,200	U.S. Treasury Notes, 3.50%, 11/15/06	3,197,751
	2,000	6.00%, 8/15/09	2,070,860
	385	6.625%, 5/15/07	388,128
Total U.S. Government and Agency Securities			5,656,739
Taxable Municipal Bonds 5.1%			
AAA	500	Fresno California Pension Oblig., 7.80%, 6/01/14	551,920
AAA	500	Kern County California Pension Oblig., 6.98%, 8/15/09	524,580
AAA	500	Los Angeles County California Pension Oblig., Ser. D, 6.97%, 6/30/08	514,320
AAA	500	Orleans Parish Louisiana School Board, Ser. A, 6.60%, 2/01/08	508,340
Total Taxable Municipal Bonds			2,099,160
Total Long-Term Investments (cost \$19,176,252)			18,886,522
SHORT-TERM INVESTMENTS 53.1%			
U.S. Government and Agency Discount Notes 53.1%			
	1,400 ⁷	Federal Home Loan Bank Discount Notes, 4.981%, 11/01/06	1,400,000
	20,300 ⁷	5.105%, 11/15/06	20,259,857
Total Short-Term Investments (cost \$21,659,857)			21,659,857
Total Investments 99.4% (cost \$40,836,109)			\$ 40,546,379
Other assets in excess of liabilities 0.6%			234,939
Net Assets 100%			\$ 40,781,318

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- 1 Using the highest of S&P's, Moody's or Fitch's ratings.
2 Variable rate security. Rate shown is interest rate as of October 31, 2006.
3 Rate shown is effective yield as of October 31, 2006 of the underlying collateral.
4 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 1.2% of its net assets, with a current market value of \$500,688, in securities restricted as to resale.
5 Security is fair valued.
6 Illiquid security. As of October 31, 2006, the Trust held less than 0.1% of its net assets, with a current market value of \$143, in these securities.
7 Rate shown is the yield to maturity as of the date of purchase.
8 Cost for federal income tax purposes is \$40,836,108. The net unrealized depreciation on a tax basis is \$289,729, consisting of \$402,723 gross unrealized appreciation and \$692,452 gross unrealized depreciation.

KEY TO ABBREVIATION

REMIC Real Estate Mortgage Investment Conduit

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS

OCTOBER 31, 2006

BlackRock Core Bond Trust (BHK)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 101.0%			
Mortgage Pass-Through Securities 10.0%			
		Federal Home Loan Mortgage Corp.,	
	\$ 1,875 ²	3.01%, 4/19/07	\$ 1,855,324
	83	5.00%, 8/01/33	79,991
	5,884	5.50%, 11/01/18-5/01/36	5,827,530
	1,747 ²	5.50%, 11/01/18	1,751,440
	3,008	6.00%, 2/01/13-12/01/18	3,053,783
	115 ³	6.276%, 5/01/32	118,233
	28	7.00%, 9/01/31	28,550
		Federal National Mortgage Assoc.,	
	3,675 ²	2.35%, 4/05/07	3,628,886
	47	4.50%, 2/01/20	45,515
	12,612	5.00%, 11/01/17-6/01/36	12,417,281
	4,138	5.50%, 1/01/18-4/01/36	4,128,134
	977	6.00%, 8/01/29-3/01/36	983,099
	332	7.00%, 1/01/31-7/01/32	348,043
	271	Government National Mortgage Assoc., 5.50%, 8/15/33	270,157
		Small Business Administration,	
	877	Ser. P10B, Class 1, 4.754%, 8/01/14	855,457
	1,831	Ser. P10B, Class 1, 5.136%, 8/10/13	1,831,785
		Total Mortgage Pass-Through Securities	37,223,208
Federal Housing Administration Security 0.3%			
	1,051	FHA Hebre Home Hospital, 6.25%, 9/01/28	1,077,172
Agency Multiple Class Mortgage Pass-Through Securities 7.7%			
		Federal Home Loan Mortgage Corp.,	
	2,416	Ser. 82, Class HJ, 5.50%, 9/25/32	2,419,852
	1,200	Ser. 2562, Class PG, 5.00%, 1/15/18	1,181,088
	3,120	Ser. 2806, Class VC, 6.00%, 12/15/19	3,195,004
	1,440	Ser. 2825, Class VP, 5.50%, 6/15/15	1,454,425
	1,300	Ser. 2883, Class DR, 5.00%, 11/15/19	1,269,858
	3,392	Ser. 2922, Class GA, 5.50%, 5/15/34	3,416,276
	1,821	Ser. 2927, Class BA, 5.50%, 10/15/33	1,835,232
	1,754	Ser. 2933 Class HD, 5.50%, 2/15/35	1,769,474
	1,600	Ser. 2968, Class EG, 6.00%, 10/15/34	1,636,881
		Federal National Mortgage Assoc.,	
	1,552	Ser. 3 Class AP, 5.50%, 2/25/35	1,565,014
	3,234	Ser. 5, Class PK, 5.00%, 12/25/34	3,207,705
	2,040	Ser. 27, Class PC, 5.50%, 5/25/34	2,050,707
	2,011	Ser. 70, Class NA, 5.50%, 8/25/35	2,023,175
	1,828 ³	Ser. 118, Class FD, 5.72%, 12/25/33	1,833,587
		Total Agency Multiple Class Mortgage Pass-Through Securities	28,858,278
Non-Agency Multiple Class Mortgage Pass-Through Securities 2.8%			
		First Union National Bank Commercial Mortgage,	
AAA	3,150	Ser. C3, Class A3, 6.423%, 8/15/33	3,302,827
AAA	2,265	Ser. C4, Class A2, 6.223%, 12/12/33	2,363,523
AAA	2,350	General Motor Acceptance Corp. Commercial Mortgage Securities, Inc., Ser. C4, Class A2, 4.93%, 7/10/39	2,321,153

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AAA	2,584	Structured Asset Securities Corp., Ser. AL1, Class A2, 3.45%, 2/25/32	2,317,368
			10,304,871
Asset-Backed Securities 8.2%			
AAA	2,800	Chase Manhattan Auto Owner Trust, Ser. B, Class A4, 4.88%, 6/15/12	2,792,323
AAA	2,825	Citibank Credit Card Issuance Trust, Ser. A2, Class A2, 4.85%, 2/10/11	2,815,182
Countrywide Asset-Backed Certificates,			
AAA	1,242 ³	Ser. 15, Class 2AV1, 5.42%, 4/25/36	1,242,234
AAA	1,870 ³	Ser. 16, Class 4AV1, 5.42%, 5/25/36	1,870,245
AAA	2,825	DaimlerChrysler Auto Trust, Ser. A, Class A3, 5.00%, 5/08/10	2,820,494
AAA	2,850	Ford Credit Auto Owner Trust, Ser. A, Class A4, 5.07%, 12/15/10	2,850,545
AAA	2,300	Harley-Davidson Motorcycle Trust, Ser. 2, Class A2, 4.07%, 2/15/12	2,260,300

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Asset-Backed Securities (cont d)			
A1	\$ 2,500	Maryland Trust, Ser. 1, Class A, 5.55%, 12/10/65	\$ 2,485,937
AAA	2,825	MBNA Credit Card Master Note Trust, Ser. A1, Class A, 4.90%, 7/15/11	2,821,472
AAA	1,510 _{3,4}	Merrill Lynch Mortgage Investors, Inc., Ser. HE2, Class A2A, 5.43%, 9/25/36	1,509,838
AAA	1,541 ₃	New Century Home Equity Loan Trust, Ser. C, Class A2A, 5.40%, 1/25/36	1,541,455
AAA	1,160 ₃	SLM Student Loan Trust, Ser. 5, Class A1, 5.377%, 1/25/18	1,160,762
AAA	1,741 ₃	Structured Asset Investment Loan Trust, Ser. 1, Class A1, 5.40%, 1/25/36	1,740,806
AAA	2,725	USAA Auto Owner Trust, Ser. 1 Class A4, 5.04%, 12/15/11	2,730,162
Total Asset-Backed Securities			30,641,755
Interest Only Asset-Backed Securities 0.5%			
Sterling Coofs Trust,			
NR	21,411	Ser. 1, 2.362%, 4/15/29	963,503
AAA	17,972 ₃	Ser. 2, 2.418%, 3/30/30	786,260
Total Interest Only Asset-Backed Securities			1,749,763
Interest Only Mortgage-Backed Securities 0.8%			
Federal Home Loan Mortgage Corp.,			
	2,611	Ser. 2579, Class HI, 5.00%, 8/15/17	337,982
	6,656	Ser. 2611, Class QI, 5.50%, 9/15/32	1,239,324
	29,152 ₃	Federal National Mortgage Assoc., Ser. 90, Class JH, 1.38%, 11/25/34	1,453,055
Total Interest Only Mortgage-Backed Securities			3,030,361
Commercial Mortgage-Backed Securities 6.5%			
AAA	2,180 ₃	Banc of America Commerical Mortgage, Inc., Ser. 1, Class A4, 4.885%, 11/10/42	2,170,441
AAA	1,366	Commercial Mortgage Acceptance Corp., Ser. C2, Class A2, 6.03%, 9/15/30	1,373,856
AAA	2,720	Credit Suisse First Boston Mortgage Securities Corp., Ser. CP5, Class A2, 4.94%, 12/15/35	2,679,590
AAA	1,573	General Motor Acceptance Corp. Commercial Mortgage Securities, Inc., Ser. C3, Class A2, 7.179%, 8/15/36	1,638,821
AAA	2,584	Goldman Sachs Mortgage Securities Corp. II, Ser. C1, Class A3, 6.135%, 10/18/30	2,612,055
AAA	1,615	Heller Financial Commercial Mortgage Asset Co., Ser. PH1, Class A2, 6.847%, 5/15/31	1,659,716
		JP Morgan Chase Commercial Mortgage Securities Corp.,	
	2,140	Ser. C1, Class A3, 5.857%, 10/12/35	2,199,539
AAA	2,180	Ser. CBX, Class A4, 4.529%, 1/12/37	2,122,052
AAA	1,691	JP Morgan Commercial Mortgage Finance Corp., Ser. C10, Class A2, 7.371%, 8/15/32	1,788,462
AAA	2,387	Morgan Stanley Capital Trust I, Ser. HF2, Class A2, 6.48%, 11/15/30	2,423,872
AAA	3,500	Salomon Brothers Mortgage Securities VII, Ser. C1, Class A2, 7.52%, 12/18/09	3,709,492
Total Commercial Mortgage-Backed Securities			24,377,896
Corporate Bonds 58.3%			
Aerospace & Defense 1.2%			
B	100	Argo-Tech Corp., 9.25%, 6/01/11	103,750
B	1,305	DI Finance/DynCorp Intl., Ser. B, 9.50%, 2/15/13	1,357,200
		DRS Technologies, Inc.,	
B	70	6.875%, 11/01/13	70,000
B	80	7.625%, 2/01/18	81,800
		Northrop Grumman Corp.,	
BBB+	615	4.079%, 11/16/06	614,683

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BBB+	960	7.875%, 3/01/26	1,192,609
BB	15	Sequa Corp., 9.00%, 8/01/09	15,825
A+	1,125	United Technologies Corp., 4.875%, 5/01/15	1,094,504
Total Aerospace & Defense			4,530,371
Automotive 0.6%			
Autonation, Inc.,			
BB+	150	7.00%, 4/15/14	149,250
BB+	150 ₃	7.374%, 4/15/13	151,125
BB-	30 _{3,5}	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 7.905%, 5/15/14	29,325
BBB+	660	DaimlerChrysler NA Holding Corp., 7.45%, 3/01/27	709,073
B	300	Lear Corp., Ser. B, 8.11%, 5/15/09	304,125
CCC+	250	Metaldyne Corp., 10.00%, 11/01/13	256,250
BB-	517	TRW Automotive, Inc., 9.375%, 2/15/13	553,836
Total Automotive			2,152,984
Basic Materials 3.5%			
B+	750	Abitibi-Consolidated, Inc., 6.00%, 6/20/13 (Canada)	596,250
B+	995	AK Steel Corp., 7.75%, 6/15/12	995,000
B-	80 _{3,5}	BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 11.874%, 7/15/10	81,600

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Basic Materials (cont d)			
BB-	\$ 80 ₃	Bowater, Inc., 8.39%, 3/15/10	\$ 80,800
BB+	30	Chemtura Corp., 6.875%, 6/01/16	29,325
B-	200	CPG Intl. I, Inc., 10.50%, 7/01/13	204,000
		Domtar, Inc.,	
B2	60	7.125%, 8/15/15	57,300
B2	180	7.875%, 10/15/11	183,825
B+	150	Donohue Forest Products, 7.625%, 5/15/07 (Canada)	150,000
B2	66	Huntsman LLC, 11.50%, 7/15/12	74,745
BB	70	IMC Global, Inc., Ser. B, 10.875%, 6/01/08	75,513
		Ineos Group Holdings PLC, (United Kingdom)	
B2	285	7.875%, 2/07/16 (EUR)	348,741
B2	730 ₅	8.50%, 2/15/16	702,625
B3	1,045	Innophos, Inc., 8.875%, 8/15/14	1,042,387
BBB	130	Ispat Inland ULC, 9.75%, 4/01/14 (Canada)	145,600
		Lyondell Chemical Co.,	
BB-	240	8.00%, 9/15/14	245,400
BB-	385	8.25%, 9/15/16	396,550
BB+	2,120	9.50%, 12/15/08	2,175,650
BB	190	Millennium America, Inc., 9.25%, 6/15/08	195,700
B3	510	NewPage Corp., 10.00%, 5/01/12	534,225
		Noranda, Inc.,	
BBB+	825	6.00%, 10/15/15	829,616
BBB+	1,250	6.20%, 6/15/35	1,218,867
		Nova Chemicals Corp.,	
BB	50	6.50%, 1/15/12	47,000
BB	610 ₃	8.405%, 11/15/13	620,675
CCC+	545 ₅	Pregis Corp., 12.375%, 10/15/13	577,700
B+	16	Rhodia SA, 10.25%, 6/01/10 (France)	18,120
BBB	1,430	Teck Cominco Ltd., 6.125%, 10/01/35 (Canada)	1,394,932
B-	80 ₅	Verso Paper Holdings LLC/Verson Paper, Inc., 11.375%, 8/01/16	81,200
Total Basic Materials			13,103,346
Building & Development 1.2%			
B	635	ERICO Intl. Corp., 8.875%, 3/01/12	661,987
B-	440	Goodman Global Holding Co., Inc., 7.875%, 12/15/12	422,400
BB+	3,000	Hovnanian Enterprises, Inc., 10.50%, 10/01/07	3,112,500
B3	190	Nortek, Inc., 8.50%, 9/01/14	181,450
		North American Energy Partners, Inc.,	
Caa1	85	8.75%, 12/01/11	84,150
B1	175	9.00%, 6/01/10	190,750
Total Building & Development			4,653,237
Business Equipment & Services 0.0%			
Ba2	100 ₅	FTI Consulting, Inc., 7.75%, 10/01/16	102,250
Consumer Products 2.4%			
B3	90	ALH Finance LLC, 8.50%, 1/15/13	89,325
CCC+	650 ₃	Ames True Temper, Inc., 9.374%, 1/15/12	656,500
B2	165 ₅	Education Management LLC/Education Management Corp., 8.75%, 6/01/14	169,125
BBB+	530	Federated Department Stores, Inc., 6.79%, 7/15/27	534,044
B-	205	Finlay Fine Jewelry Corp., 8.375%, 6/01/12	184,500
B	80	Gold Kist, Inc., 10.25%, 3/15/14	91,800
B2	605 ₅	Knowledge Learning Corp., Inc., 7.75%, 2/01/15	573,237
B-	320	Lazydays RV Center, Inc., 11.75%, 5/15/12	310,400

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B	385 ₃	Levi Strauss & Co., 10.122%, 4/01/12	397,031
		May Department Stores Co.,	
BBB+	30	6.65%, 7/15/24	29,934
BBB+	230	7.875%, 3/01/30	260,152
		Michaels Stores, Inc.,	
B2	470 ₅	10.00%, 11/01/14	470,588
Caa1	600 ₅	11.375%, 11/01/16	606,750
B3	50 _{3,5}	Nutro Products, Inc., 9.40%, 10/15/13	51,375
B	1,000	Pantry, Inc., 7.75%, 2/15/14	1,012,500
BB-	200	Quiksilver, Inc., 6.875%, 4/15/15	192,500

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Consumer Products (cont d)			
BB+	\$ 250 ₅	Reynolds American, Inc., 7.625%, 6/01/16	\$ 265,444
B1	2,100	Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13	2,136,750
CCC	370	Spectrum Brands, Inc., 7.375%, 2/01/15	299,700
		United Rentals NA, Inc.,	
B	780	7.00%, 2/15/14	746,850
B	25	7.75%, 11/15/13	24,938
Total Consumer Products			9,103,443
Containers & Packaging 0.8%			
		Berry Plastics Holding Corp.,	
B2	270 ₅	8.875%, 9/15/14	272,700
B2	180 _{3,5}	9.265%, 9/15/14	182,025
B+	250	Crown Americas LLC/Crown Americas Capital Corp., 7.75%, 11/15/15	256,563
CCC+	75	Graham Packaging Co., Inc., 8.50%, 10/15/12	74,625
B1	190 _{3,5}	Impress Holdings BV, 8.512%, 9/15/13	191,499
B	1,500	Owens Brockway, 8.25%, 5/15/13	1,545,000
B+	421	Smurfit-Stone Container Enterprises, Inc., 9.75%, 2/01/11	434,156
Total Containers & Packaging			2,956,568
Ecological Services & Equipment 0.2%			
Caa1	590	Waste Services, Inc., 9.50%, 4/15/14	604,750
Energy 6.5%			
BBB-	425	Amerada Hess Corp., 7.125%, 3/15/33	473,304
BBB	2,350	Anadarko Petroleum Corp., 6.45%, 9/15/36	2,435,810
		ANR Pipeline Co.,	
Ba1	260	7.375%, 2/15/24	271,780
Ba1	810	9.625%, 11/01/21	1,008,088
B	140	Berry Petroleum Co., 8.25%, 11/01/16	139,650
CCC+	320	Chaparral Energy, Inc., 8.50%, 12/01/15	319,200
		Chesapeake Energy Corp.,	
BB	150	6.375%, 6/15/15	144,750
BB	20	6.875%, 11/15/20	19,000
BB-	30	CMS Energy Corp., 7.50%, 1/15/09	30,825
BB-	160	Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France)	158,000
B	415	Compton Petroleum Finance Corp., 7.625%, 12/01/13 (Canada)	393,212
A1	375	ConocoPhillips Holding Co., 6.95%, 4/15/29	432,888
BBB	725	DTE Energy Co., 6.35%, 6/01/16	754,054
BB-	165 ₅	Edison Mission Energy, 7.50%, 6/15/13	169,538
		El Paso Corp.,	
B	100	7.80%, 8/01/31	104,250
B	65	9.625%, 5/15/12	72,150
B	150	10.75%, 10/01/10	167,250
		El Paso Natural Gas Co.,	
Ba1	850	7.625%, 8/01/10	877,625
Ba1	225	8.375%, 6/15/32	260,388
Ba1	265	8.625%, 1/15/22	305,667
Ba1	131	Elwood Energy LLC, 8.159%, 7/05/26	139,115
A-	1,000	EnCana Corp., 6.50%, 8/15/34 (Canada)	1,047,586
		Encore Acquisition Co.,	
B1	40	6.00%, 7/15/15	36,500
B1	60	7.25%, 12/01/17	57,750
BBB	1,500	Energy East Corp., 6.75%, 7/15/36	1,602,643
B-	130	Exco Resources, Inc., 7.25%, 1/15/11	125,125

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AA-	950	Florida Power & Light Co., 4.95%, 6/01/35	857,447
BB+	80	Grant Prideco, Inc., Ser. B, 6.125%, 8/15/15	76,500
BBB+	175	Halliburton Co., 7.60%, 8/15/96	203,870
B	49 ₅	Hilcorp Energy I LP/Hilcorp Finance Corp., 10.50%, 9/01/10	52,553
B-	170	KCS Energy, Inc., 7.125%, 4/01/12	163,200
Ba2	75	Midwest Generation LLC, Ser. B, 8.56%, 1/02/16	81,143
		Mirant Americas Generation LLC,	
Caa1	155	8.30%, 5/01/11	156,938
Caa1	50	8.50%, 10/01/21	49,250
Caa1	75	9.125%, 5/01/31	77,625

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Energy (cont d)			
BB-	\$ 590	Mission Energy Holdings Co., 13.50%, 7/15/08	\$ 657,850
		NRG Energy, Inc., 7.25%, 2/01/14	50,563
B+	50		
B+	285	7.375%, 2/01/16	288,206
A-	360	Occidental Petroleum Corp., 7.20%, 4/01/28	420,832
BBB	1,000	Ohio Edison Co., 6.875%, 7/15/36	1,111,528
BBB	425	ONEOK Partners LP, 6.65%, 10/01/36	437,319
B2	130	Orion Power Holdings, Inc., 12.00%, 5/01/10	147,550
BBB+	790	Peco Energy Capital Trust IV, 5.75%, 6/15/33	706,258
BBB	1,650	Pemex Project Funding Master Trust, 9.375%, 12/02/08	1,773,750
		Reliant Energy, Inc., 6.75%, 12/15/14	200,288
BB-	210		
BB-	50	9.25%, 7/15/10	51,750
A-	700	Scottish Power PLC, 5.375%, 3/15/15 (United Kingdom)	687,345
B+	315 ⁵	SemGroup LP, 8.75%, 11/15/15	317,363
B	360 ^{3,5}	Stone Energy Corp., 8.124%, 7/15/10	357,750
A-	295	Suncor Energy, Inc., 5.95%, 12/01/34 (Canada)	302,323
B3	320 ⁵	Targa Resources, Inc., 8.50%, 11/01/13	319,200
AA	1,050	Texaco Capital, Inc., 8.875%, 9/01/21	1,401,672
A2	550	Transcanada Pipelines Ltd., 5.85%, 3/15/36 (Canada)	548,423
BBB-	20	Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26	20,700
B+	270	Utilicorp Finance Corp., 7.75%, 6/15/11 (Canada)	285,125
B1	375	Whiting Petroleum Corp., 7.25%, 5/01/12-5/01/13	370,412
BB+	415	Williams Cos., Inc., 8.75%, 3/15/32	460,650
Total Energy			24,181,531
Entertainment & Leisure 1.0%			
		AMC Entertainment, Inc., 9.50%, 2/01/11	170,638
B3	170		
B3	185	11.00%, 2/01/16	204,656
B3	80	Cinemark, Inc., Zero Coupon, 3/15/14	65,100
B	1,000	Circus & Eldorado Joint Venture, 10.125%, 3/01/12	1,050,000
B-	150	Gaylord Entertainment Co., 6.75%, 11/15/14	143,625
B3	335 ⁵	Greektown Holdings LLC, 10.75%, 12/01/13	354,263
B	140 ⁵	Pokagon Gaming Authority, 10.375%, 6/15/14	150,150
B3	110	Poster Financial Group, Inc., 8.75%, 12/01/11	114,675
BB	260	Seneca Gaming Corp., Ser. B, 7.25%, 5/01/12	261,625
		Travelport, Inc., 9.875%, 9/01/14	502,987
B-	510 ⁵		
B-	510 ⁵	11.875%, 9/01/16	502,350
BB-	40	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625%, 12/01/14	39,200
Total Entertainment & Leisure			3,559,269
Financial Institutions 22.0%			
		American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13	319,200
BB+	320		
BB+	3,165	8.125%, 6/01/12	3,236,213
Aa3	545	BAC Capital Trust XI, 6.625%, 5/23/36	587,083
Aa2	325	Bank One Corp., 3.70%, 1/15/08	318,680
Aa2	1,400	BankBoston NA, 6.375%, 3/25/08-4/15/08	1,422,020

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AA+	4,970 ³	Barclays Bank PLC NY, 5.40%, 3/13/09	4,970,875
B	40	BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg)	43,900
AA	350 ⁵	Belvoir Land LLC, Ser. A1, 5.27%, 12/15/47	330,652
		Berkshire Hathaway Finance Corp.,	
AAA	1,200	3.40%, 7/02/07	1,185,715
AAA	1,075	4.75%, 5/15/12	1,055,321
AA+	600	CitiFinancial, 6.25%, 1/01/08	605,668
		Citigroup, Inc.,	
AA+	3,950 ⁶	3.625%, 2/09/09	3,828,087
AA+	5,470	4.125%, 2/22/10	5,317,907
AA+	1,020	4.25%, 7/29/09	999,198
AA+	525	6.875%, 2/15/98	588,480
BB	980	Crum & Forster Holdings Corp., 10.375%, 6/15/13	1,016,750

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Financial Institutions (cont d)			
AAA	\$ 1,100 ⁵	Depfa ACS Bank, 4.25%, 8/16/10 (Ireland)	\$ 1,072,678
AA-	900 ³	Deutsche Bank AG, 5.37%, 3/15/07	900,000
AAA	1,700	Eksportfinans A/S, 5.50%, 5/25/16 (Norway)	1,756,348
Aaa	525 ⁵	Fort Irwin Land LLC, Ser. A-1, 5.03%, 12/15/25	492,135
AAA	3,625 ³	General Electric Capital Corp., 5.424%, 1/15/08	3,628,368
BB	460	General Motors Acceptance Corp., 6.875%, 8/28/12	461,235
AA-	1,415	Goldman Sachs Group, Inc., 5.35%, 1/15/16	1,397,839
		HBOS Treasury Services PLC,	
AA+	855 ⁵	3.60%, 8/15/07	843,542
AA+	825 ⁵	3.75%, 9/30/08	803,342
AA-	775	HSBC Bank NA, 5.875%, 11/01/34	780,850
		HSBC Finance Corp.,	
AA-	1,820	4.75%, 5/15/09	1,806,783
AA-	635	6.375%, 8/01/10	660,357
		iPayment, Inc.,	
CCC+	240 ⁵	9.75%, 5/15/14	246,600
NR	960 ^{3,5,7}	12.75%, 7/15/14	958,800
AA	1,500 ⁵	Irwin Land LLC, 5.40%, 12/15/47	1,394,865
Aa3	600	JP Morgan Chase & Co., 5.35%, 3/01/07	599,768
B-	255	K&F Acquisition, Inc., 7.75%, 11/15/14	258,188
BBB	630 ⁵	Liberty Mutual Group, Inc., 7.50%, 8/15/36	700,726
A	1,525	MetLife, Inc., 5.70%, 6/15/35	1,504,852
AA	1,150 ⁵	Metropolitan Global Funding I, 4.25%, 7/30/09	1,121,712
		Morgan Stanley,	
AA-	3,300 ³	5.44%, 3/07/08	3,302,881
AA-	1,900	6.25%, 8/09/26	1,990,218
AA	2,125 ⁵	Nationwide Building Society, 3.50%, 7/31/07 (United Kingdom)	2,096,478
B+	645 ⁵	Nell AF SARL, 8.375%, 8/15/15 (Luxembourg)	654,675
AAA	850 ⁵	New York Life Global Funding, 3.875%, 1/15/09	827,107
AA	350	Ohana Military Communities LLC, Ser. 041, 6.193%, 4/01/49	375,743
A	500	Prudential Financial, Inc., 5.90%, 3/17/36	506,264
AA-	1,000 ⁵	Prudential Funding LLC, 6.60%, 5/15/08	1,019,865
AAA	5,550 ^{3,5}	Rabobank Nederland Global, 5.37%, 4/06/09 (Netherlands)	5,550,755
		Rainbow National Services LLC,	
B+	200 ⁵	8.75%, 9/01/12	210,250
B+	1,455 ⁵	10.375%, 9/01/14	1,618,688
B-	630	Standard Aero Holdings, Inc., 8.25%, 9/01/14	625,275
AA+	2,888 ⁸	Structured Asset Receivable Trust, 1.649%, 1/21/10	2,887,082
		SunTrust Bank,	
Aa3	1,635	3.625%, 10/15/07	1,608,014
Aa3	995	4.00%, 10/15/08	973,235
Aa2	1,265	4.415%, 6/15/09	1,243,353
AAA	235 ⁵	TIAA Global Markets, Inc., 3.875%, 1/22/08	230,970
Aa2	375	U.S. Bancorp, Ser. N, 3.95%, 8/23/07	370,854
B-	50 ³	Universal City Florida Holding Co. I/II, 10.121%, 5/01/10	51,438
		US Bank NA,	
Aa1	1,380	2.87%, 2/01/07	1,370,844
Aa2	2,790	6.50%, 2/01/08	2,824,459
AAA	495 ⁵	USAA Capital Corp., 4.00%, 12/10/07	487,197
		Wells Fargo & Co.,	
Aa1	1,031	3.12%, 8/15/08	994,625
Aa1	355	4.20%, 1/15/10	345,263
Aa1	1,665	4.625%, 8/09/10	1,640,221
Aa1	435	4.875%, 1/12/11	431,835
Aa1	475	Wells Fargo Bank NA, 5.95%, 8/26/36	489,367
Aa3	50	Western Financial Bank, 9.625%, 5/15/12	55,097

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Total Financial Institutions

81,996,790

Health Care 1.6%

B	730 ⁵	Angiotech Pharmaceuticals, Inc., 7.75%, 4/01/14 (Canada)	693,500
		Healtsouth Corp.,	
CCC+	695 ⁵	10.75%, 6/15/16	712,375
CCC+	360 ^{3,5}	11.418%, 6/15/14	368,100

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Health Care (cont d)			
B-	\$ 460	Tenet Healthcare Corp., 6.875%, 11/15/31	\$ 356,500
BBB	995	Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36	973,753
A	870	UnitedHealth Group, Inc., 5.80%, 3/15/36	867,494
B-	410	Universal Hospital Services, Inc., 10.125%, 11/01/11 WellPoint, Inc.,	433,575
A-	955	5.85%, 1/15/36	939,151
A-	85	5.95%, 12/15/34	84,534
A	675	Wyeth, 6.00%, 2/15/36	693,842
Total Health Care			6,122,824
Industrials 1.4%			
B2	360 ₅	AGY Holding Corp., 11.00%, 11/15/14	359,550
B	140	Hexcel Corp., 6.75%, 2/01/15	135,800
B3	320	Park-Ohio Industries, Inc., 8.375%, 11/15/14	297,600
CCC+	300	Polypore, Inc., 8.75%, 5/15/12 RBS Global, Inc./Rexnord Corp.,	293,250
B3	480 ₅	9.50%, 8/01/14	496,800
CCC+	325 ₅	11.75%, 8/01/16	338,000
B3	950 ₅	Sunstate Equipment Co. LLC, 10.50%, 4/01/13	992,750
B+	2,000	Terex Corp., 9.25%, 7/15/11	2,100,000
B3	210	Trimas Corp., 9.875%, 6/15/12	197,925
Total Industrials			5,211,675
Media 5.9%			
Affinion Group, Inc.,			
B-	515	10.125%, 10/15/13	545,900
B-	100	11.50%, 10/15/15	104,250
Caa2	450	American Media Operations, Inc., Ser. B, 10.25%, 5/01/09 AOL Time Warner, Inc.,	427,500
BBB+	90	6.625%, 5/15/29	91,532
BBB+	3,040	7.57%, 2/01/24	3,340,507
BBB+	205 ₆	7.625%, 4/15/31	231,131
BBB+	85	7.70%, 5/01/32	96,806
BBB	55 ₅	BSKYB Finance UK PLC, 6.50%, 10/15/35 (United Kingdom)	54,926
B+	180 ₃	Cablevision Systems Corp., Ser. B, 9.87%, 4/01/09 Charter Communications Holdings II LLC/Charter Communications Holdings II Capital Corp.,	188,550
CCC	710	10.25%, 9/15/10	733,075
CCC	130	Ser. B, 10.25%, 9/15/10	133,900
B3	645 ₅	CMP Susquehanna Corp., 9.875%, 5/15/14 Comcast Corp.,	623,231
BBB+	790	6.45%, 3/15/37	800,499
BBB+	2,375	6.50%, 1/15/17-11/15/35	2,473,341
B+	270	CSC Holdings, Inc., 7.875%, 12/15/07	273,713
B	75	Dex Media West LLC/Dex Media Finance Co., Ser. B, 9.875%, 8/15/13	81,469
BB	125	DirecTV Holdings LLC/DirecTV Financing Co., 8.375%, 3/15/13 Echostar DBS Corp.,	129,688
BB-	175	5.75%, 10/01/08	173,906
BB-	290 ₅	7.00%, 10/01/13	287,462
BB-	75 ₅	7.125%, 2/01/16	73,313
B	250	General Cable Corp., 9.50%, 11/15/10	266,250
CCC+	100 ₅	Iesy Repository GMBH, 10.375%, 2/15/15 (Germany)	94,500

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Ba3	450	LIN Television Corp., 6.50%, 5/15/13	426,937
B	180	Medianews Group, Inc., 6.875%, 10/01/13	167,175
B2	485	Network Communications, Inc., 10.75%, 12/01/13	488,031
		News America Holdings, Inc.,	
BBB	985	7.625%, 11/30/28	1,105,441
BBB	825	7.70%, 10/30/25	927,237
BBB	625	8.45%, 8/01/34	759,851
B3	560	Nexstar Finance, Inc., 7.00%, 1/15/14	515,900
CCC+	965	Nielsen Finance LLC/Nielsen Finance Co., 10.00%, 8/01/14	1,006,012
B1	600 ^{3,5}	Paxson Communications Corp., 8.624%, 1/15/12	606,750

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Media (cont d)			
		Primedia, Inc.,	
B2	\$ 260	8.00%, 5/15/13	\$ 242,450
B2	190	8.875%, 5/15/11	189,525
B2	250 ₃	10.78%, 5/15/10	258,750
B	865	RH Donnelley Corp., Ser. A-3, 8.875%, 1/15/16	892,031
Caa1	165	Sirius Satellite Radio, Inc., 9.625%, 8/01/13	160,875
		TCI Communications, Inc.,	
BBB+	200	7.125%, 2/15/28	213,723
BBB+	620	7.875%, 8/01/13-2/15/26	708,878
BBB+	70	Time Warner Cos., Inc., 6.95%, 1/15/28	73,423
		Vertis, Inc.,	
B1	645	9.75%, 4/01/09	658,706
Caa3	65 ₅	13.50%, 12/07/09	58,825
Caa1	225	Ser. B, 10.875%, 6/15/09	223,875
Caa1	1,155	Young Broadcasting, Inc., 10.00%, 3/01/11	1,091,475
		Total Media	22,001,319
Real Estate 1.0%			
		AvalonBay Communities, Inc.,	
BBB+	350	6.625%, 9/15/11	369,260
BBB+	775	8.25%, 7/15/08	810,976
		Rouse Co.,	
BB+	895	3.625%, 3/15/09	845,839
BB+	1,650	5.375%, 11/26/13	1,540,077
		Total Real Estate	3,566,152
Technology 1.2%			
BB-	50	Advanced Micro Devices, Inc., 7.75%, 11/01/12	50,875
CCC+	825	Amkor Technology, Inc., 9.25%, 6/01/16	767,250
B+	250	Celestica, Inc., 7.625%, 7/01/13 (Canada)	250,625
B+	455 ₅	NXP BV/NXP Funding LLC, 9.50%, 10/15/15	458,981
B-	175 ₅	Sensata Technologies BV, 8.00%, 5/01/14 (Netherlands)	168,875
CCC+	280	SS&C Technologies, Inc., 11.75%, 12/01/13	301,000
		Sungard Data Systems, Inc.,	
B-	120	9.125%, 8/15/13	124,500
B-	340 ₃	9.973%, 8/15/13	353,600
B-	560	10.25%, 8/15/15	586,600
B	945	Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12	966,263
B-	180 _{3,5}	UGS Capital Corp. II, 10.38%, 6/01/11	185,850
B-	410	UGS Corp., 10.00%, 6/01/12	442,800
		Total Technology	4,657,219
Telecommunications 7.6%			
A	1,700	Bellsouth Telecommunications, Zero Coupon, 12/15/95	899,528
BB-	210	Cincinnati Bell, Inc., 7.25%, 7/15/13	216,300
CCC	415 ₅	Cricket Communications, Inc., 9.375%, 11/01/14	424,337
		Deutsche Telekom Intl. Finance BV,	
A-	3,000	5.75%, 3/23/16	2,963,874
A-	25	8.25%, 6/15/30	31,055
B3	190 ₃	Hawaiian Telcom Communications, Inc., Ser. B, 10.889%, 5/01/13	194,750
		Intelsat Ltd., (Bermuda)	
BB-	295	8.625%, 1/15/15	306,062
BB-	500 ₅	9.25%, 6/15/16	533,750

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BB-	105 ₃	10.484%, 1/15/12	106,444
B	200 ₅	11.25%, 6/15/16	217,750
B	800 _{3,5}	11.64%, 6/15/13	848,000
		Lucent Technologies, Inc.,	
B1	155	6.45%, 3/15/29	138,725
B1	805	6.50%, 1/15/28	720,475
B+	770 ₅	Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (Denmark)	806,575
B-	70	Nortel Networks Corp., 6.875%, 9/01/23 (Canada).	57,750
		Nortel Networks Ltd.,	
B-	530 _{3,5}	9.624%, 7/15/11	547,225
B-	185 ₅	10.125%, 7/15/13	196,100

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		PanAmSat Corp.,	
B	\$ 155	9.00%, 8/15/14	\$ 161,975
B	475 ₅	9.00%, 6/15/16	496,375
		Qwest Corp.,	
BB+	200	7.875%, 9/01/11	211,750
BB+	470 ₃	8.64%, 6/15/13	506,425
BB+	155	Rogers Wireless, Inc., 7.25%, 12/15/12 (Canada)	162,750
A	780	SBC Communications, Inc., 6.45%, 6/15/34	806,610
BBB+	1,715	Sprint Capital Corp., 6.875%, 11/15/28	1,757,232
		Telecom Italia Capital SA,	
BBB+	1,075	4.95%, 9/30/14	997,138
BBB+	1,550	6.00%, 9/30/34	1,419,136
BBB+	1,975	Telefonica Emisiones SAU, 7.045%, 6/20/36 (Spain)	2,126,451
BBB+	725	Telefonica Europe BV, 7.75%, 9/15/10 (Netherlands)	784,512
A+	70	Verizon Global Funding Corp., 7.75%, 12/01/30	81,809
A+	125	Verizon Maryland, Inc., 5.125%, 6/15/33	103,777
		Verizon New Jersey, Inc.,	
A+	230	7.85%, 11/15/29	258,765
A+	335	Ser. A, 5.875%, 1/17/12	340,618
A+	3,150	Verizon Virginia, Inc., 4.625%, 3/15/13	2,953,812
		Vodafone Group PLC,	
A-	1,465 ₃	5.457%, 12/28/07	1,465,435
A-	2,504	7.75%, 2/15/10	2,687,290
		West Corp.,	
B-	65 ₅	9.50%, 10/15/14	64,675
B-	460 ₅	11.00%, 10/15/16	462,300
B+	350 ₅	Wind Acquisition Finance SA, 10.75%, 12/01/15 (Luxembourg)	388,937
		Windstream Corp.,	
BB+	500 ₅	8.125%, 8/01/13	533,750
BB+	280 ₅	8.625%, 8/01/16	302,050
Total Telecommunications			28,282,272
Transportation 0.2%			
BB-	115	American Airlines, Inc., Ser. 99-1, 7.324%, 4/15/11	114,713
A-	350	Canadian National Railway Co., 6.25%, 8/01/34 (Canada)	380,246
B1	405	CHC Helicopter Corp., 7.375%, 5/01/14 (Canada)	386,775
B3	47	Horizon Lines LLC, 9.00%, 11/01/12	49,115
Total Transportation			930,849
Total Corporate Bonds			217,716,849
U.S. Government and Agency Securities 4.5%			
	1,670	Aid to Israel, 5.50%, 4/26/24-9/18/33	1,754,110
	1,050	Resolution Funding Corp., Zero Coupon, 7/15/18-10/15/18	591,295
		Tennessee Valley Authority,	
	1,655	Ser. C, 5.88%, 4/01/36	1,843,900
	2,650 ₂	Ser. D, 4.875%, 12/15/16	2,647,207
		U.S. Treasury Bonds,	
	6,718	2.00%, 1/15/26	6,420,943
	865	4.50%, 2/15/36	834,860
	2,900	U.S. Treasury Notes, 4.875%, 8/15/16	2,960,719
Total U.S. Government and Agency Securities			17,053,034

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Foreign Government Bonds 1.4%			
		United Mexican States,	
Baa1	2,000	5.625%, 1/15/17	1,999,000
Baa1	400	6.75%, 9/27/34	431,000
Baa1	2,255	8.00%, 9/24/22	2,734,188
			<hr/>
Total Foreign Government Bonds			5,164,188
			<hr/>

Shares

Common Stocks 0.0%			
	1,8957.8	Critical Care Systems Intl., Inc.	15,160
			<hr/>
Preferred Security 0.0%			
	45,000	Superior Essex Holding Corp., Ser. A, 9.50%	36,000
			<hr/>
Total Long-Term Investments (cost \$380,313,478)			377,248,535
			<hr/>

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Principal Amount (000)	Description	Value
SHORT-TERM INVESTMENT 0.2%		
U.S. Government and Agency Discount Note 0.2%		
\$ 800 ¹⁰	Federal Home Loan Bank Discount Note, 4.981%, 11/01/06 (cost \$800,000)	\$ 800,000
<hr/>		
Contracts/ Notional Amount (000)		
OUTSTANDING OPTIONS PURCHASED 0.2%		
Interest Rate Swaps,		
4,900	Trust pays 3-month LIBOR, Trust receives 5.52%, expires 9/21/36	334,056
4,900	Trust pays 5.52%, Trust receives 3-month LIBOR, expires 9/21/36	288,565
43,600	Trust pays 5.40%, Trust receives 3-month LIBOR, expires 3/14/08	18,870
43,600	Trust pays 5.90%, Trust receives 3-month LIBOR, expires 3/14/08	1,024
74	U.S. Treasury Notes Future, expiring 2/23/07	17,344
Total Outstanding Options Purchased (cost \$690,998)		659,859
Total Investments before outstanding options written (cost \$381,804,476 ¹¹)		378,708,394
OUTSTANDING OPTIONS WRITTEN (0.6)%		
Interest Rate Swaps,		
(4,500)	Trust pays 3-month LIBOR, Trust receives 5.485%, expires 10/28/19	(138,531)
(4,500)	Trust pays 5.485%, Trust receives 3-month LIBOR, expires 10/28/19	(208,665)
(5,300)	Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/08	(140,057)
(5,300)	Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/08	(140,057)
(11,500)	Trust pays 3-month LIBOR, Trust receives 5.67%, expires 1/04/10	(315,813)
(11,500)	Trust pays 5.67%, Trust receives 3-month LIBOR, expires 1/04/10	(617,520)
(13,300)	Trust pays 3-month LIBOR, Trust receives 4.725%, expires 6/13/07	(476,406)
(13,300)	Trust pays 4.725%, Trust receives 3-month LIBOR, expires 6/13/07	(77,805)
(87,200)	Trust pays 3-month LIBOR, Trust receives 5.65%, expires 3/14/08	(10,028)
(37)	U.S. Treasury Notes Future, expiring 11/21/06	(2,890)
Total Outstanding Options Written (premium received \$3,059,631)		(2,127,772)
Total Investments net of outstanding options written 100.8%		\$ 376,580,622
Liabilities in excess of other assets (0.8)%		(3,062,498)
Net Assets 100%		\$ 373,518,124

¹ Using the highest of S&P ratings, Moody ratings or Fitch ratings.

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

³ Variable rate security. Rate shown is interest rate as of October 31, 2006.

⁴ Represents an investment in an affiliate.

⁵ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 11.0% of its net assets, with a current market value of \$41,146,258, in securities restricted as to resale.

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- 6 Security, or a portion thereof, pledged as collateral with a value of \$3,154,652 on 26 long U.S. Treasury Note futures contracts expiring March 2007, 1,495 long U.S. Treasury Bond futures contracts expiring December 2006, 163 short Eurodollar futures contracts expiring December 2007 and 1,558 short U.S. Treasury Note futures contracts expiring December 2006. The notional value of such contracts on October 31, 2006 was \$32,137,119, with an unrealized gain of \$2,423,434.
- 7 Security is fair valued.
- 8 Illiquid security. As of October 31, 2006, the Trust held 0.8% of its net assets, with a current market value of \$2,887,082, in these securities.
- 9 Non-income producing security.
- 10 Rate shown is the yield to maturity as of the date of purchase.
- 11 Cost for federal income tax purposes is \$382,268,326. The net unrealized depreciation on a tax basis is \$3,559,932, consisting of \$5,026,453 gross unrealized appreciation and \$8,586,385 gross unrealized depreciation.

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

KEY TO ABBREVIATIONS

EUR Euro
LIBOR London Interbank Offered Rate

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006
BlackRock High Yield Trust (BHY)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 132.7%			
Corporate Bonds 128.9%			
Aerospace & Defense 3.7%			
		AAR Corp.,	
BB	\$ 370	6.875%, 12/15/07	\$ 370,000
NR	350 ²	Ser. A2, 8.39%, 5/15/11	353,500
B	325	Argo-Tech Corp., 9.25%, 6/01/11	337,188
NR	1,500 ³	Condor Systems, Inc., Ser. B, 11.875%, 5/01/09	
B	565	DI Finance/DynCorp Intl., Ser. B, 9.50%, 2/15/13	587,600
		DRS Technologies, Inc.,	
B	40	6.875%, 11/01/13	40,000
B	100	7.625%, 2/01/18	102,250
BB+	20	L-3 Communications Corp., 5.875%, 1/15/15	19,350
BB	40	Sequa Corp., 9.00%, 8/01/09	42,200
Total Aerospace & Defense			1,852,088
Automotive 3.3%			
		Autonation, Inc.,	
BB+	90	7.00%, 4/15/14	89,550
BB+	80 ⁴	7.374%, 4/15/13	80,600
BB-	20 ^{4,5}	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 7.905%, 5/15/14	19,550
B3	150 ⁴	Delco Remy Intl., Inc., 9.374%, 4/15/09	145,500
B-	150	Keystone Automotive Operations, Inc., 9.75%, 11/01/13	144,750
B	305	Lear Corp., Ser. B, 8.11%, 5/15/09	309,194
CCC+	255	Metaldyne Corp., 10.00%, 11/01/13	261,375
B+	250	Rent-A-Center, Inc., 7.50%, 5/01/10	249,375
CCC+	350	Stanadyne Corp., 10.00%, 8/15/14	357,000
Total Automotive			1,656,894
Basic Materials 13.8%			
B+	265	Abitibi-Consolidated, Inc., 6.00%, 6/20/13 (Canada)	210,675
B+	185	AK Steel Corp., 7.75%, 6/15/12	185,000
B-	205	Alpha Natural Resources LLC/Alpha Natural Resources Capital Corp., 10.00%, 6/01/12	220,375
B-	70 ^{4,5}	BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 11.874%, 7/15/10	71,400
BB-	130 ⁴	Bowater, Inc., 8.39%, 3/15/10	131,300
BB-	175	Cascades, Inc., 7.25%, 2/15/13 (Canada)	171,500
B+	170	Catalyst Paper Corp., 7.375%, 3/01/14 (Canada)	157,675
BB+	50	Chemtura Corp., 6.875%, 6/01/16	48,875
B-	150	CPG Intl. I, Inc., 10.50%, 7/01/13	153,000
		Domtar, Inc.,	
B2	40	7.125%, 8/15/15	38,200
B2	180	7.875%, 10/15/11	183,825
B+	90	Donohue Forest Products, 7.625%, 5/15/07 (Canada)	90,000
		Equistar Chemicals LP/Equistar Funding Corp.,	
BB-	50	8.75%, 2/15/09	52,000
BB-	115	10.125%, 9/01/08	121,900
BB-	100	10.625%, 5/01/11	107,000
Baa3	50	Hercules, Inc., 6.60%, 8/01/27	50,000
		Huntsman LLC,	

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B2	95	11.50%, 7/15/12	107,588
Ba3	365	11.625%, 10/15/10	402,412
BB	35	IMC Global, Inc., Ser. B, 10.875%, 6/01/08	37,756
B2	190 ⁵	Ineos Group Holdings PLC, 8.50%, 2/15/16 (United Kingdom)	182,875
B3	645	Innophos, Inc., 8.875%, 8/15/14	643,387
Baa3	325	Ipsco, Inc., 8.75%, 6/01/13 (Canada)	346,125
BBB	366	Ispat Inland ULC, 9.75%, 4/01/14 (Canada)	409,920
B	75	Jacuzzi Brands, Inc., 9.625%, 7/01/10 Lyondell Chemical Co.,	80,344
BB-	130	8.00%, 9/15/14	132,925
BB-	225	8.25%, 9/15/16	231,750
BB+	260	10.50%, 6/01/13	286,000

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Basic Materials (cont d)			
BB	\$ 100	Millennium America, Inc., 9.25%, 6/15/08	\$ 103,000
B-	340	Nalco Co., 8.875%, 11/15/13	357,850
		NewPage Corp.,	
B3	450	10.00%, 5/01/12	471,375
Caa1	80	12.00%, 5/01/13	83,600
		Nova Chemicals Corp.,	
BB	75	6.50%, 1/15/12	70,500
BB	390 ⁴	8.405%, 11/15/13	396,825
CCC+	310 ⁵	Pregis Corp., 12.375%, 10/15/13	328,600
B+	153	Rhodia SA, 10.25%, 6/01/10 (France)	173,272
BB	125	Russel Metals, Inc., 6.375%, 3/01/14 (Canada)	117,813
B-	10 ⁵	Verso Paper Holdings LLC/Verson Paper, Inc., 11.375%, 8/01/16	10,150
Total Basic Materials			6,966,792
Building & Development 3.8%			
B+	40 ⁴	Ainsworth Lumber Co. Ltd., 9.122%, 10/01/10 (Canada)	31,800
B	575	ERICO Intl. Corp., 8.875%, 3/01/12	599,437
		Goodman Global Holding Co., Inc.,	
B-	160	7.875%, 12/15/12	153,600
B1	32 ⁴	8.329%, 6/15/12	32,480
BB+	250	K Hovnanian Enterprises, Inc., 6.25%, 1/15/15	230,000
B3	110	Nortek, Inc., 8.50%, 9/01/14	105,050
		North American Energy Partners, Inc.,	
Caa1	335	8.75%, 12/01/11	331,650
B1	375	9.00%, 6/01/10	408,750
Total Building & Development			1,892,767
Business Equipment & Services 0.2%			
Ba2	100 ⁵	FTI Consulting, Inc., 7.75%, 10/01/16	102,250
Consumer Products 8.2%			
B3	50	ALH Finance LLC, 8.50%, 1/15/13	49,625
CCC+	265 ⁴	Ames True Temper, Inc., 9.374%, 1/15/12	267,650
B3	160 ⁵	Burlington Coat Factory Warehouse Corp., 11.125%, 4/15/14	157,400
B2	90 ⁵	Education Management LLC/Education Management Corp., 8.75%, 6/01/14	92,250
B-	190	Finlay Fine Jewelry Corp., 8.375%, 6/01/12	171,000
B	294	Gold Kist, Inc., 10.25%, 3/15/14	337,365
B2	175 ⁵	Knowledge Learning Corp., Inc., 7.75%, 2/01/15	165,813
B-	485	Lazydays RV Center, Inc., 11.75%, 5/15/12	470,450
B	50 ⁴	Levi Strauss & Co., 10.122%, 4/01/12	51,563
CC	380	Merisant Co., 9.50%, 7/15/13	235,600
		Michaels Stores, Inc.,	
B2	260 ⁵	10.00%, 11/01/14	260,325
Caa1	330 ⁵	11.375%, 11/01/16	333,712
C	1,200 ^{2,3}	Nebco Evans Holding Co., 12.375%, 7/15/07	
B2	95	Neiman-Marcus Group, Inc., 9.00%, 10/15/15	101,888
B3	60 ^{4,5}	Nutro Products, Inc., 9.40%, 10/15/13	61,650
B	265	Pantry, Inc., 7.75%, 2/15/14	268,312
BB-	100	Quiksilver, Inc., 6.875%, 4/15/15	96,250
BB+	120 ⁵	Reynolds American, Inc., 7.625%, 6/01/16	127,413
CCC	150	Spectrum Brands, Inc., 7.375%, 2/01/15	121,500

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		United Rentals NA, Inc.,	
B	640	7.00%, 2/15/14	612,800
B	130	7.75%, 11/15/13	129,675
Total Consumer Products			4,112,241
Containers & Packaging 4.1%			
Berry Plastics Holding Corp.,			
B2	340 ⁵	8.875%, 9/15/14	343,400
B2	100 ^{4,5}	9.265%, 9/15/14	101,125
B+	160	Crown Americas LLC/Crown Americas Capital Corp., 7.75%, 11/15/15	164,200
B	540	Crown Cork & Seal, Inc., 8.00%, 4/15/23	518,400
B	115	Crown European Holdings SA, 7.375%, 12/15/26	106,087
CCC+	110	Graham Packaging Co., Inc., 8.50%, 10/15/12	109,450

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Containers & Packaging (cont d)			
B-	\$ 65	Graphic Packaging Intl., Inc., 9.50%, 8/15/13	\$ 66,788
B1	210 ^{4,5}	Impress Holdings BV, 8.512%, 9/15/13	211,657
B+	412	Smurfit-Stone Container Enterprises, Inc., 9.75%, 2/01/11	424,875
Total Containers & Packaging			2,045,982
Ecological Services & Equipment 0.5%			
BB-	80	Allied Waste NA, Inc., Ser. B, 8.50%, 12/01/08	84,200
Caa1	185	Waste Services, Inc., 9.50%, 4/15/14	189,625
Total Ecological Services & Equipment			273,825
Energy 20.9%			
B+	135	AES Red Oak LLC, Ser. A, 8.54%, 11/30/19	144,677
Ba1	195	ANR Pipeline Co., 9.625%, 11/01/21	242,688
B	80	Berry Petroleum Co., 8.25%, 11/01/16	79,800
Ba1	146	CE Generation LLC, 7.416%, 12/15/18	150,293
CCC+	100	Chaparral Energy, Inc., 8.50%, 12/01/15	99,750
		Chesapeake Energy Corp.,	
		6.375%, 6/15/15	86,850
BB	90		
BB	250	6.625%, 1/15/16	244,687
BB	20	6.875%, 11/15/20	19,000
BB-	10	CMS Energy Corp., 7.50%, 1/15/09	10,275
Ba1	40	Colorado Interstate Gas Co., 6.80%, 11/15/15	40,651
BB-	140	Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France)	138,250
B	290	Compton Petroleum Finance Corp., 7.625%, 12/01/13 (Canada)	274,775
B	70	Copano Energy LLC, 8.125%, 3/01/16	71,225
B+	30	Denbury Resources, Inc., 7.50%, 12/15/15	30,000
CCC+	260 ²	East Cameron Gas Co., 11.25%, 7/09/19 (Cayman Islands)	249,600
		El Paso Corp.,	
B	60	7.75%, 6/15/10	62,250
B	250	9.625%, 5/15/12	277,500
B	215	10.75%, 10/01/10	239,725
Ba1	65	El Paso Natural Gas Co., 7.625%, 8/01/10	67,113
Ba1	509	Elwood Energy LLC, 8.159%, 7/05/26	539,069
		Encore Acquisition Co.,	
B1	40	6.00%, 7/15/15	36,500
B1	30	7.25%, 12/01/17	28,875
B-	370	Exco Resources, Inc., 7.25%, 1/15/11	356,125
BB-	65	Frontier Oil Corp., 6.625%, 10/01/11	64,188
BB+	50	Grant Prideco, Inc., Ser. B, 6.125%, 8/15/15	47,813
B	195	Hanover Compressor Co., 8.625%, 12/15/10	202,800
B	170 ⁵	Hilcorp Energy I LP/Hilcorp Finance Corp., 10.50%, 9/01/10	182,325
BBB-	98	Homer City Funding LLC, 8.734%, 10/01/26	110,458
BB-	5	Hornbeck Offshore Services, Inc., 6.125%, 12/01/14	4,656
B-	420	KCS Energy, Inc., 7.125%, 4/01/12	403,200
		Midwest Generation LLC,	
BB+	95	8.75%, 5/01/34	102,719
Ba2	96	Ser. B, 8.56%, 1/02/16	103,683
		Mirant Americas Generation LLC,	
Caa1	350	8.30%, 5/01/11	354,375
Caa1	135	8.50%, 10/01/21	132,975
Caa1	90	9.125%, 5/01/31	93,150
BB-	610	Mission Energy Holdings Co., 13.50%, 7/15/08	680,150

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BB-	30	Newfield Exploration Co., 6.625%, 9/01/14	29,513
		NRG Energy, Inc.,	
B+	130	7.25%, 2/01/14	131,463
B+	385	7.375%, 2/01/16	389,331
B2	345	Orion Power Holdings, Inc., 12.00%, 5/01/10	391,575
BB-	70	Plains Exploration & Production Co., 7.125%, 6/15/14	75,075
BB	210	Pride Intl., Inc., 7.375%, 7/15/14	216,825
B	185	Range Resources Corp., 7.375%, 7/15/13	186,850

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Energy (cont d)			
		Reliant Energy, Inc.,	
BB-	\$ 390	6.75%, 12/15/14	\$ 371,962
BB-	180	9.25%, 7/15/10	186,300
B+	210 ⁵	SemGroup LP, 8.75%, 11/15/15	211,575
Ba2	40	Sithe Independence Funding, Ser. A, 9.00%, 12/30/13	44,160
B	250 ^{4,5}	Stone Energy Corp., 8.124%, 7/15/10	248,437
B3	200 ⁵	Targa Resources, Inc., 8.50%, 11/01/13	199,500
Ba1	160	Tennessee Gas Pipeline Co., 8.375%, 6/15/32	186,014
		Transcontinental Gas Pipe Line Corp.,	
BBB-	65	7.25%, 12/01/26	67,275
BBB-	400	Ser. B, 8.875%, 7/15/12	449,000
BBB-	130	TXU Corp., 6.55%, 11/15/34	124,077
B+	115	Utilicorp Finance Corp., 7.75%, 6/15/11 (Canada)	121,442
B1	495	Whiting Petroleum Corp., 7.25%, 5/01/12-5/01/13	489,125
		Williams Cos., Inc.,	
BB+	355	7.625%, 7/15/19	373,637
BB+	75	8.75%, 3/15/32	83,250
		Total Energy	10,548,556
Entertainment & Leisure 5.5%			
		AMC Entertainment, Inc.,	
B3	150	9.50%, 2/01/11	150,563
B3	150	11.00%, 2/01/16	165,938
B3	40	Cinemark, Inc., Zero Coupon, 3/15/14	32,550
		Gaylord Entertainment Co.,	
B-	280	6.75%, 11/15/14	268,100
B-	40	8.00%, 11/15/13	40,700
B3	185 ⁵	Greektown Holdings LLC, 10.75%, 12/01/13	195,637
BB	60	MGM Mirage, 6.75%, 9/01/12	58,200
B	80 ⁵	Pokagon Gaming Authority, 10.375%, 6/15/14	85,800
B3	305	Poster Financial Group, Inc., 8.75%, 12/01/11	317,962
B-	185	Riddell Bell Holdings, Inc., 8.375%, 10/01/12	183,150
BB	140	Seneca Gaming Corp., Ser. B, 7.25%, 5/01/12	140,875
Ba3	100	Station Casinos, Inc., 6.625%, 3/15/18	88,750
		Travelport, Inc.,	
B-	240 ⁵	9.875%, 9/01/14	236,700
B-	250 ⁵	11.875%, 9/01/16	246,250
B	435	Virgin River Casino, 9.00%, 1/15/12	441,525
B+	50	Warner Music Group, Inc., 7.375%, 4/15/14	48,875
BB-	70	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625%, 12/01/14	68,600
		Total Entertainment & Leisure	2,770,175
Financial Institutions 18.6%			
B+	459	AES Ironwood LLC, 8.857%, 11/30/25	502,275
B+	500	AES Red Oak LLC, Ser. B, 9.20%, 11/30/29	555,625
		American Real Estate Partners LP/American Real Estate Finance Corp.,	
BB+	185	7.125%, 2/15/13	184,538
BB+	300	8.125%, 6/01/11	306,750
B	238	BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg)	261,205
BB	285	Crum & Forster Holdings Corp., 10.375%, 6/15/13	295,687
B+	500 ⁵	Dow Jones CDX HY, Ser. 6-T1, 8.625%, 6/29/11	511,875
BB	25	Fairfax Financial Holdings Ltd., 6.875%, 4/15/08 (Canada)	24,563

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Ba3	2,500 ⁵	First Dominion Funding II, Ser. 1A, 11.614%, 4/25/14 (Cayman Islands)	2,550,000
BB-	35	Ford Motor Credit Co., 5.70%, 1/15/10	32,413
BB	370	General Motors Acceptance Corp., 6.875%, 9/15/11-8/28/12	371,244
		iPayment, Inc.,	
CCC+	325 ⁵	9.75%, 5/15/14	333,937
NR	530 ^{2,4,5}	12.75%, 7/15/14	529,337
B-	200	K&F Acquisition, Inc., 7.75%, 11/15/14	202,500
B+	290 ⁵	Nell AF SARL, 8.375%, 8/15/15 (Luxembourg)	294,350
		Rainbow National Services LLC,	
B+	310 ⁵	8.75%, 9/01/12	325,887
B+	490 ⁵	10.375%, 9/01/14	545,125

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Financial Institutions (cont d)			
B-	\$ 540	Standard Aero Holdings, Inc., 8.25%, 9/01/14	\$ 535,950
B-	30 ⁴	Universal City Florida Holding Co. I/II, 10.121%, 5/01/10	30,863
Aa3	70	Western Financial Bank, 9.625%, 5/15/12	77,136
C	2,000 ⁵	Zais Investment Grade Ltd., Class C, 9.95%, 9/23/14 (Cayman Islands)	877,600
Total Financial Institutions			9,348,860
Health Care 3.4%			
B	320 ⁵	Angiotech Pharmaceuticals, Inc., 7.75%, 4/01/14 (Canada)	304,000
		Coventry Health Care, Inc.,	
BBB-	80	5.875%, 1/15/12	79,438
BBB-	80	6.125%, 1/15/15	79,721
		Healthsouth Corp.,	
CCC+	425 ⁵	10.75%, 6/15/16	435,625
CCC+	170 ^{4,5}	11.418%, 6/15/14	173,825
B2	135	Norcross Safety Products LLC/Norcross Capital Corp., 9.875%, 8/15/11	143,100
B-	110	Tenet Healthcare Corp., 6.875%, 11/15/31	85,250
B-	405	Universal Hospital Services, Inc., 10.125%, 11/01/11	428,288
Total Health Care			1,729,247
Industrials 4.0%			
B2	200 ⁵	AGY Holding Corp., 11.00%, 11/15/14	199,750
B-	195	Concentra Operating Corp., 9.125%, 6/01/12	203,775
B	80	Hexcel Corp., 6.75%, 2/01/15	77,600
B3	185	Park-Ohio Industries, Inc., 8.375%, 11/15/14	172,050
CCC+	50	Polypore, Inc., 8.75%, 5/15/12	48,875
		RBS Global, Inc./Rexnord Corp.,	
B3	270 ⁵	9.50%, 8/01/14	279,450
CCC+	255 ⁵	11.75%, 8/01/16	265,200
B3	510 ⁵	Sunstate Equipment Co. LLC, 10.50%, 4/01/13	532,950
B+	55	Terex Corp., 7.375%, 1/15/14	55,825
B3	210	Trimas Corp., 9.875%, 6/15/12	197,925
Total Industrials			2,033,400
Media 14.7%			
		Affinion Group, Inc.,	
B-	215	10.125%, 10/15/13	227,900
B-	80	11.50%, 10/15/15	83,400
Caa2	210	American Media Operations, Inc., Ser. B, 10.25%, 5/01/09	199,500
B+	175 ⁴	Cablevision Systems Corp., Ser. B, 9.87%, 4/01/09	183,313
CCC+	60	CBD Media Holdings LLC/CBD Holdings Finance, Inc., 9.25%, 7/15/12	59,775
		Charter Communications Holdings II LLC/Charter Communications Holdings II Capital Corp.,	
CCC	605	10.25%, 9/15/10	624,662
CCC	75	Ser. B, 10.25%, 9/15/10	77,250
B3	290 ⁵	CMP Susquehanna Corp., 9.875%, 5/15/14	280,212
B+	45	CSC Holdings, Inc., Ser. B, 7.625%, 4/01/11	45,394
B	50	Dex Media West LLC/Dex Media Finance Co., Ser. B, 9.875%, 8/15/13	54,313
BB	125	DirectTV Holdings LLC/DirectTV Financing Co., 8.375%, 3/15/13	129,688
		Echostar DBS Corp.,	
BB-	15	6.375%, 10/01/11	14,850

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BB-	200 ⁵	7.00%, 10/01/13	198,250
BB-	260 ⁵	7.125%, 2/01/16	254,150
B	325	General Cable Corp., 9.50%, 11/15/10	346,125
CCC+	75 ⁵	Iesy Repository GMBH, 10.375%, 2/15/15 (Germany)	70,875
Ba3	325	LIN Television Corp., 6.50%, 5/15/13	308,344
B	165	Medianews Group, Inc., 6.875%, 10/01/13	153,244
B2	290	Network Communications, Inc., 10.75%, 12/01/13	291,812
B3	325	Nexstar Finance, Inc., 7.00%, 1/15/14	299,406
CCC+	445 ⁵	Nielsen Finance LLC/Nielsen Finance Co., 10.00%, 8/01/14	463,912
B1	125 ^{4,5}	Paxson Communications Corp., 8.624%, 1/15/12	126,406
		Primedia, Inc.,	
B2	430	8.00%, 5/15/13	400,975
B2	120	8.875%, 5/15/11	119,700
B2	155 ⁴	10.78%, 5/15/10	160,425

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Media (cont d)			
B	\$ 1,035	RH Donnelley Corp., Ser. A-3, 8.875%, 1/15/16	\$ 1,067,344
BB	165	Scholastic Corp., 5.00%, 4/15/13	147,403
		Vertis, Inc.,	
B1	280	9.75%, 4/01/09	285,950
Caa3	35 ⁵	13.50%, 12/07/09	31,675
Caa1	145	Ser. B, 10.875%, 6/15/09	144,275
Caa1	595	Young Broadcasting, Inc., 10.00%, 3/01/11	562,275
Total Media			7,412,803
Technology 6.1%			
BB-	30	Advanced Micro Devices, Inc., 7.75%, 11/01/12	30,525
CCC+	445	Amkor Technology, Inc., 9.25%, 6/01/16	413,850
B+	350	Celestica, Inc., 7.625%, 7/01/13 (Canada)	350,875
B+	60 ⁵	Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea)	66,450
B+	195 ⁵	NXP BV/NXP Funding LLC, 9.50%, 10/15/15	196,706
B-	100 ⁵	Sensata Technologies BV, 8.00%, 5/01/14 (Netherlands)	96,500
CCC+	210	SS&C Technologies, Inc., 11.75%, 12/01/13	225,750
BB	105	STATS ChipPAC Ltd., 6.75%, 11/15/11 (Singapore)	101,850
		Sungard Data Systems, Inc.,	
B-	95	9.125%, 8/15/13	98,563
B-	230 ⁴	9.973%, 8/15/13	239,200
B-	445	10.25%, 8/15/15	466,137
B	305	Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12	311,863
B-	100 ^{4,5}	UGS Capital Corp. II, 10.38%, 6/01/11	103,250
B-	305	UGS Corp., 10.00%, 6/01/12	329,400
BBB-	60	Xerox Corp., 6.40%, 3/15/16	60,150
Total Technology			3,091,069
Telecommunications 16.0%			
NR	2,000 ³	Asia Global Crossing Ltd., 13.375%, 10/15/10 (Bermuda)	170,000
A	182	AT&T Corp., 8.05%, 11/15/11	198,077
B+	455	Centennial Communications Corp., 8.125%, 2/01/14	455,569
BB-	405	Cincinnati Bell, Inc., 7.25%, 7/15/13	417,150
CCC	215 ⁵	Crickit Communications, Inc., 9.375%, 11/01/14	219,838
BB-	260	Dobson Cellular Systems, Inc., 8.375%, 11/01/11	270,075
B3	100 ⁴	Hawaiian Telcom Communications, Inc., Ser. B, 10.789%, 5/01/13	102,500
		Intelsat Ltd., (Bermuda)	
BB-	245	8.625%, 1/15/15	254,187
B	40	9.25%, 2/01/15	30,300
BB-	150 ⁵	9.25%, 6/15/16	160,125
BB-	100 ⁴	10.484%, 1/15/12	101,375
B	70 ⁵	11.25%, 6/15/16	76,213
B	290 ^{4,5}	11.64%, 6/15/13	307,400
		Lucent Technologies, Inc.,	
B1	185	6.45%, 3/15/29	165,575
B1	387	6.50%, 1/15/28	346,365
B+	445 ⁵	Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (Denmark)	466,137
B-	205	Nortel Networks Corp., 6.875%, 9/01/23 (Canada)	169,125
		Nortel Networks Ltd.,	
B-	245 ^{4,5}	9.624%, 7/15/11	252,962
B-	95 ⁵	10.125%, 7/15/13	100,700
		PanAmSat Corp.,	

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BB	210	6.875%, 1/15/28	185,850
B	270	9.00%, 8/15/14	282,150
B	320 ⁵	9.00%, 6/15/16	334,400
NR	600 ³	PF Net Communications, Inc., 13.75%, 5/15/10	60
NR	360 ^{4,5}	ProtoStar I Ltd., Zero Coupon, 10/15/12 (Bermuda) Qwest Corp.,	361,800
BB+	600	7.875%, 9/01/11	635,250
BB+	230 ⁴	8.64%, 6/15/13	247,825
BB+	125	8.875%, 3/15/12	137,500

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		Rogers Wireless, Inc.,	
BB+	\$ 35	7.25%, 12/15/12	\$ 36,750
BB	395	8.00%, 12/15/12	417,712
		West Corp.,	
B-	40 ⁵	9.50%, 10/15/14	39,800
B-	320 ⁵	11.00%, 10/15/16	321,600
B+	375 ⁵	Wind Acquisition Finance SA, 10.75%, 12/01/15 (Luxembourg)	416,719
		Windstream Corp.,	
BB+	200 ⁵	8.125%, 8/01/13	213,500
BB+	145 ⁵	8.625%, 8/01/16	156,419
		Total Telecommunications	8,051,008
Transportation 2.1%			
BB-	95	American Airlines, Inc., Ser. 99-1, 7.324%, 4/15/11	94,762
B1	170	CHC Helicopter Corp., 7.375%, 5/01/14 (Canada)	162,350
B3	430	Horizon Lines LLC, 9.00%, 11/01/12	449,350
BB+	350	Overseas Shipholding Group, Inc., 7.50%, 2/15/24	345,625
		Total Transportation	1,052,087
		Total Corporate Bonds	64,940,044
Bank Loans 3.0%			
	530 ²	Intelsat Ltd., 11.25%, 9/21/07	531,325
	1,000	Navistar Financial Corp., LIBOR + 5.00%, 2/28/09	1,010,000
		Total Bank Loans	1,541,325
Shares			
Common Stocks 0.7%			
	4,737 ^{2,6}	Critical Care Systems Intl., Inc.	37,896
	68,358	Globix Corp.	304,193
	14,992 ²	Mattress Discounters Corp.	
		Total Common Stocks	342,089
Preferred Securities 0.1%			
	1,098 ³	Adelphia Business Solutions, Ser. B, 12.875%	
	40,000	Superior Essex Holding Corp., Ser. A, 9.50%	32,000
		Total Preferred Securities	32,000
Units (000)			

Warrants 0.0%

12,5,6,7	Mattress Discounters Corp., expires 7/15/07, strike price \$0.01, 4.85 shares for 1 warrant	
54,6,7	Neon Communications, Inc., expires 12/02/12	1

5,6,7	PF. Net Communications, Inc., expires 5/15/10, strike price \$0.01, 36.87243 shares for 1	
1	warrant	

Total Warrants	1
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Total Long-Term Investments (cost \$72,838,609)	66,855,459
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See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

Principal Amount (000)	Description	Value
SHORT-TERM INVESTMENT 4.2%		
U.S. Government and Agency Discount Note 4.2%		
\$ 2,100 ⁸	Federal Home Loan Bank Discount Note, 4.981%, 11/01/06 (cost \$2,100,000)	\$ 2,100,000
Total Investments 136.9% (cost \$74,938,609)		\$ 68,955,459
Liabilities in excess of other assets (36.9)%		(18,570,222)
Net Assets 100%		\$ 50,385,237

¹ Using the highest of S&P's, Moody's or Fitch's ratings.

² Security is fair valued.

³ Issuer is in default and/or bankruptcy.

⁴ Variable rate security. Rate shown is interest rate as of October 31, 2006.

⁵ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 35.0% of its net assets, with a current market value of \$17,650,704, in securities restricted as to resale.

⁶ Non-income producing security.

⁷ Illiquid security. As of October 31, 2006, the Trust held less than 0.1% of its net assets, with a current market value of \$1, in these securities.

⁸ Rate shown is the yield to maturity as of the date of purchase.

⁹ Cost for federal income tax purposes is \$74,968,332. The net unrealized depreciation on a tax basis is \$6,012,873, consisting of \$1,423,161 gross unrealized appreciation and \$7,436,034 gross unrealized depreciation.

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

KEY TO ABBREVIATION

LIBOR London Interbank Offered Rate

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006
BlackRock Income Opportunity Trust (BNA)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 109.4%			
Mortgage Pass-Through Securities 12.7%			
		Federal Home Loan Mortgage Corp.,	
	\$ 1,082 _{2,3}	4.363%, 1/01/35	\$ 1,088,796
	1,871 _{2,3}	5.149%, 1/01/35	1,843,811
		Federal National Mortgage Assoc.,	
	15,843	5.50%, 12/01/13-5/18/35	15,814,190
	17,470 ₃	5.50%, 7/01/16-6/01/36	17,374,336
	3974	5.50%, 12/01/32	393,246
	7,801 _{3,4}	5.50%, 1/01/33	7,732,403
	1,056	6.00%, 3/01/16-5/01/36	1,071,793
	166	7.00%, 2/01/24-10/01/28	171,308
	2,915 ₃	7.25%, 1/15/10	3,118,313
	104	Government National Mortgage Assoc., 8.00%, 4/15/24-11/15/25	108,895
Total Mortgage Pass-Through Securities			48,717,091
Federal Housing Administration Securities 1.1%			
		General Motors Acceptance Corp. Projects,	
	221	Ser. 37, 7.43%, 5/01/22	223,653
	80	Ser. 44, 7.43%, 8/01/22	81,129
		Merrill Projects,	
	152 ₅	Ser. 29, 7.43%, 10/01/20	153,837
	51 ₅	Ser. 42, 7.43%, 9/01/22	51,939
	1,785	Reilly Project, Ser. B-11, 7.40%, 4/01/21	1,801,471
	1,796	Westmore Project, 7.25%, 4/01/21	1,803,047
Total Federal Housing Administration Securities			4,115,076
Agency Multiple Class Mortgage Pass-Through Securities 8.4%			
		Federal Home Loan Mortgage Corp.,	
	3,380	Ser. 82, Class HJ, 5.50%, 9/25/32	3,385,987
	2	Ser. 192, Class U, 1,009.033%, 2/15/22	4
		Ser. 1057, Class J, 1,008.001%, 3/15/21	1,543
	3,327	Ser. 2806, Class VC, 6.00%, 12/15/19	3,407,389
	6,000	Ser. 2874, Class BC, 5.00%, 10/15/19	5,856,630
	1,390	Ser. 2883, Class DR, 5.00%, 11/15/19	1,357,772
	3,571	Ser. 2922, Class GA, 5.50%, 5/15/34	3,596,080
	1,961	Ser. 2927, Class BA, 5.50%, 10/15/33	1,976,404
	1,915	Ser. 2933 Class HD, 5.50%, 2/15/35	1,932,810
	1,725	Ser. 2968, Class EG, 6.00%, 10/15/34	1,764,762
		Federal National Mortgage Assoc.,	
	3,434	Ser. 5, Class PK, 5.00%, 12/25/34	3,406,120
	2,175	Ser. 27, Class PC, 5.50%, 5/25/34	2,186,216
	1,718 ₂	Ser. 118, Class FD, 5.72%, 12/25/33	1,722,939
	1,678	Government National Mortgage Assoc., Ser. 65, Class VA, 6.00%, 6/20/15	1,718,272
Total Agency Multiple Class Mortgage Pass-Through Securities			32,312,928
Non-Agency Multiple Class Mortgage Pass-Through Securities 6.2%			
AAA	4,946	Countrywide Alternative Loan Trust, Ser. 19CB, Class A15, 6.00%, 8/25/36	4,957,120
AAA	2,483	DLJ Commercial Mortgage Corp., Class A 1B, 7.18%, 11/10/33	2,634,726

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AAA	2,630	First Union-Lehman Brothers-Bank of America, Ser. C2, Class D, 6.778%, 11/18/35	2,839,549
AAA	2,310	GE Capital Commercial Mortgage Corp., Ser. 1A, Class A3, 6.269%, 12/10/35	2,424,154
AAA	2,580	General Motor Acceptance Corp. Commercial Mortgage Securities, Inc., Ser. C4, Class A2, 4.93%, 7/10/39	2,548,329
AAA	7,895	Residential Funding Securities Corp., Ser. RM2, Class AI5, 8.50%, 5/25/33	8,441,253
AAA	92,68	Summit Mortgage Trust, Ser. 1, Class B1, 6.573%, 12/28/12	8,838

Total Non Agency Multiple Class Mortgage Pass-Through Securities 23,853,969

Inverse Floating Rate Mortgage Securities 0.6%

6182	Federal Home Loan Mortgage Corp., Ser. 1611, Class JC, 10.00%, 8/15/23	658,699
	Federal National Mortgage Assoc.,	
2	Ser. 7, Class S, 541.833%, 3/25/21	3,592
2	Ser. 17, Class S, 531.967%, 6/25/21	5,575
1,552	Ser. 23, Class PS, 9.206%, 4/25/23	1,626,996
2	Ser. 46, Class S, 1,295.281%, 5/25/21	3,680
2	Ser. 49, Class S, 479.05%, 12/25/21	2,066
682	Ser. 87, Class S, 12.522%, 8/25/21	79,534

Total Inverse Floating Rate Mortgage Securities 2,380,142

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Asset-Backed Securities 14.7%			
AAA	\$ 2,690 ₂	Ameriquest Mortgage Securities, Inc., Ser. R11, Class A1, 5.633%, 11/25/34	\$ 2,697,195
AAA	3,025	Capital Auto Receivables Asset Trust, Ser. 1, Class A3, 5.03%, 10/15/09	3,017,492
AAA	2,650 ₂	Chase Issuance Trust, Ser. A3, 5.31%, 7/15/11	2,650,618
AAA	3,100	Chase Manhattan Auto Owner Trust, Ser. B, Class A4, 4.88%, 6/15/12	3,091,500
AAA	3,125	Citibank Credit Card Issuance Trust, Ser. A2, Class A2, 4.85%, 2/10/11	3,114,140
Countrywide Asset-Backed Certificates,			
AAA	1,361 ₂	Ser. 15, Class 2AV1, 5.42%, 4/25/36	1,361,056
AAA	2,046 ₂	Ser. 16, Class 4AV1, 5.42%, 1/25/35	2,046,080
AAA	3,150	DaimlerChrysler Auto Trust, Ser. A, Class A3, 5.00%, 5/08/10	3,144,975
AAA	2,575 ₂	Discover Card Master Trust I, Ser. 1, Class A, 5.33%, 9/16/10	2,575,724
AAA	3,400	Ford Credit Auto Owner Trust, Ser. A, Class A3, 5.07%, 11/15/09	3,392,950
AAA	2,550	Harley-Davidson Motorcycle Trust, Ser. 2, Class A2, 4.07%, 2/15/12	2,505,985
A1	2,500	Maryland Trust, Ser. 1, Class A, 5.55%, 12/10/65	2,485,938
MBNA Credit Card Master Note Trust,			
AAA	3,075	Ser. A1, Class A, 4.90%, 7/15/11	3,071,159
AAA	4,050 ₂	Ser. A4, 5.31%, 9/15/11	4,050,916
AAA	1,651 _{2,5}	Merrill Lynch Mortgage Investors, Inc., Ser. HE2, Class A2A, 5.43%, 9/25/36	1,651,789
Morgan Stanley ABS Capital I,			
AAA	3,280 ₂	Ser. HE5, Class A2A, 5.39%, 8/25/36	3,280,219
AAA	2,994 ₂	Ser. NC4, Class A2A, 5.35%, 6/25/36	2,993,681
AAA	1,690 ₂	New Century Home Equity Loan Trust, Ser. C, Class A2A, 5.40%, 1/25/36	1,690,628
AAA	1,922 ₂	Structured Asset Investment Loan Trust, Ser. 1, Class A1, 5.40%, 1/25/36	1,922,455
AAA	3,075	USAA Auto Owner Trust, Ser. 1, Class A3, 5.01%, 9/15/10	3,071,063
AAA	2,925	Wachovia Auto Owner Trust, Ser. A, Class A4, 5.38%, 3/20/13	2,957,787
Total Asset-Backed Securities			56,773,350
Interest Only Asset-Backed Securities 0.5%			
AAA	656 _{2,6}	Morgan Stanley Capital Trust I, Ser. HF1, Class X, 1.89%, 6/15/17	2,948
Sterling Coofs Trust,			
NR	21,411	Ser. 1, 2.362%, 4/15/29	963,503
AAA	19,508 ₂	Ser. 2, 2.418%, 3/30/30	853,487
Total Interest Only Asset-Backed Securities			1,819,938
Interest Only Mortgage-Backed Securities 0.8%			
Federal Home Loan Mortgage Corp.,			
		Ser. 176, Class M, 1,010.00%, 7/15/21	38
		Ser. 200, Class R, 93,504.444%, 12/15/22	206
	8 ₂	Ser. 1043, Class H, 20.813%, 2/15/21	8,027
	2	Ser. 1054, Class I, 413.56%, 3/15/21	154
		Ser. 1056, Class KD, 1,084.50%, 3/15/21	1,425
	2	Ser. 1148, Class E, 563.074%, 10/15/21	436
		Ser. 1179, Class O, 1,009.389%, 11/15/21	106
		Ser. 1221, Class H, 1,006.50%, 3/15/07	5
	185	Ser. 1254, Class Z, 8.50%, 4/15/22	1,266
	345	Ser. 1831, Class PG, 6.50%, 3/15/11	31,851
	6,656	Ser. 2611, Class QI, 5.50%, 9/15/32	1,239,324
Federal National Mortgage Assoc.,			
	96	Ser. 5, Class H, 9.00%, 1/25/22	23,393
	7	Ser. 7, Class 2, 8.50%, 4/01/17	1,376
	12	Ser. 10, Class S, 524.318%, 5/25/21	10,029
	2	Ser. 12, Class S, 553.577%, 5/25/21	8,976
		Ser. 33, Class PV, 1,078.42%, 10/25/21	11,731
		Ser. 38, Class N, 1,008.50%, 4/25/21	425
	3	Ser. 46, Class H, 1,042.50%, 12/25/09	43,364
	419 ₂	Ser. 50, Class SI, 1.20%, 4/25/23	12,109

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	12	Ser. 89, Class 2, 8.00%, 6/01/18	2,186
	29,152 ₂	Ser. 90, Class JH, 1.38%, 11/25/34	1,453,055
	4	Ser. 94, Class 2, 9.50%, 8/01/21	935
		Ser. 99, Class L, 930.00%, 8/25/21	3,925
		Ser. 123, Class M, 1,009.50%, 10/25/20	634
	17 ₂	Ser. 136, Class S, 14.746%, 11/25/20	21,639
		Ser. 139, Class PT, 648.35%, 10/25/21	4,716
	2 ₂	Ser. 141, Class SA, 13.625%, 8/25/07	88
AAA	5,102 _{2,6}	Goldman Sachs Mortgage Securities Corp., Ser. 5, 1.006%, 2/19/25	105,767
AAA	2,321 ₂	Salomon Brothers Mortgage Securities VII, Ser. 1, 0.542%, 3/25/22	977
Total Interest Only Mortgage-Backed Securities			2,988,163

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Principal Only Mortgage-Backed Securities 0.1%			
	\$ 1054.7	Federal Home Loan Mortgage Corp., Ser. 1739, Class B, 7.50%, 2/15/24	\$ 94,356
		Federal National Mortgage Assoc.,	
	727	Ser. 51, Class E, 8.00%, 2/25/23	58,755
	147	Ser. 70, Class A, 7.00%, 5/25/23	11,185
	327	Ser. 167, Class D, 8.50%, 10/25/17	27,873
	257	Ser. 203, Class 1, 8.00%, 2/01/23	20,452
	177	Ser. 228, Class 1, 7.00%, 5/01/23	13,640
Total Principal Only Mortgage-Backed Securities			226,261
Commercial Mortgage-Backed Securities 4.3%			
AAA	2,320	Bear Stearns Commercial Mortgage Services, Ser. PWR7, Class A2, 4.945%, 2/11/41	2,296,391
AAA	2,970	Credit Suisse First Boston Mortgage Securities Corp., Ser. CP5, Class A2, 4.94%, 12/15/35	2,925,876
AAA	2,090	First Union National Bank Commercial Mortgage Trust, Ser. C2, Class A2, 7.202%, 10/15/32	2,228,784
AAA	2,475	General Motors Acceptance Corp. Commercial Mortgage Securities, Inc., Ser. C3, Class A4, 4.547%, 12/10/41	2,406,559
		JP Morgan Chase Commercial Mortgage Securities Corp.,	
AAA	1,990	Ser. C1, Class A3, 5.857%, 10/12/35	2,045,365
AAA	2,380	Ser. CBX, Class A4, 4.529%, 1/12/37	2,316,736
AAA	2,5302	LB-UBS Commercial Mortgage Trust, Ser. C4, Class A3, 4.984%, 6/15/29	2,539,117
Total Commercial Mortgage-Backed Securities			16,758,828
Collateralized Mortgage Obligation Residual Securities 0.0%			
		Collateralized Mortgage Obligation Trust,	
AAA		Ser. 40, Class R, 580.50%, 4/01/18	175
AAA		Ser. 42, Class R, 6,000.00%, 10/01/14	2,464
		Federal Home Loan Mortgage Corp.,	
		Ser. 19, Class R, 9,427.316%, 3/15/20	906
		Ser. 75, Class R, 9.50%, 1/15/21	2
		Ser. 75, Class RS, 16.721%, 1/15/21	3
		Ser. 173, Class R, 9.00%, 11/15/21	12
		Ser. 173, Class RS, 9.029%, 11/15/21	12
NR	6	Painewebber CMO Trust, Ser. 88 M, Class 6, 13.80%, 9/01/18	
Total Collateralized Mortgage Obligation Residual Securities			3,574
Corporate Bonds 52.1%			
Aerospace & Defense 1.0%			
B	120	Argo-Tech Corp., 9.25%, 6/01/11	124,500
B	1,488	DI Finance/DynCorp Intl., Ser. B, 9.50%, 2/15/13	1,547,520
		DRS Technologies, Inc.,	
B	80	6.875%, 11/01/13	80,000
B	80	7.625%, 2/01/18	81,800
BBB	712	Raytheon Co., 6.15%, 11/01/08	723,990
BB	15	Sequa Corp., 9.00%, 8/01/09	15,825
A+	1,250	United Technologies Corp., 4.875%, 5/01/15	1,216,115
Total Aerospace & Defense			3,789,750
Automotive 0.3%			
		Autonation, Inc.,	
BB+	170	7.00%, 4/15/14	169,150
BB+	1602	7.374%, 4/15/13	161,200

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BB-	302.6	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 7.905%, 5/15/14	29,325
B	345	Lear Corp., Ser. B, 8.11%, 5/15/09	349,744
CCC+	295	Metaldyne Corp., 10.00%, 11/01/13	302,375
Total Automotive			1,011,794
Basic Materials 3.6%			
B+	685	Abitibi-Consolidated, Inc., 6.00%, 6/20/13 (Canada)	544,575
B+	1,115	AK Steel Corp., 7.75%, 6/15/12	1,115,000
B-	802.6	BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 11.874%, 7/15/10	81,600
BB-	902	Bowater, Inc., 8.39%, 3/15/10	90,900
BB+	30	Chemtura Corp., 6.875%, 6/01/16	29,325
B-	230	CPG Intl. I, Inc., 10.50%, 7/01/13	234,600
B2	80	Domtar, Inc., 7.125%, 8/15/15 (Canada)	76,400
B+	170	Donohue Forest Products, 7.625%, 5/15/07 (Canada)	170,000
BB-	300	Equistar Chemicals LP/Equistar Funding Corp., 10.625%, 5/01/11	321,000
		Huntsman LLC,	
Ba3	230	11.625%, 10/15/10	253,575
B2	72	12.00%, 7/15/12	81,540

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Basic Materials (cont d)			
BB	\$ 70	IMC Global, Inc., Ser. B, 10.875%, 6/01/08	\$ 75,513
B2	7506	Ineos Group Holdings PLC, 8.50%, 2/15/16 (United Kingdom)	721,875
B3	1,150	Innophos, Inc., 8.875%, 8/15/14	1,147,125
BBB	135	Ispat Inland ULC, 9.75%, 4/01/14 (Canada)	151,200
		Lyondell Chemical Co.,	
BB-	260	8.00%, 9/15/14	265,850
BB-	515	8.25%, 9/15/16	530,450
BB+	130	10.50%, 6/01/13	143,000
BB+	1,785	11.125%, 7/15/12	1,932,262
BB	215	Millennium America, Inc., 9.25%, 6/15/08	221,450
B-	60	Nalco Co., 8.875%, 11/15/13	63,150
B3	575	NewPage Corp., 10.00%, 5/01/12	602,312
		Noranda, Inc.,	
BBB+	600	6.00%, 10/15/15	603,357
BBB+	1,550	6.20%, 6/15/35	1,511,396
		Nova Chemicals Corp.,	
BB	50	6.50%, 1/15/12	47,000
BB	6302	8.405%, 11/15/13	641,025
CCC+	5356	Pregis Corp., 12.375%, 10/15/13	567,100
B+	26	Rhodia SA, 10.25%, 6/01/10 (France)	29,445
BBB	1,570	Teck Cominco Ltd., 6.125%, 10/01/35 (Canada)	1,531,499
B-	756	Verso Paper Holdings LLC/Verson Paper, Inc., 11.375%, 8/01/16	76,125
Total Basic Materials			13,859,649
Building & Development 0.5%			
B	780	ERICO Intl. Corp., 8.875%, 3/01/12	813,150
B-	495	Goodman Global Holding Co., Inc., 7.875%, 12/15/12	475,200
B3	210	Nortek, Inc., 8.50%, 9/01/14	200,550
		North American Energy Partners, Inc.,	
Caa1	85	8.75%, 12/01/11	84,150
B1	300	9.00%, 6/01/10	327,000
Total Building & Development			1,900,050
Business Equipment & Services 0.0%			
Ba2	1256	FTI Consulting, Inc., 7.75%, 10/01/16	127,812
Consumer Products 1.7%			
B3	95	ALH Finance LLC, 8.50%, 1/15/13	94,288
CCC+	7202	Ames True Temper, Inc., 9.374%, 1/15/12	727,200
B2	2506	Education Management LLC/Education Management Corp., 8.75%, 6/01/14	256,250
BBB+	560	Federated Department Stores, Inc., 6.79%, 7/15/27	564,273
B-	285	Finlay Fine Jewelry Corp., 8.375%, 6/01/12	256,500
B	90	Gold Kist, Inc., 10.25%, 3/15/14	103,275
B2	7106	Knowledge Learning Corp., Inc., 7.75%, 2/01/15	672,725
B-	369	Lazydays RV Center, Inc., 11.75%, 5/15/12	357,930
B	4702	Levi Strauss & Co., 10.122%, 4/01/12	484,688
		Michaels Stores, Inc.,	
B2	5306	10.00%, 11/01/14	530,662
Caa1	6706	11.375%, 11/01/16	677,537
B3	502.6	Nutro Products, Inc., 9.40%, 10/15/13	51,375
BB-	300	Quiksilver, Inc., 6.875%, 4/15/15	288,750
BB+	2506	Reynolds American, Inc., 7.625%, 6/01/16	265,444
CCC	375	Spectrum Brands, Inc., 7.375%, 2/01/15	303,750
		United Rentals NA, Inc.,	

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B	920	7.00%, 2/15/14	880,900
B	25	7.75%, 11/15/13	24,938
Total Consumer Products			6,540,485
Containers & Packaging 0.8%			
Berry Plastics Holding Corp.,			
B2	290 ₆	8.875%, 9/15/14	292,900
B2	190 _{2,6}	9.265%, 9/15/14	192,137
B+	150	Crown Americas LLC/Crown Americas Capital Corp., 7.75%, 11/15/15	153,938
B1	210 _{2,6}	Impress Holdings BV, 8.512%, 9/15/13	211,657
Ba2	1,626	Owens-Brockway Glass Container, Inc., 8.875%, 2/15/09	1,666,650
B+	464	Smurfit-Stone Container Enterprises, Inc., 9.75%, 2/01/11	478,500
Total Containers & Packaging			2,995,782

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Ecological Services & Equipment 0.8%			
B	\$ 2,250	Casella Waste Systems, Inc., 9.75%, 2/01/13	\$ 2,362,500
Caa1	600	Waste Services, Inc., 9.50%, 4/15/14	615,000
Total Ecological Services & Equipment			2,977,500
Energy 5.7%			
BBB	2,625	Anadarko Petroleum Corp., 6.45%, 9/15/36	2,720,852
		ANR Pipeline Co.,	
Ba1	145	7.375%, 2/15/24	151,570
Ba1	565	9.625%, 11/01/21	703,172
B	160	Berry Petroleum Co., 8.25%, 11/01/16	159,600
CCC+	380	Chaparral Energy, Inc., 8.50%, 12/01/15	379,050
		Chesapeake Energy Corp.,	
BB	175	6.375%, 6/15/15	168,875
BB	20	6.875%, 11/15/20	19,000
BB-	35	CMS Energy Corp., 7.50%, 1/15/09	35,963
BB-	180	Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France)	177,750
B	395	Compton Petroleum Finance Corp., 7.625%, 12/01/13 (Canada)	374,262
A1	1,970	ConocoPhillips Australia Funding Co., 5.468%, 4/09/09	1,971,962
BBB	450	DTE Energy Co., 6.35%, 6/01/16	468,034
BB-	180	Edison Mission Energy, 7.50%, 6/15/13	184,950
		El Paso Corp.,	
B	120	7.80%, 8/01/31	125,100
B	100	9.625%, 5/15/12	111,000
B	125	10.75%, 10/01/10	139,375
		El Paso Natural Gas Co.,	
Ba1	1,000	7.625%, 8/01/10	1,032,500
Ba1	150	8.375%, 6/15/32	173,592
Ba1	193	Elwood Energy LLC, 8.159%, 7/05/26	204,325
A-	425	EnCana Corp., 6.50%, 8/15/34 (Canada)	445,224
		Encore Acquisition Co.,	
B1	50	6.00%, 7/15/15	45,625
B1	60	7.25%, 12/01/17	57,750
BBB	1,675	Energy East Corp., 6.75%, 7/15/36	1,789,619
B-	435	Exco Resources, Inc., 7.25%, 1/15/11	418,687
BBB-	480	FirstEnergy Corp., Ser. B, 6.45%, 11/15/11	502,201
AA-	575	Florida Power & Light Co., 4.95%, 6/01/35	518,981
BB+	90	Grant Prideco, Inc., Ser. B, 6.125%, 8/15/15	86,063
BBB+	190	Halliburton Co., 7.60%, 8/15/96	221,345
B	136	Hilcorp Energy I LP/Hilcorp Finance Corp., 10.50%, 9/01/10	145,860
B-	215	KCS Energy, Inc., 7.125%, 4/01/12	206,400
BBB+	1,250	Kinder Morgan Energy Partners LP, 7.30%, 8/15/33	1,365,795
Ba2	83	Midwest Generation LLC, Ser. B, 8.56%, 1/02/16	90,159
		Mirant Americas Generation LLC,	
Caa1	175	8.30%, 5/01/11	177,187
Caa1	110	8.50%, 10/01/21	108,350
Caa1	85	9.125%, 5/01/31	87,975
BB-	1,020	Mission Energy Holdings Co., 13.50%, 7/15/08	1,137,300
		NRG Energy, Inc.,	
B+	50	7.25%, 2/01/14	50,563
B+	285	7.375%, 2/01/16	288,206
BBB	350	Ohio Edison Co., 6.875%, 7/15/36	389,035
BBB	500	ONEOK Partners LP, 6.65%, 10/01/36	514,492
B2	140	Orion Power Holdings, Inc., 12.00%, 5/01/10	158,900
		Reliant Energy, Inc.,	
BB-	325	6.75%, 12/15/14	309,969
BB-	40	9.25%, 7/15/10	41,400
A-	175	Scottish Power PLC, 5.375%, 3/15/15 (United Kingdom)	171,836

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B+	3506	SemGroup LP, 8.75%, 11/15/15	352,625
B	3902.6	Stone Energy Corp., 8.124%, 7/15/10	387,562
B3	3606	Targa Resources, Inc., 8.50%, 11/01/13	359,100
AA	325	Texaco Capital, Inc., 8.875%, 9/01/21	433,851
A2	600	Transcanada Pipelines Ltd., 5.85%, 3/15/36 (Canada)	598,280
BBB-	30	Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26	31,050
B+	315	Utilicorp Finance Corp., 7.75%, 6/15/11 (Canada)	332,646
B1	415	Whiting Petroleum Corp., 7.25%, 5/01/12-5/01/13	409,912
BB+	510	Williams Cos., Inc., 8.75%, 3/15/32	566,100
Total Energy			22,100,980

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Entertainment & Leisure 2.1%			
		AMC Entertainment, Inc.,	
B3	\$ 190	9.50%, 2/01/11	\$ 190,713
B3	185	11.00%, 2/01/16	204,656
B3	90	Cinemark, Inc., Zero Coupon, 3/15/14	73,238
B-	250	Gaylord Entertainment Co., 6.75%, 11/15/14	239,375
B3	3256	Greektown Holdings LLC, 10.75%, 12/01/13	343,687
B+	1,000	MGM Mirage, 9.75%, 6/01/07	1,020,000
Ba1	2,000	Park Place Entertainment Corp., 8.875%, 9/15/08	2,082,500
B	1606	Pokagon Gaming Authority, 10.375%, 6/15/14	171,600
B3	205	Poster Financial Group, Inc., 8.75%, 12/01/11	213,713
BB	290	Seneca Gaming Corp., Ser. B, 7.25%, 5/01/12	291,813
BBB-	1,930	Starwood Hotels & Resorts Worldwide, Inc., 7.875%, 5/01/12	2,024,087
		Travelport, Inc.,	
B-	5706	9.875%, 9/01/14	562,162
B-	5756	11.875%, 9/01/16	566,375
BB-	25	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625%, 12/01/14	24,500
Total Entertainment & Leisure			8,008,419
Financial Institutions 16.2%			
BB+	350	American Real Estate Partners LP/American Real Estate Finance Corp., 7.125%, 2/15/13	349,125
Aa3	2,450	Bank of America Corp., 7.80%, 2/15/10	2,642,239
AA+	5,465 ²	Barclays Bank PLC NY, 5.40%, 3/13/09	5,465,962
B	200	BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg)	219,500
AAA	2,525	Berkshire Hathaway Finance Corp., 3.375%, 10/15/08	2,442,640
		Citigroup, Inc.,	
AA+	5,975	4.125%, 2/22/10	5,808,865
AA	1,350	6.125%, 8/25/36	1,401,943
AA+	550	6.875%, 2/15/98	616,503
		Credit Suisse First Boston, Inc.,	
AA-	700 ⁴	6.125%, 11/15/11	727,658
AA-	1,000	7.125%, 7/15/32	1,183,748
BB	990	Crum & Forster Holdings Corp., 10.375%, 6/15/13	1,027,125
AA-	950 ²	Deutsche Bank AG, 5.37%, 3/15/07	950,000
AAA	1,900	Eksportfinans A/S, 5.50%, 5/25/16 (Norway)	1,962,977
		Fort Irwin Land LLC,	
AA	780 ⁶	Ser. A, Class II, 5.30%, 12/15/35	733,481
Aaa	575 ⁶	Ser. A-1, 5.03%, 12/15/25	539,005
		General Electric Capital Corp.,	
AAA	3,670 ²	5.424%, 1/15/08	3,673,409
AAA	3,000	6.75%, 3/15/32	3,464,031
BB	510	General Motors Acceptance Corp., 6.875%, 8/28/12	511,369
AA-	1,000	Goldman Sachs Group, Inc., 6.60%, 1/15/12	1,058,215
AA-	1,035	Household Finance Corp., 6.375%, 10/15/11	1,086,032
		iPayment, Inc.,	
CCC+	270 ⁶	9.75%, 5/15/14	277,425
NR	1,060 ^{2,6,8}	12.75%, 7/15/14	1,058,675
B-	360	K&F Acquisition, Inc., 7.75%, 11/15/14	364,500
A+	1,500	Lehman Brothers Holdings, Inc., 6.625%, 1/18/12	1,593,793
BBB	700 ⁶	Liberty Mutual Group, Inc., 7.50%, 8/15/36	778,585
A	1,200	MetLife, Inc., 5.70%, 6/15/35	1,184,146
		Morgan Stanley,	
AA-	3,620 ²	5.44%, 3/07/08	3,623,160
AA-	2,100	6.25%, 8/09/26	2,199,714
B+	685 ⁶	Nell AF SARL, 8.375%, 8/15/15 (Luxembourg)	695,275
AAA	6,100 ^{2,6}	Rabobank Nederland Global, 5.37%, 4/06/09 (Netherlands)	6,100,830
		Rainbow National Services LLC,	
B+	225 ⁶	8.75%, 9/01/12	236,531

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B+	1,650 ⁶	10.375%, 9/01/14	1,835,625
B-	685	Standard Aero Holdings, Inc., 8.25%, 9/01/14	679,862
AA	2,000 ²	UBS Preferred Funding Trust I, 8.622%, 10/29/49	2,223,724
B-	50 ²	Universal City Florida Holding Co. I/II, 10.121%, 5/01/10	51,438
Aa1	1,000	Wells Fargo & Co., 4.625%, 8/09/10	985,118
		Wells Fargo Bank NA,	
Aa1	550	5.95%, 8/26/36	566,636
Aa1	2,000	7.55%, 6/21/10	2,159,052
Aa3	50	Western Financial Bank, 9.625%, 5/15/12	55,097
Total Financial Institutions			62,533,013

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Health Care 1.2%			
B	\$ 8006	Angiotech Pharmaceuticals, Inc., 7.75%, 4/01/14 (Canada)	\$ 760,000
		Healthsouth Corp.,	
CCC+	7456	10.75%, 6/15/16	763,625
CCC+	4352,6	11.418%, 6/15/14	444,788
B-	425	Tenet Healthcare Corp., 6.875%, 11/15/31	329,375
BBB	1,175	Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36	1,149,909
B-	450	Universal Hospital Services, Inc., 10.125%, 11/01/11	475,875
A-	595	WellPoint, Inc., 5.85%, 1/15/36	585,125
Total Health Care			4,508,697
Industrials 1.8%			
B2	4006	AGY Holding Corp., 11.00%, 11/15/14	399,500
Ba1	2,000	Briggs & Stratton Corp., 8.875%, 3/15/11	2,175,000
B	150	Hexcel Corp., 6.75%, 2/01/15	145,500
B+	1,306	Manitowoc, Inc., 10.50%, 8/01/12	1,410,480
B3	365	Park-Ohio Industries, Inc., 8.375%, 11/15/14	339,450
CCC+	300	Polypore, Inc., 8.75%, 5/15/12	293,250
		RBS Global, Inc./Rexnord Corp.,	
B3	5406	9.50%, 8/01/14	558,900
CCC+	3606	11.75%, 8/01/16	374,400
B3	1,0506	Sunstate Equipment Co. LLC, 10.50%, 4/01/13	1,097,250
B3	150	Trimas Corp., 9.875%, 6/15/12	141,375
Total Industrials			6,935,105
Media 6.4%			
		Affinion Group, Inc.,	
B-	540	10.125%, 10/15/13	572,400
B-	110	11.50%, 10/15/15	114,675
Caa2	525	American Media Operations, Inc., Ser. B, 10.25%, 5/01/09	498,750
		AOL Time Warner, Inc.,	
BBB+	1,635	7.57%, 2/01/24	1,796,621
BBB+	3,000	9.125%, 1/15/13	3,502,980
BBB+	1,415	AT&T Broadband Corp., 8.375%, 3/15/13	1,616,371
BBB	556	BSKYB Finance UK PLC, 6.50%, 10/15/35 (United Kingdom)	54,926
B+	1612	Cablevision Systems Corp., Ser. B, 9.87%, 4/01/09	168,648
		Charter Communications Holdings II LLC/Charter Communications Holdings II Capital	
		Corp.,	
CCC	645	10.25%, 9/15/10	665,963
CCC	180	Ser. B, 10.25%, 9/15/10	185,400
B3	6906	CMP Susquehanna Corp., 9.875%, 5/15/14	666,712
BBB+	1,000	Comcast Cable Communications, Inc., 6.75%, 1/30/11	1,051,697
B+	300	CSC Holdings, Inc., 7.875%, 12/15/07	304,125
B	85	Dex Media West LLC/Dex Media Finance Co., Ser. B, 9.875%, 8/15/13	92,331
BB	140	DirectTV Holdings LLC/DirecTV Financing Co., 8.375%, 3/15/13	145,250
		Echostar DBS Corp.,	
BB-	180	5.75%, 10/01/08	178,875
BB-	3206	7.00%, 10/01/13	317,200
BB-	756	7.125%, 2/01/16	73,313
B	250	General Cable Corp., 9.50%, 11/15/10	266,250
CCC+	906	Iesy Repository GMBH, 10.375%, 2/15/15 (Germany)	85,050
Ba3	460	LIN Television Corp., 6.50%, 5/15/13	436,425
B	200	Medianews Group, Inc., 6.875%, 10/01/13	185,750
B2	535	Network Communications, Inc., 10.75%, 12/01/13	538,344
		News America Holdings, Inc.,	
BBB	145	8.15%, 10/17/36	171,579

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BBB	2,475	8.45%, 8/01/34	3,009,008
B3	660	Nexstar Finance, Inc., 7.00%, 1/15/14	608,025
CCC+	1,100 ⁶	Nielsen Finance LLC/Nielsen Finance Co., 10.00%, 8/01/14	1,146,750
B1	500 ^{2,6}	Paxson Communications Corp., 8.624%, 1/15/12	505,625
		Primedia, Inc.,	
B2	290	8.00%, 5/15/13	270,425
B2	200	8.875%, 5/15/11	199,500
B2	260 ²	10.78%, 5/15/10	269,100
B	950	RH Donnelley Corp., Ser. A-3, 8.875%, 1/15/16	979,687
Caa1	115	Sirius Satellite Radio, Inc., 9.625%, 8/01/13	112,125
BBB+	1,495	TCI Communications, Inc., 8.75%, 8/01/15	1,770,792

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Media (cont d)			
		Vertis, Inc.,	
B1	\$ 570	9.75%, 4/01/09	\$ 582,113
Caa3	756	13.50%, 12/07/09	67,875
Caa1	255	Ser. B, 10.875%, 6/15/09	253,725
Caa1	1,245	Young Broadcasting, Inc., 10.00%, 3/01/11	1,176,525
Total Media			24,640,910
Real Estate 0.9%			
BBB+	1,000	AvalonBay Communities, Inc., 6.625%, 9/15/11 Rouse Co.,	1,055,029
BB+	725	3.625%, 3/15/09	685,176
BB+	1,715	5.375%, 11/26/13	1,600,747
Total Real Estate			3,340,952
Technology 1.4%			
BB-	50	Advanced Micro Devices, Inc., 7.75%, 11/01/12	50,875
CCC+	825	Amkor Technology, Inc., 9.25%, 6/01/16	767,250
B+	555	Celestica, Inc., 7.625%, 7/01/13 (Canada)	556,387
B+	1006	Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea)	110,750
B+	4856	NXP BV/NXP Funding LLC, 9.50%, 10/15/15	489,244
B-	1906	Sensata Technologies BV, 8.00%, 5/01/14 (Netherlands)	183,350
CCC+	295	SS&C Technologies, Inc., 11.75%, 12/01/13	317,125
BB	350	STATS ChipPAC Ltd., 6.75%, 11/15/11 (Singapore)	339,500
		Sungard Data Systems, Inc.,	
B-	105	9.125%, 8/15/13	108,938
B-	3152	9.973%, 8/15/13	327,600
B-	625	10.25%, 8/15/15	654,687
B	950	Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12	971,375
B-	2002.6	UGS Capital Corp. II, 10.38%, 6/01/11	206,500
B-	480	UGS Corp., 10.00%, 6/01/12	518,400
Total Technology			5,601,981
Telecommunications 7.3%			
A	1,700	Bellsouth Telecommunications, Zero Coupon, 12/15/95	899,528
BB-	470	Cincinnati Bell, Inc., 7.25%, 7/15/13	484,100
CCC	4606	Cricket Communications, Inc., 9.375%, 11/01/14	470,350
A-	325	Deutsche Telekom Intl. Finance BV, 5.75%, 3/23/16 (Netherlands)	321,086
B3	1702	Hawaiian Telecom Communications, Inc., Ser. B, 10.889%, 5/01/13 Intelsat Ltd., (Bermuda)	174,250
BB-	300	8.625%, 1/15/15	311,250
BB-	4506	9.25%, 6/15/16	480,375
BB-	1002	10.484%, 1/15/12	101,375
B	2106	11.25%, 6/15/16	228,638
B	8402.6	11.64%, 6/15/13	890,400
		Lucent Technologies, Inc.,	
B1	170	6.45%, 3/15/29	152,150
B1	895	6.50%, 1/15/28	801,025
B+	9356	Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (Denmark)	979,412
B-	80	Nortel Networks Corp., 6.875%, 9/01/23 (Canada)	66,000
		Nortel Networks Ltd.,	
B-	5852.6	9.624%, 7/15/11	604,012
B-	2006	10.125%, 7/15/13	212,000
		PanAmSat Corp.,	

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B	160	9.00%, 8/15/14	167,200
B	515 ₆	9.00%, 6/15/16	538,175
		Qwest Corp.,	
BB+	55	7.875%, 9/01/11	58,231
BB+	375 ₂	8.64%, 6/15/13	404,063
A	2,500 ₆	SBC Communications, Inc., 4.214%, 6/05/07	2,481,175
		Sprint Capital Corp.,	
BBB+	1,205	6.875%, 11/15/28	1,234,673
BBB+	1,250	8.75%, 3/15/32	1,544,320
BBB+	4,375	Telecom Italia Capital SA, 4.95%, 9/30/14 (Luxembourg)	4,058,119
BBB+	1,000	Telefonica Emisiones SAU, 7.045%, 6/20/36 (Spain)	1,076,684
A+	575	Verizon Global Funding Corp., 7.75%, 6/15/32	672,886

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		Verizon Maryland, Inc.,	
A+	\$ 540	5.125%, 6/15/33	\$ 448,318
A+	1,355	Ser. A, 6.125%, 3/01/12	1,392,395
A+	750	Verizon Virginia, Inc., 4.625%, 3/15/13	703,288
		Vodafone Group PLC,	
A-	1,700 ₂	5.427%, 6/29/07	1,699,934
A-	1,615 ₂	5.457%, 12/28/07	1,615,480
A-	1,000	7.75%, 2/15/10	1,073,199
		West Corp.,	
B-	85 ₆	9.50%, 10/15/14	84,575
B-	530 ₆	11.00%, 10/15/16	532,650
B+	360 ₆	Wind Acquisition Finance SA, 10.75%, 12/01/15 (Luxembourg)	400,050
		Windstream Corp.,	
BB+	410 ₆	8.125%, 8/01/13	437,675
BB+	325 ₆	8.625%, 8/01/16	350,594
Total Telecommunications			28,149,635
Transportation 0.4%			
BB-	120	American Airlines, Inc., Ser. 99-1, 7.324%, 4/15/11	119,700
A-	1,000	Canadian National Railway Co., 6.375%, 10/15/11 (Canada)	1,050,757
B1	450	CHC Helicopter Corp., 7.375%, 5/01/14 (Canada)	429,750
B3	47	Horizon Lines LLC, 9.00%, 11/01/12	49,115
Total Transportation			1,649,322
Total Corporate Bonds			200,671,836
U.S. Government and Agency Securities 7.9%			
		Overseas Private Investment Corp.,	
	343	4.09%, 5/29/12	314,652
	959 ₂	4.30%, 5/29/12	903,181
	718	4.64%, 5/29/12	685,586
	406	4.68%, 5/29/12	376,049
	3,069	4.87%, 5/29/12	2,959,123
	3,806 ₂	5.40%, 5/29/12	3,862,851
	6,055 ₃	Resolution Funding Corp., Ser. B, Zero Coupon, 4/15/30	1,943,831
	1,024	Small Business Administration, Ser. 20K-1, 6.95%, 11/01/16	1,059,732
		Tennessee Valley Authority,	
	1,800	Ser. C, 5.88%, 4/01/36	2,005,450
	2,900 ₃	Ser. D, 4.875%, 12/15/16	2,896,943
		U.S. Treasury Bonds,	
	10,242	2.00%, 1/15/26	9,788,501
	650	4.50%, 2/15/36	627,351
	1,947	U.S. Treasury Notes, 2.00%, 7/15/14	1,896,470
	2,000	U.S. Treasury Strip Principal, Zero Coupon, 11/15/21	967,144
Total U.S. Government and Agency Securities			30,286,864
Shares			
Common Stocks 0.0%			
	1,895 _{8,9}	Critical Care Systems Intl., Inc.	15,160

Total Long-Term Investments (cost \$423,239,446)

420,923,180

**Principal
Amount
(000)**

SHORT-TERM INVESTMENT 1.3%

U.S. Government and Agency Discount Note 1.3%

\$ 5,100₁₀

Federal Home Loan Bank Discount Note, 4.981%, 11/01/06 (cost \$5,100,000)

5,100,000

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

Contracts/ Notional Amount (000)	Description	Value
OUTSTANDING OPTIONS PURCHASED 0.2%		
Interest Rate Swaps,		
5,500	Trust pays 5.52%, Trust receives 3-month LIBOR, expires 9/21/36	\$ 323,899
5,500	Trust pays 3-month LIBOR, Trust receives 5.52%, expires 9/21/36	374,961
48,200	Trust pays 5.40%, Trust receives 3-month LIBOR, expires 3/14/08	20,861
48,200	Trust pays 5.90%, Trust receives 3-month LIBOR, expires 3/14/08	1,133
82	U.S. Treasury Notes Future, expiring 2/23/07	19,220
Total Outstanding Options Purchased (cost \$774,125)		740,074
Total Investments before TBA sale commitment and outstanding options written (cost \$429,113,571 ¹¹)		426,763,254
<hr/>		
Principal Amount (000)		
<hr/>		
TBA SALE COMMITMENT (6.8)%		
\$ (26,300)	Federal National Mortgage Assoc., TBA, 5.50%, 11/13/36 (proceeds \$25,774,000)	(25,987,687)
<hr/>		
Contracts/ Notional Amount (000)		
<hr/>		
OUTSTANDING OPTIONS WRITTEN (0.6)%		
Interest Rate Swaps,		
(5,300)	Trust pays 5.485%, Trust receives 3-month LIBOR, expires 10/28/19	(245,761)
(5,300)	Trust pays 3-month LIBOR, Trust receives 5.485%, expires 10/28/19	(163,158)
(5,700)	Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/08	(150,627)
(5,700)	Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/08	(150,628)
(12,400)	Trust pays 3-month LIBOR, Trust receives 5.67%, expires 1/04/10	(340,529)
(12,400)	Trust pays 5.67%, Trust receives 3-month LIBOR, expires 1/04/10	(665,848)
(14,200)	Trust pays 4.725%, Trust receives 3-month LIBOR, expires 6/13/07	(83,070)
(14,200)	Trust pays 3-month LIBOR, Trust receives 4.725%, expires 6/13/07	(508,644)
(96,400)	Trust pays 3-month LIBOR, Trust receives 5.65%, expires 3/14/08	(11,086)
(41)	U.S. Treasury Notes Future, expiring 11/21/06	(3,203)
Total Outstanding Options Written (premium received \$3,321,623)		(2,322,554)
Total Investments net of TBA sale commitment and outstanding options written 103.5%		\$ 398,453,013
Liabilities in excess of other assets (3.5)%		(13,602,714)
Net Assets 100%		\$ 384,850,299

¹ Using the highest of Standard & Poor's, Moody's Investor Services or Fitch Ratings.

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- 2 Variable rate security. Rate shown is interest rate as of October 31, 2006.
- 3 Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.
- 4 Security, or a portion thereof, pledged as collateral with a value of \$1,709,424 on 242 long U.S. Treasury Note futures contracts expiring December 2006 to March 2007, 1,671 long U.S. Treasury Bond futures contracts expiring December 2006, 180 short Eurodollar futures contracts expiring December 2007 and 1,758 short U.S. Treasury Note futures contracts expiring December 2006. The notional value of such contracts on October 31, 2006 was \$13,998,969, with an unrealized gain of \$3,271,217.
- 5 Represents an investment in an affiliate.
- 6 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 9.7% of its net assets, with a current market value of \$37,197,269, in securities restricted as to resale.
- 7 Rate shown is effective yield as of October 31, 2006 of the underlying collateral.
- 8 Security is fair valued.
- 9 Non-income producing security.
- 10 Rate shown is the yield to maturity as of the date of purchase.
- 11 Cost for federal income tax purposes is \$429,481,169. The net unrealized depreciation on a tax basis is \$2,717,915, consisting of \$6,258,254 gross unrealized appreciation and \$8,976,169 gross unrealized depreciation.
- A category in the Corporate Bonds section may contain multiple industries as defined by the SEC's Standard Industry Codes.

KEY TO ABBREVIATIONS

LIBOR London Interbank Offered Rate
TBA To Be Announced

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006

BlackRock Income Trust Inc. (BKT)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 121.1%			
Mortgage Pass-Through Securities 26.5%			
		Federal Home Loan Mortgage Corp.,	
	\$ 996 ₂	4.149%, 1/01/35	\$ 991,175
	1,038 ₂	4.96%, 10/01/34	1,018,892
	9,525	5.50%, 10/01/16-5/01/17	9,557,286
	29 ₂	6.01%, 11/01/17	29,554
	71	6.50%, 5/01/29-5/01/30	73,443
	2	7.50%, 2/01/23	2,564
	31	8.00%, 11/01/15	30,874
		8.50%, 4/01/07-3/01/08	520
	157	9.00%, 9/01/20	167,370
		Federal National Mortgage Assoc.,	
	24,283	5.00%, 6/01/33-7/01/35	23,492,443
	35,807	5.50%, 12/01/13-8/01/34	35,701,757
	7,223 ₃	5.50%, 9/01/17	7,246,948
	7,347	6.00%, 11/01/31-10/01/36	7,404,048
	2,738	6.50%, 2/01/26-5/01/31	2,805,392
	4,546	7.00%, 6/01/26-1/01/32	4,698,416
		7.50%, 2/01/22	282
	133	8.00%, 5/01/08-5/01/22	134,400
	4	9.50%, 1/01/19-9/01/19	4,444
	15,200	TBA, 6.50%, 11/13/36	15,489,742
		Government National Mortgage Assoc.,	
	51	7.00%, 10/15/17	52,897
	457	7.50%, 8/15/21-12/15/23	474,581
	244	8.00%, 10/15/22-2/15/29	259,071
	29	9.00%, 6/15/18-9/15/21	30,791
		Total Mortgage Pass-Through Securities	109,666,890
Federal Housing Administration Securities 2.0%			
	404	GMAC Colonial, 7.40%, 12/01/22	408,207
		GMAC Projects,	
	298	Ser. 51, 7.43%, 2/01/23	300,986
	674	Ser. 56, 7.43%, 11/01/22	681,495
	514	Merrill Projects, Ser. 54, 7.43%, 5/15/23	51,795
	799	Reilly Project, Ser. 41, 8.28%, 3/01/20	807,776
		USGI Projects,	
	110	Ser. 87, 7.43%, 12/01/22	110,777
	340	Ser. 99, 7.43%, 10/01/23	344,142
	5,652	Ser. 6094, 7.43%, 6/01/21	5,709,474
		Total Federal Housing Administration Securities	8,414,652
Agency Multiple Class Mortgage Pass-Through Securities 33.3%			
		Federal Home Loan Mortgage Corp.,	
	4,842 ₂	Ser. 11, Class A9, 2.354%, 1/25/28	4,370,318
	268	Ser. 19, Class F, 8.50%, 3/15/20	267,482
	886	Ser. 40, Class K, 6.50%, 8/17/24	909,395
	2	Ser. 192, Class U, 1,009.033%, 2/15/22	10

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	Ser. 1057, Class J, 1.008.001%, 3/15/21	3,312
3,000	Ser. 1598, Class J, 6.50%, 10/15/08	3,004,292
536	Ser. 1961, Class H, 6.50%, 5/15/12	542,066
8,732	Ser. 2218, Class Z, 8.50%, 3/15/30	9,689,044
15,806	Ser. 2461, Class Z, 6.50%, 6/15/32	16,305,653
10,200	Ser. 2542, Class UC, 6.00%, 12/15/22	10,602,373
2,475	Ser. 2562, Class PG, 5.00%, 1/15/18	2,435,994
928	Ser. 2564, Class NC, 5.00%, 2/15/33	874,986
2,050	Ser. 2750, Class TC, 5.25%, 2/15/34	2,018,405
11,913	Ser. 2758, Class KV, 5.50%, 5/15/23	11,921,219
1,573	Ser. 2765, Class UA, 4.00%, 3/15/11	1,514,902
3,387	Ser. 2806, Class VC, 6.00%, 12/15/19	3,468,334
2,274	Ser. 2927, Class BZ, 5.50%, 2/15/35	2,215,089
3,428	Ser. 3179, Class Z, 5.75%, 12/15/18	3,409,017

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Agency Multiple Class Mortgage Pass-Through Securities (cont d)			
	\$ 3,202	Ser. 3193, Class ZA, 6.00%, 7/15/36	\$ 3,193,073
	5,800	Ser. 3227, Class CZ, 6.00%, 8/15/36	5,778,250
		Federal National Mortgage Assoc.,	
	1,288 ²	Ser. 2, Class KP, 1.133%, 2/25/35	1,199,991
	266	Ser. 17, Class JA, 4.00%, 4/25/34	264,472
	6,100	Ser. 28, Class PB, 6.00%, 8/25/28	6,136,445
	2,448	Ser. 29, Class HC, 7.50%, 7/25/30	2,593,509
	2,210	Ser. 31, Class ZG, 7.50%, 5/25/34	2,757,610
	7,849	Ser. 32, Class VT, 6.00%, 9/25/15	7,989,883
	74 ²	Ser. 38, Class F, 8.325%, 4/25/21	76,312
	7,434	Ser. 38, Class Z, 5.00%, 5/25/36	7,392,356
	3,105	Ser. 68, Class PC, 5.50%, 7/25/35	3,123,924
	12,264	Ser. 135, Class PB, 6.00%, 1/25/34	12,502,139
	2,825	Freddie Mac Structured Pass, Ser. 2996, Class MK, 5.50%, 6/15/35	2,849,819
		Government National Mortgage Assoc.,	
	1,256	Ser. 5, Class Z, 7.00%, 5/16/26	1,308,961
	2,255	Ser. 33, Class PB, 6.50%, 7/20/31	2,303,503
	4,708	Ser. 89, Class PE, 6.00%, 10/20/34	4,834,498
		Total Agency Multiple Class Mortgage Pass-Through Securities	137,856,636
Non-Agency Multiple Class Mortgage Pass-Through Securities 11.1%			
AAA	7,208	CWALT, Inc., Ser. 28CB, Class 1A5, 5.50%, 8/25/35	7,205,842
		GSR Mortgage Loan Trust,	
AAA	4,724 ²	Ser. 10, Class 2A1, 4.474%, 10/25/33	4,520,060
AAA	4,625 ²	Ser. 13, Class 1A1, 4.502%, 10/25/33	4,446,512
AAA	1,901	MASTR Alternative Loan Trust, Ser. 7, Class 4A3, 8.00%, 11/25/18	1,971,353
AAA	8,357	MASTR Asset Securitization Trust, Ser. 12, Class 3A5, 5.25%, 10/25/14	8,225,026
AAA	6,737 ²	Residential Asset Securitization Trust, Ser. A8, Class A2, 5.67%, 10/25/18	6,714,725
AAA	11,053	Residential Funding Securities Corp., Ser. RM2, Class A15, 8.50%, 5/25/33	11,817,755
AAA	6,196 ²	Structured Adjustable Rate Mortgage Loan Trust, Ser. 18, Class 7AX, 5.50%, 9/25/35	900,525
AAA	612,5 ⁸	Summit Mortgage Trust, Ser. 1, Class B1, 6.573%, 12/28/12	60,805
		Total Non Agency Multiple Class Mortgage Pass-Through Securities	45,862,603
Inverse Floating Rate Mortgage Securities 4.0%			
		Federal Home Loan Mortgage Corp.,	
	37 ²	Ser. 1160, Class F, 17.319%, 10/15/21	37,578
	242 ^{2,3}	Ser. 1616, Class SB, 8.50%, 11/15/08	246,616
	752 ²	Ser. 1688, Class S, 9.206%, 12/15/13	770,382
		Federal National Mortgage Assoc.,	
	2	Ser. 7, Class S, 541.833%, 3/25/21	7,713
	1 ²	Ser. 17, Class S, 531.967%, 6/25/21	11,969
	75 ²	Ser. 38, Class SA, 10.186%, 4/25/21	79,669
	2	Ser. 46, Class S, 1,295.281%, 5/25/21	7,892
	2	Ser. 49, Class S, 479.05%, 12/25/21	4,435
	6,047 ²	Ser. 65, Class KS, 3.257%, 7/25/36	5,968,510
	318 ²	Ser. 72, Class S, 8.75%, 5/25/08	326,217
	6,921 ²	Ser. 73, Class DS, 3.718%, 8/25/35	6,671,270
	149 ²	Ser. 87, Class S, 12.522%, 8/25/21	173,782
	126 ²	Ser. 93, Class S, 8.50%, 5/25/08	127,509
	47 ²	Ser. 170, Class SC, 9.00%, 9/25/08	48,270
	634 ²	Ser. 196, Class SC, 7.826%, 10/25/08	644,652
	262 ²	Ser. 214, Class SH, 4.359%, 12/25/08	261,768

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	1,088 ²	Ser. 247, Class SN, 10.00%, 12/25/23	1,173,630
AAA	124 ²	Kidder Peabody Acceptance Corp., Ser. 1, Class A6, 6.742%, 8/25/23	123,714
			16,685,576
		Total Inverse Floating Rate Mortgage Securities	
			16,685,576
		Interest Only Asset-Backed Securities 0.5%	
AAA	1,998 ^{2,5}	Morgan Stanley Capital Trust I, Ser. HF1, Class X, 1.864%, 6/15/17	8,982
		Sterling Coofs Trust,	
NR	26,645	Ser. 1, 2.362%, 4/15/29	1,199,026
AAA	19,958 ²	Ser. 2, 2.418%, 3/30/30	873,176
			2,081,184
		Total Interest Only Asset-Backed Securities	
			2,081,184
		Interest Only Mortgage-Backed Securities 12.7%	
AAA	2,310	ABN Amro Mortgage Corp., Ser. 4, Class A2, 5.50%, 3/25/33	34,868
Aaa	80,938 ²	Commercial Mortgage Acceptance Corp., Ser. ML1, 0.916%, 12/15/30	995,778
		See Notes to Financial Statements.	

BlackRock Income Trust Inc. (BKT) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Interest Only Mortgage-Backed Securities (cont d)			
AAA	\$ 16,503 ^{2,5}	Credit Suisse First Boston Mortgage Securities Corp., Ser. C1, Class AX, 1.781%, 6/20/29	\$ 504,351
AAA	169,061 ₂	CWALT, Inc., Ser. 79CB, Class A2, Zero Coupon, 1/25/36	856,581
		Federal Home Loan Mortgage Corp.,	
	4,592 ₂	Ser. 60, Class HS, 0.625%, 4/25/24	36,675
		Ser. 176, Class M, 1,010.00%, 7/15/21	81
		Ser. 200, Class R, 93,504.444%, 12/15/22	442
	2,057	Ser. 204, 6.00%, 5/01/29	445,994
	17 ₂	Ser. 1043, Class H, 20.813%, 2/15/21	17,233
	2	Ser. 1054, Class I, 413.56%, 3/15/21	330
		Ser. 1056, Class KD, 1,084.50%, 3/15/21	3,057
	1 ₂	Ser. 1148, Class E, 563.074%, 10/15/21	937
		Ser. 1179, Class O, 1,009.389%, 11/15/21	228
		Ser. 1221, Class H, 1,006.50%, 3/15/07	11
	305	Ser. 1706, Class IA, 7.00%, 10/15/23	22,324
	99	Ser. 1720, Class PK, 7.50%, 1/15/24	9,413
	4,018	Ser. 1914, Class PC, 0.75%, 12/15/11	50,503
	921 ₂	Ser. 2296, Class SA, 2.43%, 3/15/16	49,241
	534 ₂	Ser. 2444, Class ST, 2.65%, 9/15/29	23,035
	290	Ser. 2513, Class BI, 5.50%, 12/15/15	7,384
	1,682	Ser. 2542, Class MX, 5.50%, 5/15/22	278,545
	3,235	Ser. 2545, Class NI, 5.50%, 3/15/22	441,974
	2,754 ₂	Ser. 2559, 0.892%, 8/15/30	11,467
	5,288	Ser. 2561, Class EW, 5.00%, 9/15/16	517,783
	12,148	Ser. 2611, Class QI, 5.50%, 9/15/32	2,261,936
	4,902	Ser. 2633, Class PI, 4.50%, 3/15/12	115,665
	3,939	Ser. 2653, Class MI, 5.00%, 4/15/26	399,448
	6,422	Ser. 2658, Class PI, 4.50%, 6/15/13	305,829
	5,165	Ser. 2672, Class TQ, 5.00%, 3/15/23	229,933
	2,784	Ser. 2676, Class JI, 5.50%, 8/15/13	35,497
	3,633	Ser. 2687, Class IL, 5.00%, 9/15/18	496,985
	8,478	Ser. 2687, Class IQ, 5.50%, 9/15/22	244,882
	6,353	Ser. 2693, Class IB, 4.50%, 6/15/13	269,222
	3,107	Ser. 2694, Class LI, 4.50%, 7/15/19	262,738
	5,744	Ser. 2773, Class OX, 5.00%, 2/15/18	717,024
	18,106 ₂	Ser. 2780, Class SM, 0.68%, 4/15/34	189,097
	5,343	Ser. 2786, Class PI, 4.50%, 10/15/10	49,260
	6,727	Ser. 2825, Class NI, 5.50%, 3/15/30	1,672,550
	2,183	Ser. 2949, 5.50%, 3/15/35	246,577
	37,960 ₂	Ser. 2990, Class WR, 1.306%, 6/15/35	2,126,694
	107,764 ₂	Ser. 3122, Class IS, 1.38%, 3/15/36	5,846,680
	100,000 ₂	Ser. 3225, Class EY, 0.96%, 10/15/36	4,312,500
		Federal National Mortgage Assoc.,	
	248	Ser. 5, Class H, 9.00%, 1/25/22	60,153
	15	Ser. 7, Class 2, 8.50%, 4/01/17	2,955
	4,887	Ser. 9, Class BI, 5.50%, 10/25/22	746,587
	1 ₂	Ser. 10, Class S, 524.318%, 5/25/21	21,531
	1	Ser. 12, Class C, 1,016.898%, 2/25/22	20,257
	1 ₂	Ser. 12, Class S, 553.577%, 5/25/21	19,271
	6,448	Ser. 13, Class IG, 5.00%, 10/25/22	311,067
	5,705	Ser. 16, Class PI, 5.00%, 11/25/12	116,985
	1	Ser. 33, Class PV, 1,078.42%, 10/25/21	25,184
	1,669 ₂	Ser. 33, Class SG, 2.756%, 3/25/09	48,652
	55,453 ₂	Ser. 36, Class SP, 1.38%, 5/25/36	3,411,079
		Ser. 38, Class N, 1,008.50%, 4/25/21	912
	1,674	Ser. 43, Class LC, 6.00%, 3/25/34	425,725
	1	Ser. 50, Class G, 1,158.628%, 12/25/21	16,194

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837 ₂	Ser. 50, Class SI, 1.20%, 4/25/23	24,218
6,723	Ser. 51, Class IE, 5.50%, 4/25/26	343,103
6,044	Ser. 55, Class GI, 5.00%, 7/25/19	706,455
4,590 ²	Ser. 59, Class S, 4.918%, 10/25/22	603,149
714 ₂	Ser. 60, Class SB, 1.60%, 10/25/22	29,798
490	Ser. 62, Class IC, 5.50%, 7/25/15	19,564

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Interest Only Mortgage-Backed Securities (cont d)			
	\$ 6,255	Ser. 66, Class CI, 5.00%, 7/25/33	\$ 1,410,245
	2,630 ₂	Ser. 68, Class SC, 2.756%, 1/25/24	164,032
	16,392 ₂	Ser. 73, Class ST, 0.81%, 8/25/35	530,775
	9,118	Ser. 88, Class TI, 4.50%, 11/25/13	364,766
	26	Ser. 89, Class 2, 8.00%, 6/01/18	4,693
	36,243 ₂	Ser. 90, Class JH, 1.38%, 11/25/34	1,806,500
	15,322	Ser. 90, Class M, 6.00%, 1/25/28	3,035,315
	8	Ser. 94, Class 2, 9.50%, 8/01/21	2,007
		Ser. 99, Class L, 930.00%, 8/25/21	8,429
	3,741	Ser. 122, Class IC, 5.00%, 9/25/18	516,226
		Ser. 123, Class M, 1,009.50%, 10/25/20	1,359
	36 ₂	Ser. 136, Class S, 14.746%, 11/25/20	46,458
	1	Ser. 139, Class PT, 648.35%, 10/25/21	10,125
	4 ₂	Ser. 141, Class SA, 13.625%, 8/25/07	188
	2,628 ₂	Ser. 199, Class SB, 2.156%, 10/25/23	150,623
	743	Ser. W4, 6.50%, 12/25/28	158,475
AAA	104	First Boston Mortgage Securities Corp., Ser. C, Class I, 10.965%, 4/25/17	29,541
		First Horizon Alternative Mortgage Securities,	
AAA	71,994 ₂	Ser. FA2, Class 1A4, 0.18%, 5/25/36	241,669
AAA	85,776 ₂	Ser. FA7, Class 1A7, Zero Coupon, 10/25/35	265,844
AAA	219,260 ₂	Ser. FA9, Class A2, Zero Coupon, 12/25/35	335,007
AAA	19,691 ₂	General Motors Acceptance Corp., Commercial Mortgage Securities, Inc., Ser. C1, Class X, 1.537%, 7/15/29	507,530
AAA	9,993 _{2,5}	Goldman Sachs Mortgage Securities Corp., Ser. 5, 1.012%, 6/19/27	207,176
		Government National Mortgage Assoc.,	
	2,137	Ser. 39, Class ID, 5.00%, 5/20/33	508,945
	2,516	Ser. 58, Class IT, 5.50%, 7/20/33	387,518
	7,798	Ser. 75, Class II, 5.50%, 7/20/25	248,479
	20,883 ₂	Ser. 89, Class SA, 0.58%, 10/16/33	636,417
Aaa	89	Kidder Peabody Acceptance Corp., Ser. B, Class A2, 9.50%, 4/22/18	23,987
AAA	31,183	MASTR Adjustable Rate Mortgages Trust, Ser. 3, Class 3AX, 0.977%, 4/25/34	621,924
AAA	1,711	MASTR Alternative Loan Trust, Ser. 9, Class 15X2, 6.00%, 1/25/19	417,527
AAA	2,092	Morgan Stanley Capital Trust I, Ser. 3, Class 1AX, 5.00%, 5/25/19	389,225
AAA	183,248 ₂	Residential Accredited Loans, Inc., Ser. QS16, Class A2, Zero Coupon, 11/25/35	283,705
AAA	108,723 ₂	Sequoia Mortgage Trust, Ser. 2, Class XA, 1.01%, 3/20/35	1,535,485
NR	10,504 ₆	Small Business Administration, Ser. 1, 1.381%, 4/01/15	1
		Structured Adjustable Rate Mortgage Loan Trust,	
AAA	19,794 ₂	Ser. 2, Class 4AX, 5.50%, 3/25/36	2,280,386
AAA	53,823 ₂	Ser. 7, Class 3AS, 2.503%, 8/25/36	3,565,757
AAA	5,661	Ser. 20, Class 3AX, 5.50%, 10/25/35	747,700
NR	102,405 ₂	Vendee Mortgage Trust, Ser. 2, Class 1, 0.052%, 5/15/29	236,084
Total Interest Only Mortgage-Backed Securities			52,723,714
Principal Only Mortgage-Backed Securities 5.8%			
		Countrywide Home Loans, Inc.,	
AAA	6,083 ₇	Ser. 26, 4.944%, 8/25/33	4,864,782
AAA	1,158 ₇	Ser. J4, 5.142%, 6/25/33	912,821
AAA	1,654 ₇	Ser. J5, 4.911%, 7/25/33	1,378,421
AAA	1,265 ₇	Ser. J8, 4.787%, 9/25/23	975,587
		Drexel Burnham Lambert, Inc.,	
AAA	32 ₇	Ser. K, Class 1, 11.50%, 9/23/17	31,299
AAA	400 ₇	Ser. V, Class 1, 11.50%, 9/01/18	343,629
		Federal Home Loan Mortgage Corp.,	
	274 ₇	Ser. 8, Class A10, 6.737%, 11/15/28	217,430

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1847	Ser. 1418, Class M, 7.50%, 11/15/22	165,941
5777	Ser. 1571, Class G, 7.50%, 8/15/23	496,417
2,4297	Ser. 1691, Class B, 7.50%, 3/15/24	2,076,967
2367	Ser. 1739, Class B, 7.50%, 2/15/24	211,450
	Federal National Mortgage Assoc.,	
3517	Ser. 2, Class KB, 8.00%, 1/25/23	288,397
487	Ser. 7, Class J, 10.00%, 2/25/21	38,919
1,0627	Ser. 13, Class PR, 6.50%, 3/25/32	849,608
1547	Ser. 51, Class E, 8.00%, 2/25/23	126,145
297	Ser. 70, Class A, 7.00%, 5/25/23	24,015

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Principal Only Mortgage-Backed Securities (cont d)			
	\$ 707	Ser. 167, Class D, 8.50%, 10/25/17	\$ 59,842
	537	Ser. 203, Class 1, 8.00%, 2/01/23	43,911
	367	Ser. 228, Class 1, 7.00%, 5/01/23	29,284
	2,125 ⁷	Ser. 249, Class B, 7.50%, 11/25/23	1,718,668
	287 ⁷	Ser. 273, Class 1, 7.00%, 7/01/26	234,463
	5,216 ⁷	Ser. 328, Class 1, 6.00%, 11/01/32	4,092,989
	4,096 ⁷	Ser. 338, Class 1, 5.50%, 6/01/33	3,099,711
	380 ⁷	Ser. W4, 5.985%, 2/25/29	295,167
AAA	314 ⁷	MASTR Asset Securitization Trust, Ser. 3, Class 4A15, 5.634%, 3/25/34	184,019
AAA	983 ⁷	Residential Asset Securitization Trust, Ser. A15, Class 1A8, 5.713%, 2/25/36	459,510
AAA	18 ^{6,7}	Structured Mortgage Asset Residential Trust, Ser. 3C, Class CX, 7.031%, 4/25/24	17,107
AAA	1,044 ⁷	Washington Mutual, Ser. 9, Class CP, 5.112%, 11/25/35	782,615
Total Principal Only Mortgage-Backed Securities			24,019,114
Collateralized Mortgage Obligation Residual Securities 0.0%			
Collateralized Mortgage Obligation Trust,			
AAA		Ser. 40, Class R, 580.50%, 4/01/18	372
AAA		Ser. 42, Class R, 6,000.00%, 10/01/14	5,135
Federal Home Loan Mortgage Corp.,			
		Ser. 19, Class R, 9,427.316%, 3/15/20	1,944
		Ser. 75, Class R, 9.50%, 1/15/21	6
		Ser. 75, Class RS, 16.721%, 1/15/21	6
		Ser. 173, Class R, 9.00%, 11/15/21	26
		Ser. 173, Class RS, 9.029%, 11/15/21	26
NR	13	Painwebber CMO Trust, Ser. 88 M, Class 6, 13.80%, 9/01/18	
Total Collateralized Mortgage Obligation Residual Securities			7,515
U.S. Government and Agency Securities 24.4%			
Overseas Private Investment Corp.,			
	312	4.09%, 5/29/12	286,047
	872 ²	4.30%, 5/29/12	821,074
	653	4.64%, 5/29/12	623,260
	369	4.68%, 5/29/12	341,863
	2,790	4.87%, 5/29/12	2,690,112
	3,460 ²	5.40%, 5/29/12	3,511,682
	13,000	Resolution Funding Corp., Ser. B, Zero Coupon, 4/15/30	4,173,377
Small Business Administration,			
	765	Ser. 20C-1, 7.15%, 3/01/17	795,397
	899	Ser. 20E-1, 7.60%, 5/01/16	937,753
	1,128	Ser. 20F-1, 7.55%, 6/01/16	1,177,400
	758	Ser. 20G-1, 7.70%, 7/01/16	793,405
	1,111	Ser. 20H-1, 7.25%, 8/01/16	1,155,328
	1,940	Ser. 20K-1, 6.95%, 11/01/16	2,006,526
U.S. Treasury Notes,			
	21,000 ⁹	3.75%, 3/31/07	20,885,151
	19,400 ⁹	4.00%, 8/31/07	19,246,158
	100,000 ^{3,9}	U.S. Treasury Strip, Zero Coupon, 11/15/24	41,832,800
Total U.S. Government and Agency Securities			101,277,333
Corporate Bond 0.8%			

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AA+	3,2586	Structured Asset Receivable Trust, 5.114%, 1/21/10	3,257,041
Total Long-Term Investments (cost \$517,692,022)			501,852,258
SHORT-TERM INVESTMENT 0.2%			
U.S. Government and Agency Discount Note 0.2%			
	80010	Federal Home Loan Bank Discount Notes, 5.084%, 11/08/06 (cost \$799,212)	799,212

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

Notional Amount (000)	Description	Value
OUTSTANDING OPTIONS PURCHASED 0.2%		
	Interest Rate Swaps,	
\$ 5,500	Trust pays 3-month LIBOR, Trust receives 5.52%, expires 9/21/36	\$ 374,961
5,500	Trust pays 5.52%, Trust receives 3-month LIBOR, expires 9/21/36	323,899
49,200	Trust pays 5.40%, Trust receives 3-month LIBOR, expires 3/14/08	21,294
49,200	Trust pays 5.90%, Trust receives 3-month LIBOR, expires 3/14/08	1,157
Total Outstanding Options Purchased (cost \$729,050)		721,311
Total Investments before borrowed bonds, investments sold short, TBA sale commitments and outstanding options written (cost \$519,220,284 ¹¹)		503,372,781
Principal Amount (000)		
BORROWED BONDS 14.6%		
31,811 ₁₂	U.S. Treasury Bonds, 5.15%, 11/01/06	31,811,250
	U.S. Treasury Notes,	
2,613 ₁₂	5.03%, 11/01/06	2,612,500
11,805 ₁₂	5.08%, 11/01/06	11,805,000
14,174 ₁₂	5.125%, 11/01/06	14,173,625
Total Borrowed Bonds (cost \$60,402,375)		60,402,375
INVESTMENTS SOLD SHORT (14.7)%		
	U.S. Treasury Bonds,	
(12,930)	5.375%, 2/15/31	(14,038,140)
(15,750)	6.25%, 8/15/23	(18,329,062)
	U.S. Treasury Notes,	
(14,900)	4.00%, 2/15/15	(14,289,443)
(12,000)	4.125%, 8/15/10	(11,812,968)
(2,500)	5.125%, 5/15/16	(2,598,827)
Total Investments Sold Short (proceeds \$61,745,381)		(61,068,440)
TBA SALE COMMITMENTS (4.0)%		
	Federal National Mortgage Assoc. TBA,	
(9,500)	5.00%, 11/13/36	(9,170,465)
(7,500)	5.50%, 11/13/36	(7,410,937)
Total TBA Sale Commitments (proceeds \$16,431,406)		(16,581,402)
OUTSTANDING OPTIONS WRITTEN (0.6)%		
	Interest Rate Swaps,	
(5,400)	Trust pays 3-month LIBOR, Trust receives 5.485%, expires 10/28/19	(166,237)
(5,400)	Trust pays 5.485%, Trust receives 3-month LIBOR, expires 10/28/19	(250,398)
(5,700)	Trust pays 3-month LIBOR, Trust receives 5.135%, expires 4/21/08	(150,627)
(5,700)	Trust pays 5.135%, Trust receives 3-month LIBOR, expires 4/21/08	(150,627)

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(12,400)	Trust pays 3-month LIBOR, Trust receives 5.67%, expires 1/04/10	(340,529)
(12,400)	Trust pays 5.67%, Trust receives 3-month LIBOR, expires 1/04/10	(665,848)
(14,100)	Trust pays 3-month LIBOR, Trust receives 4.725%, expires 6/13/07	(505,062)
(14,100)	Trust pays 4.725%, Trust receives 3-month LIBOR, expires 6/13/07	(82,485)
(98,400)	Trust pays 3-month LIBOR, Trust receives 5.65%, expires 3/14/08	(11,316)
		(2,323,129)
	Total Outstanding Options Written (premium received \$3,312,560)	(2,323,129)
		\$ 483,802,185
	Total Investments net of borrowed bonds, investments sold short, TBA sale commitments and outstanding options written 116.7%	\$ 483,802,185
	Liabilities in excess of other assets (16.7)%	(69,342,013)
		\$ 414,460,172
	Net Assets 100%	\$ 414,460,172

See Notes to Financial Statements.

BlackRock Income Trust Inc. (BKT) (continued)

-
- 1 Using the highest of S&P's, Moody's or Fitch's ratings.
- 2 Variable rate security. Rate shown is interest rate as of October 31, 2006.
- 3 Security, or a portion thereof, pledged as collateral with a value of \$9,908,132 on 1,806 short Eurodollar futures contracts expiring December 2006 to September 2009, 749 short U.S. Treasury Note futures contracts expiring December 2006 and 696 short U.S. Treasury Bond futures contracts expiring December 2006. The notional value of such contracts on October 31, 2006 was \$587,181,063, with an unrealized loss of \$1,269,150.
- 4 Represents an investment in an affiliate.
- 5 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 0.2% of its net assets, with a current market value of \$781,314, in securities restricted as to resale.
- 6 Illiquid security. As of October 31, 2006, the Trust held 0.8% of its net assets, with a current market value of \$3,274,149, in these securities.
- 7 Rate shown is effective yield as of October 31, 2006 of the underlying collateral.
- 8 Security is fair valued.
- 9 Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.
- 10 Rate shown is the yield to maturity as of the date of purchase.
- 11 Cost for federal income tax purposes is \$519,896,814. The net unrealized depreciation on a tax basis is \$16,524,033, consisting of \$16,041,855 gross unrealized appreciation and \$32,565,888 gross unrealized depreciation.
- 12 The interest rate and maturity date shown represent the terms of the borrowed transaction, not the security borrowed.

KEY TO ABBREVIATIONS

LIBOR London Interbank Offered Rate
TBA To Be Announced

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006
BlackRock Limited Duration Income Trust (BLW)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 148.9%			
Corporate Bonds 64.3%			
Aerospace & Defense 1.3%			
NR	\$ 1,560 ²	AAR Corp., Ser. A2, 8.39%, 5/15/11	\$ 1,575,600
B	490	Argo-Tech Corp., 9.25%, 6/01/11	508,375
B	5,676	DI Finance/DynCorp Intl., Ser. B, 9.50%, 2/15/13	5,903,040
B	330	DRS Technologies, Inc., 6.875%, 11/01/13	330,000
B	310	7.625%, 2/01/18	316,975
BB	755	Sequa Corp., 9.00%, 8/01/09	796,525
Total Aerospace & Defense			9,430,515
Automotive 2.0%			
BB+	690	Autonation, Inc., 7.00%, 4/15/14	686,550
BB+	690 ³	7.374%, 4/15/13	695,175
BB-	130 ^{3,4}	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 7.905%, 5/15/14	127,075
BBB+	7,500 ⁵	DaimlerChrysler NA Holding Corp., 4.05%, 6/04/08	7,333,395
B	1,170	Lear Corp., Ser. B, 8.11%, 5/15/09	1,186,088
CCC+	1,000 ⁵	Metaldyne Corp., 11.00%, 11/01/13	1,025,000
BB-	2,629	TRW Automotive, Inc., 9.375%, 2/15/13	2,816,316
Total Automotive			13,869,599
Basic Materials 6.4%			
B+	1,905	Abitibi-Consolidated, Inc., 6.00%, 6/20/13 (Canada)	1,514,475
B+	2,200	AK Steel Corp., 7.75%, 6/15/12	2,200,000
B-	350 ^{3,4}	BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 11.874%, 7/15/10	357,000
BB-	670 ³	Bowater, Inc., 8.39%, 3/15/10	676,700
BB+	120	Chemtura Corp., 6.875%, 6/01/16	117,300
B-	750	CPG Intl. I, Inc., 10.50%, 7/01/13	765,000
B2	300	Domtar, Inc., 7.125%, 8/15/15	286,500
B2	880	7.875%, 10/15/11	898,700
B+	740	Donohue Forest Products, 7.625%, 5/15/07 (Canada)	740,000
Ba3	1,950	Huntsman LLC, 11.625%, 10/15/10	2,149,875
B2	310	12.00%, 7/15/12	351,075
BB	300	IMC Global, Inc., Ser. B, 10.875%, 6/01/08	323,625
B2	1,490	Ineos Group Holdings PLC, (United Kingdom) 7.875%, 2/07/16 (EUR)	1,823,242
B2	2,885 ⁴	8.50%, 2/15/16	2,776,812
B3	2,625	Innophos, Inc., 8.875%, 8/15/14	2,618,437
Baa3	5,000 ⁵	Ipsco, Inc., 8.75%, 6/01/13 (Canada)	5,325,000
BB-	1,100	Lyondell Chemical Co., 8.00%, 9/15/14	1,124,750
BB-	1,835	8.25%, 9/15/16	1,890,050
BB+	560	10.50%, 6/01/13	616,000
BB+	3,020 ⁵	11.125%, 7/15/12	3,269,150
BB	615	Millennium America, Inc., 9.25%, 6/15/08	633,450

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B-	215	Nalco Co., 8.875%, 11/15/13	226,288
		NewPage Corp.,	
B3	810	10.00%, 5/01/12	848,475
B3	1,500 ^{3,5}	11.621%, 5/01/12	1,620,000
Caa1	300	12.00%, 5/01/13	313,500
		Nova Chemicals Corp.,	
BB	200	6.50%, 1/15/12	188,000
BB	2,690 ³	8.405%, 11/15/13	2,737,075
CCC+	2,020 ⁴	Pregis Corp., 12.375%, 10/15/13	2,141,200
B+	81	Rhodia SA, 10.25%, 6/01/10 (France)	91,733
B	2,412	Rockwood Specialties Group, Inc., 10.625%, 5/15/11	2,586,870
BB	3,250 ⁵	US Steel LLC, 10.75%, 8/01/08	3,501,875

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Basic Materials (cont d)			
B-	\$ 2104	Verso Paper Holdings LLC/Verson Paper, Inc., 11.375%, 8/01/16	\$ 213,150
Total Basic Materials			44,925,307
Building & Development 1.4%			
BBB-	3,000 ₅	DR Horton, Inc., 5.875%, 7/01/13	2,939,418
B	2,665	ERICO Intl. Corp., 8.875%, 3/01/12	2,778,263
Goodman Global Holding Co., Inc.,			
B-	2,000	7.875%, 12/15/12	1,920,000
B1	269 ₃	8.329%, 6/15/12	273,035
B3	890	Nortek, Inc., 8.50%, 9/01/14	849,950
North American Energy Partners, Inc.,			
Caa1	270	8.75%, 12/01/11	267,300
B1	550	9.00%, 6/01/10	599,500
Total Building & Development			9,627,466
Business Equipment & Services 0.1%			
Ba2	3504	FTI Consulting, Inc., 7.75%, 10/01/16	357,875
Conglomerates 1.1%			
Baa3	7,500 ₅	Tyco Intl. Group SA, 6.125%, 11/01/08 (Luxembourg)	7,607,220
Consumer Products 6.1%			
B3	300	ALH Finance LLC, 8.50%, 1/15/13	297,750
CCC+	2,085 ₃	Ames True Temper, Inc., 9.374%, 1/15/12	2,105,850
B2	1,050 ₄	Education Management LLC/Education Management Corp., 8.75%, 6/01/14	1,076,250
B-	1,108	Finlay Fine Jewelry Corp., 8.375%, 6/01/12	997,200
B	2,140	Gold Kist, Inc., 10.25%, 3/15/14	2,455,650
Ba3	5,000 ₅	Group 1 Automotive, Inc., 8.25%, 8/15/13	5,143,750
BBB	4,400 ₅	JC Penney Co., Inc., 8.00%, 3/01/10	4,725,692
B2	2,770 ₄	Knowledge Learning Corp., Inc., 7.75%, 2/01/15	2,624,575
B-	1,505	Lazydays RV Center, Inc., 11.75%, 5/15/12	1,459,850
B	2,075 ₃	Levi Strauss & Co., 10.122%, 4/01/12	2,139,844
Michaels Stores, Inc.,			
B2	2,210 ₄	10.00%, 11/01/14	2,212,762
Caa1	2,800 ₄	11.375%, 11/01/16	2,831,500
B2	223	Neiman-Marcus Group, Inc., 9.00%, 10/15/15	239,168
B3	210 _{3,4}	Nutro Products, Inc., 9.40%, 10/15/13	215,775
BB-	600	Quiksilver, Inc., 6.875%, 4/15/15	577,500
BB+	1,000 ₄	Reynolds American, Inc., 7.625%, 6/01/16	1,061,777
B+	5,000 ₅	Rite Aid Corp., 8.125%, 5/01/10	5,050,000
B1	3,500	Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13	3,561,250
CCC	1,345	Spectrum Brands, Inc., 7.375%, 2/01/15	1,089,450
United Rentals NA, Inc.,			
B	2,575	7.00%, 2/15/14	2,465,562
B	125	7.75%, 11/15/13	124,688
Total Consumer Products			42,455,843
Containers & Packaging 1.0%			
Berry Plastics Holding Corp.,			
B2	1,210 ₄	8.875%, 9/15/14	1,222,100
B2	835 _{3,4}	9.265%, 9/15/14	844,394

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B+	1,385	Crown Americas LLC/Crown Americas Capital Corp., 7.75%, 11/15/15	1,421,356
CCC+	585	Graham Packaging Co., Inc., 8.50%, 10/15/12	582,075
B1	870 ^{3,4}	Impress Holdings BV, 8.512%, 9/15/13	876,863
B+	2,114	Smurfit-Stone Container Enterprises, Inc., 9.75%, 2/01/11	2,180,063
Total Containers & Packaging			7,126,851
Ecological Services & Equipment 0.6%			
B	2,000	Casella Waste Systems, Inc., 9.75%, 2/01/13	2,100,000
Caa1	2,065	Waste Services, Inc., 9.50%, 4/15/14	2,116,625
Total Ecological Services & Equipment			4,216,625
Energy 7.2%			
BB+	5,500 ^{4,5}	AES Corp., 8.75%, 5/15/13	5,905,625
Ba1	460	ANR Pipeline Co., 7.375%, 2/15/24	480,842
Ba1	1,780	9.625%, 11/01/21	2,215,304

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Energy (cont d)			
B	\$ 550	Berry Petroleum Co., 8.25%, 11/01/16	\$ 548,625
CCC+	1,210	Chaparral Energy, Inc., 8.50%, 12/01/15	1,206,975
		Chesapeake Energy Corp.,	
BB	650	6.375%, 6/15/15	627,250
BB	100	6.875%, 11/15/20	95,000
BB	4,000 ⁵	7.50%, 9/15/13	4,095,000
BB-	200	ChipPAC, Inc., 2.50%, 6/01/08	197,000
BB-	150	CMS Energy Corp., 7.50%, 1/15/09	154,125
BB-	750	Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France)	740,625
B	1,615	Compton Petroleum Finance Corp., 7.625%, 12/01/13 (Canada)	1,530,212
CCC+	1,640 ²	East Cameron Gas Co., 11.25%, 7/09/19 (Cayman Islands)	1,574,400
BB-	815 ⁴	Edison Mission Energy, 7.50%, 6/15/13	837,412
		El Paso Corp.,	
B	400	7.80%, 8/01/31	417,000
B	525	9.625%, 5/15/12	582,750
B	225	10.75%, 10/01/10	250,875
Ba1	400	El Paso Natural Gas Co., 8.375%, 6/15/32	462,911
Ba1	168	Elwood Energy LLC, 8.159%, 7/05/26	178,241
		Encore Acquisition Co.,	
B1	250	6.00%, 7/15/15	228,125
B1	200	7.25%, 12/01/17	192,500
B-	495	Exco Resources, Inc., 7.25%, 1/15/11	476,438
BB+	380	Grant Prideco, Inc., Ser. B, 6.125%, 8/15/15	363,375
B	2,434 ⁴	Hilcorp Energy I LP/Hilcorp Finance Corp., 10.50%, 9/01/10	2,610,465
B-	725	KCS Energy, Inc., 7.125%, 4/01/12	696,000
Ba2	4,324 ⁵	Midwest Generation LLC, Ser. B, 8.56%, 1/02/16	4,670,206
		Mirant Americas Generation LLC,	
Caa1	625	8.30%, 5/01/11	632,813
Caa1	480	8.50%, 10/01/21	472,800
Caa1	295	9.125%, 5/01/31	305,325
BB-	500	Mission Energy Holdings Co., 13.50%, 7/15/08	557,500
		NRG Energy, Inc.,	
B+	210	7.25%, 2/01/14	212,363
B+	1,185	7.375%, 2/01/16	1,198,331
B2	580	Orion Power Holdings, Inc., 12.00%, 5/01/10	658,300
		Reliant Energy, Inc.,	
BB-	1,035	6.75%, 12/15/14	987,131
BB-	170	9.25%, 7/15/10	175,950
B+	1,240 ⁴	SemGroup LP, 8.75%, 11/15/15	1,249,300
B	1,440 ^{3,4}	Stone Energy Corp., 8.124%, 7/15/10	1,431,000
B	5,000	Swift Energy Co., 9.375%, 5/01/12	5,262,500
B3	725 ⁴	Targa Resources, Inc., 8.50%, 11/01/13	723,188
BBB-	100	Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26	103,500
B+	1,040	Utilicorp Finance Corp., 7.75%, 6/15/11 (Canada)	1,098,260
B1	1,550	Whiting Petroleum Corp., 7.25%, 5/01/12-5/01/13	1,531,025
		Williams Cos., Inc.,	
BB+	1,000	7.125%, 9/01/11	1,032,500
BB+	1,085	8.75%, 3/15/32	1,204,350
Total Energy			50,173,417
Entertainment & Leisure 2.0%			
		AMC Entertainment, Inc.,	
B3	500	9.50%, 2/01/11	501,875
B3	505	11.00%, 2/01/16	558,656

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B3	370	Cinemark, Inc., Zero Coupon, 3/15/14	301,088
B3	1,430 ⁴	Greektown Holdings LLC, 10.75%, 12/01/13	1,512,225
B+	5,425 ⁵	MGM Mirage, 9.75%, 6/01/07	5,533,500
B	660 ⁴	Pokagon Gaming Authority, 10.375%, 6/15/14	707,850
B3	250	Poster Financial Group, Inc., 8.75%, 12/01/11	260,625
		Travelport, Inc.,	
B-	2,380 ⁴	9.875%, 9/01/14	2,347,275
B-	2,180 ⁴	11.875%, 9/01/16	2,147,300

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Entertainment & Leisure (cont d)			
BB-	\$ 100	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625%, 12/01/14	\$ 98,000
Total Entertainment & Leisure			13,968,394
Financial Institutions 8.2%			
American Real Estate Partners LP/American Real Estate Finance Corp.,			
BB+	1,480 ₅	7.125%, 2/15/13	1,476,300
BB+	5,860 ₅	8.125%, 6/01/11	5,991,850
B	1,733	BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg)	1,901,967
BB	3,010 ₅	Crum & Forster Holdings Corp., 10.375%, 6/15/13	3,122,875
Ford Motor Credit Co.,			
BB-	2,800	7.375%, 2/01/11	2,675,347
BB-	60 ₃	9.824%, 4/15/12	62,579
General Motors Acceptance Corp.,			
BB	3,000 _{3,5}	6.274%, 1/16/07	2,999,577
BB	5,620 ₅	6.875%, 8/28/12	5,635,084
iPayment, Inc.,			
CCC+	950 ₄	9.75%, 5/15/14	976,125
NR	4,470 _{2,3,4}	12.75%, 7/15/14	4,464,412
B-	900	K&F Acquisition, Inc., 7.75%, 11/15/14	911,250
Baa1	5,000 _{4,5}	Kazkommerts Intl. BV, 10.125%, 5/08/07 (Netherlands)	5,097,500
BBB	200 _{3,5}	Marsh & McLennan Cos., Inc., 5.513%, 7/13/07	199,963
B+	2,460 ₄	Nell AF SARL, 8.375%, 8/15/15 (Luxembourg)	2,496,900
Rainbow National Services LLC,			
B+	925 ₄	8.75%, 9/01/12	972,406
B+	4,835 ₄	10.375%, 9/01/14	5,378,937
B-	1,915	Standard Aero Holdings, Inc., 8.25%, 9/01/14	1,900,638
AA+	5,869 ₆	Structured Asset Receivable Trust, 1.649%, 1/21/10	5,866,699
B-	220 ₃	Universal City Florida Holding Co. I/II, 10.121%, 5/01/10	226,325
Aa3	4,425 ₅	Western Financial Bank, 9.625%, 5/15/12	4,876,080
Total Financial Institutions			57,232,814
Health Care 2.7%			
B	2,535 ₄	Angiotech Pharmaceuticals, Inc., 7.75%, 4/01/14 (Canada)	2,408,250
B-	5,000 ₅	Concentra Operating Corp., 9.50%, 8/15/10	5,225,000
Healthsouth Corp.,			
CCC+	3,335 ₄	10.75%, 6/15/16	3,418,375
CCC+	1,740 _{3,4}	11.418%, 6/15/14	1,779,150
B2	3,000	Norcross Safety Products LLC/Norcross Capital Corp., 9.875%, 8/15/11	3,180,000
B-	1,145	Tenet Healthcare Corp., 6.875%, 11/15/31	887,375
B-	1,830	Universal Hospital Services, Inc., 10.125%, 11/01/11	1,935,225
Total Health Care			18,833,375
Industrials 2.4%			
B2	1,700 ₄	AGY Holding Corp., 11.00%, 11/15/14	1,697,875
B-	4,000 ₅	Fasten Tech, Inc., 11.50%, 5/01/11	4,140,000
B	650	Hexcel Corp., 6.75%, 2/01/15	630,500
B3	1,805	Park-Ohio Industries, Inc., 8.375%, 11/15/14	1,678,650
CCC+	950	Polypore, Inc., 8.75%, 5/15/12	928,625
RBS Global, Inc./Rexnord Corp.,			
B3	2,000 ₄	9.50%, 8/01/14	2,070,000

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CCC+	1,090 ⁴	11.75%, 8/01/16	1,133,600
B3	3,125 ⁴	Sunstate Equipment Co. LLC, 10.50%, 4/01/13	3,265,625
B3	1,415	Trimas Corp., 9.875%, 6/15/12	1,333,637
Total Industrials			16,878,512

Media 9.7%

Affinion Group, Inc.,

B-	1,975	10.125%, 10/15/13	2,093,500
B-	470	11.50%, 10/15/15	489,975
Caa2	1,870	American Media Operations, Inc., Ser. B, 10.25%, 5/01/09	1,776,500
B+	800 ³	Cablevision Systems Corp., Ser. B, 9.87%, 4/01/09	838,000
B2	3,500	CBD Media Inc., 8.625%, 6/01/11	3,504,375

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Media (cont d)			
Charter Communications Holdings II LLC/Charter Communications Holdings II Capital Corp.,			
CCC	\$ 755	10.25%, 9/15/10	\$ 779,538
CCC	865	Ser. B, 10.25%, 9/15/10	890,950
B3	2,425 ⁴	CMP Susquehanna Corp., 9.875%, 5/15/14	2,343,156
BBB+	6,685 ⁵	Comcast Cable Communications, Inc., 6.875%, 6/15/09	6,949,840
B+	5,795 ⁵	CSC Holdings, Inc., 7.875%, 12/15/07	5,874,681
B	1,650	Dex Media West LLC/Dex Media Finance Co., Ser. B, 9.875%, 8/15/13	1,792,312
BB	500	DirecTV Holdings LLC/DirecTV Financing Co., 8.375%, 3/15/13	518,750
Echostar DBS Corp.,			
BB-	2,800	5.75%, 10/01/08	2,782,500
BB-	1,330 ⁴	7.00%, 10/01/13	1,318,363
BB-	200 ⁴	7.125%, 2/01/16	195,500
B3	5,000 ⁵	Houghton Mifflin Co., 9.875%, 2/01/13	5,356,250
CCC+	300 ⁴	Iesy Repository GMBH, 10.375%, 2/15/15 (Germany)	283,500
Ba3	740	LIN Television Corp., 6.50%, 5/15/13	702,075
B	820	Medianews Group, Inc., 6.875%, 10/01/13	761,575
B2	2,105	Network Communications, Inc., 10.75%, 12/01/13	2,118,156
B3	2,790	Nexstar Finance, Inc., 7.00%, 1/15/14	2,570,287
CCC+	4,340 ^{4,5}	Nielsen Finance LLC/Nielsen Finance Co., 10.00%, 8/01/14	4,524,450
B1	2,000 ^{3,4}	Paxson Communications Corp., 8.624%, 1/15/12	2,022,500
Primedia, Inc.,			
B2	1,205	8.00%, 5/15/13	1,123,663
B2	520	8.875%, 5/15/11	518,700
B2	680 ³	10.78%, 5/15/10	703,800
B	4,260	RH Donnelley Corp., Ser. A-3, 8.875%, 1/15/16	4,393,125
B2	2,000	Salem Communications Corp., 7.75%, 12/15/10	2,020,000
B	460	Sinclair Broadcast Group, Inc., 4.875%, 7/15/18	415,150
Caa1	465	Sirius Satellite Radio, Inc., 9.625%, 8/01/13	453,375
Vertis, Inc.,			
B1	2,390 ⁵	9.75%, 4/01/09	2,440,787
Caa3	210 ⁴	13.50%, 12/07/09	190,050
Caa1	865	Ser. B, 10.875%, 6/15/09	860,675
Caa1	4,442	Young Broadcasting, Inc., 10.00%, 3/01/11	4,197,690
Total Media			67,803,748
Real Estate 0.2%			
BB+	2,000 ⁵	Rouse Co., 5.375%, 11/26/13	1,866,760
Technology 3.1%			
BB-	200	Advanced Micro Devices, Inc., 7.75%, 11/01/12	203,500
Amkor Technology, Inc.,			
CCC+	1,693	7.75%, 5/15/13	1,494,073
CCC+	3,345	9.25%, 6/01/16	3,110,850
B+	1,965	Celestica, Inc., 7.625%, 7/01/13 (Canada)	1,969,912
B+	430 ⁴	Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea)	476,225
B+	1,415 ⁴	NXP BV/NXP Funding LLC, 9.50%, 10/15/15	1,427,381
B-	815 ⁴	Sensata Technologies BV, 8.00%, 5/01/14 (Netherlands)	786,475
CCC+	910	SS&C Technologies, Inc., 11.75%, 12/01/13	978,250
Sungard Data Systems, Inc.,			
B-	665	9.125%, 8/15/13	689,938
B-	1,735 ³	9.973%, 8/15/13	1,804,400
B-	2,430	10.25%, 8/15/15	2,545,425

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B	3,765	Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12	3,849,712
B-	830 _{3,4}	UGS Capital Corp. II, 10.38%, 6/01/11	856,975
B-	1,780	UGS Corp., 10.00%, 6/01/12	1,922,400
			<hr/>
Total Technology			22,115,516
			<hr/>
Telecommunications 8.2%			
BB-	1,420	Cincinnati Bell, Inc., 7.25%, 7/15/13	1,462,600
CCC	1,830 ₄	Cricket Communications, Inc., 9.375%, 11/01/14	1,871,175
A-	5,000 ₅	Deutsche Telekom Intl. Finance BV, 8.00%, 6/15/10 (Netherlands)	5,457,805
B3	860 ₃	Hawaiian Telcom Communications, Inc., Ser. B, 10.889%, 5/01/13	881,500

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		Intelsat Ltd., (Bermuda)	
BB-	\$ 1,470	8.625%, 1/15/15	\$ 1,525,125
BB-	1,800 ⁴	9.25%, 6/15/16	1,921,500
BB-	815 ³	10.484%, 1/15/12	826,206
B	630 ⁴	11.25%, 6/15/16	685,913
B	2,520 ^{3,4}	11.64%, 6/15/13	2,671,200
		Lucent Technologies, Inc.,	
B1	105	6.45%, 3/15/29	93,975
B1	3,830	6.50%, 1/15/28	3,427,850
B+	3,850 ⁴	Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (Denmark)	4,032,875
B-	200	Nortel Networks Corp., 6.875%, 9/01/23 (Canada)	165,000
		Nortel Networks Ltd.,	
B-	2,220 ^{3,4}	9.624%, 7/15/11	2,292,150
B-	465 ⁴	10.125%, 7/15/13	492,900
		PanAmSat Corp.,	
B	3,517	9.00%, 8/15/14	3,675,265
B	2,495 ⁴	9.00%, 6/15/16	2,607,275
NR	3,000 ^{3,4}	ProtoStar I Ltd., Zero Coupon, 10/15/12 (Bermuda)	3,015,000
BB	4,000 ³	Qwest Communications Intl., Inc., 8.905%, 2/15/09	4,065,000
		Qwest Corp.,	
BB+	1,000	7.875%, 9/01/11	1,058,750
BB+	2,500 ^{3,5}	8.64%, 6/15/13	2,693,750
BB+	3,675 ⁵	8.875%, 3/15/12	4,042,500
BB+	460	Rogers Wireless, Inc., 7.25%, 12/15/12 (Canada)	483,000
		West Corp.,	
B-	340 ⁴	9.50%, 10/15/14	338,300
B-	1,910 ⁴	11.00%, 10/15/16	1,919,550
B+	1,500 ⁴	Wind Acquisition Finance SA, 10.75%, 12/01/15 (Luxembourg)	1,666,875
		Windstream Corp.,	
BB+	2,340 ⁴	8.125%, 8/01/13	2,497,950
BB+	1,310 ⁴	8.625%, 8/01/16	1,413,162
Total Telecommunications			57,284,151
Transportation 0.6%			
BB-	520	American Airlines, Inc., Ser. 99-1, 7.324%, 4/15/11	518,700
B1	1,715	CHC Helicopter Corp., 7.375%, 5/01/14 (Canada)	1,637,825
B3	111	Horizon Lines LLC, 9.00%, 11/01/12	115,995
BB+	1,650 ⁵	Overseas Shipholding Group, Inc., 8.75%, 12/01/13	1,767,563
Total Transportation			4,040,083
Total Corporate Bonds			449,814,071
Bank Loans 53.5%			
Aerospace & Defense 0.7%			
	975	Arinc, Inc., Loan B, LIBOR + 2.00%, 2/15/11	976,219
	860	Camp Acquisition Co., Loan A, LIBOR + 3.00%, 8/30/11	859,996
	1,970	DI Finance/DynCorp Intl., Loan B, LIBOR + 2.25%, 1/31/11	1,977,387
		Primus Intl., Inc.,	
	30	Loan B, 0.50%, 6/16/12	29,762
	471	Loan B, LIBOR + 2.50%, 6/16/12	471,488
	500	Wesco Aircraft Hardware Corp., LIBOR, 9/29/13	502,969

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	4,817,821
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Automotive 1.9%

998	Dayco Products LLC, LIBOR + 2.50%, 6/30/11	1,004,565
	Goodyear Tire & Rubber Co.,	
500	LIBOR + 2.75%, 4/01/10	503,393
2,000	LIBOR + 3.50%, 4/01/11	2,024,166
744	IAP Worldwide Services, Inc., LIBOR + 3.00%, 12/31/12	742,514
1,000	Lear Corp., LIBOR + 2.50%, 3/23/12	996,042
925	Metaldyne Corp., Loan D, LIBOR + 4.50%, 12/31/09	927,420
1	Precision Parts Intl., Loan B, LIBOR + 3.75%, 10/01/11	616
1,000	Rent-A-Center, Inc., LIBOR + 1.75%, 6/30/12	1,002,500

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Automotive (cont d)		
	Reynolds & Reynolds Co.,	
\$ 2,000	LIBOR + 2.50%, 10/31/12	\$ 2,012,500
1,250	LIBOR + 5.50%, 10/31/13	1,269,271
517	Tenneco Automotive, Inc., Loan B1, LIBOR + 2.00%, 12/12/10	518,604
2,456	TRW Automotive Acquisitions Corp., Loan B, LIBOR + 1.50%, 6/30/12	2,447,808
	Total Automotive	13,449,399
Basic Materials 4.3%		
	Basell NV,	
417	Loan B2, LIBOR + 2.25%, 9/30/13	421,354
83	Loan B4, LIBOR + 2.25%, 8/01/14	84,271
83	Loan C4, LIBOR + 3.00%, 8/01/13	84,271
417	Loan C2, LIBOR + 3.00%, 9/30/14	421,354
810	Boise Cascade Corp., Loan D, LIBOR + 1.75%, 10/31/11	813,516
500	Brenntag Group, Loan B6, LIBOR + 2.50%, 9/15/14 (EUR)	644,930
2,046	Celanese AG, LIBOR + 2.00%, 6/03/11	2,052,069
3,000	Cognis Deutschland, Loan B, LIBOR + 4.75%, 11/15/13	3,054,999
907	Compass Minerals Group, Inc., LIBOR + 1.50%, 12/31/12	907,214
4,141	Huntsman Intl. LLC, Loan B, LIBOR + 1.75%, 8/15/12	4,135,661
	Ineos Group Holdings PLC,	
1,500	Loan A4, LIBOR + 2.25%, 12/16/12	1,509,845
1,750	Loan B2, LIBOR + 2.25%, 12/16/14	1,770,052
1,750	Loan C2, LIBOR + 2.75%, 12/16/13	1,770,052
	Invista BV,	
1,296	Loan B1, LIBOR + 1.50%, 4/30/11	1,294,849
687	Loan B2, LIBOR + 1.50%, 4/30/11	687,225
696	ISP Chemco, Inc., LIBOR + 2.00%, 2/28/13	697,491
483	John Maneely Co., Loan B, LIBOR + 3.00%, 3/31/13	486,745
2,211	Nalco Co., Loan B, LIBOR + 1.75%, 11/01/10	2,214,890
493	PQ Corp., LIBOR + 2.00%, 2/28/12	493,731
985	Rockwood Specialties Group, Inc., Loan E, LIBOR + 2.00%, 8/15/12	989,186
	SP Newsprint,	
1,611	LIBOR + 2.25%, 1/09/10	1,617,153
188	PRIME + 1.75%, 1/08/10	188,900
	UPC Technology Corp.,	
1,000	Loan J2, LIBOR + 2.00%, 3/31/13	999,375
1,000	Loan K2, LIBOR + 2.00%, 12/31/13	999,286
750	Loan K, LIBOR, 3/31/13 (EUR)	956,491
663	Loan J, LIBOR, 12/31/13 (EUR)	845,027
	Total Basic Materials	30,139,937
Building & Development 1.7%		
500	Armstrong World Industries, Inc., LIBOR, 10/02/13	500,469
1,250	Beacon Roofing Supply, Inc., LIBOR + 2.00%, 10/31/13	1,250,000
1,500	Custom Building Products, Inc., LIBOR + 5.00%, 4/30/12	1,501,249
250	Euramax Intl., Inc., LIBOR + 7.00%, 7/15/13	250,937
1,250	Harmon Koval, 3.25%, 12/31/06	1,250,000
424	Maxim Crane Works LP, LIBOR + 2.00%, 1/28/10	423,792
499	Nacco Industries, Inc., LIBOR + 2.00%, 3/31/13	496,880
490	Nortek, Inc., Loan B, LIBOR, 8/24/11	488,119
1,492	Ply Gem Industries, Inc., LIBOR + 2.25%, 8/15/11	1,488,769
1,496	Pro Build Holdings, Loan B, LIBOR + 1.75%, 6/30/13	1,491,263

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900	Rhodes Ranch, LIBOR + 3.25%, 11/15/10	864,000
1,985	United Subcontractors, Inc., LIBOR + 2.75%, 12/31/12	1,925,450
		11,930,928

Total Building & Development

11,930,928

Conglomerates 2.4%

	Atlantis Plastics, Inc.,	
985	LIBOR + 2.75%, 9/22/11	950,525
500	LIBOR + 7.25%, 3/22/12	492,500
900	Blount Intl., Loan B, LIBOR + 1.75%, 8/15/10	900,299
1,966	Colfax Corp., Loan B, LIBOR + 2.00%, 5/30/09	1,972,918
3,063	Fidelity National Information Solutions, Inc., Loan B, LIBOR + 1.75%, 3/30/13	3,068,736
419	Gentek, Inc., LIBOR + 4.25%, 3/15/12	421,343

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Conglomerates (cont d)		
	Invensys PLC,	
\$ 1,000	Loan A, LIBOR + 2.00%, 12/15/11	\$ 1,002,500
1,000	Loan B, LIBOR + 2.25%, 12/15/11 (GBP)	1,912,915
	Jarden Corp.,	
1,189	LIBOR + 2.00%, 1/24/12	1,187,074
485	Loan B2, LIBOR + 1.75%, 1/15/12	485,015
756	Mueller Group, Inc., Loan B, LIBOR + 2.00%, 9/30/12	759,173
1,470	Securityco, Inc., Loan B, LIBOR + 3.25%, 6/30/10	1,477,382
1,345	Sensus Metering Systems, Inc., Loan B1, LIBOR + 2.00%, 12/30/09	1,341,258
762	St. John Knits Intl., Inc., Loan B, LIBOR + 4.25%, 3/30/12	756,669
	Total Conglomerates	16,728,307
Consumer Products 8.2%		
1,000	Aearo Technologies, Inc., LIBOR + 6.50%, 9/30/13	1,011,250
995	24 Hour Fitness Worldwide, Inc., Loan B, LIBOR + 3.00%, 6/30/12	1,000,390
750	American Safety Razor Co., LIBOR + 6.25%, 2/15/14	761,250
453	Arby's Restaurant Group, Inc., Loan B, LIBOR + 2.25%, 7/31/12	453,658
478	Bare Escentuals Beauty, Inc., LIBOR + 2.75%, 2/15/12	480,108
	Berkline Bench Craft,	
108	Loan B, LIBOR + 3.75%, 10/31/11	84,444
1,005	PRIME + 7.00%, 5/03/12	226,136
500	Buffets, Inc., LIBOR + 0.10%, 6/28/09	500,000
1,349	Burger King Corp., Loan B-1, LIBOR + 1.50%, 2/28/13	1,347,546
1,493	Burlington Coat Factory Warehouse Corp., Loan B, LIBOR + 2.25%, 4/15/13	1,469,880
493	Centerplate, Inc., LIBOR + 3.25%, 10/15/10	495,895
1,193	Central Garden & Pet Co., Loan B, LIBOR + 1.50%, 9/30/12	1,191,760
998	Cenveo Corp., LIBOR + 2.00%, 6/30/13	999,994
494	Chiquita Brands Intl., Inc., Loan C, LIBOR + 2.25%, 7/15/13	492,979
996	Coinmach Corp., Loan B1, LIBOR + 2.50%, 12/15/12	1,003,952
1,634	Commonwealth Brands, Inc., LIBOR + 2.25%, 12/15/12	1,643,752
2,486	Cracker Barrel, Loan B, LIBOR + 1.50%, 5/15/13	2,477,505
500	Denny's Corp., LIBOR + 5.13%, 9/25/10	505,000
431	Douglas Dynamics LLC, LIBOR + 1.75%, 12/16/10	428,651
1,166	Eastman Kodak Co., Loan B1, LIBOR + 2.25%, 10/15/12	1,166,900
750	FTD, Inc., LIBOR, 8/15/13	751,875
350	Gold Toe, LIBOR + 6.00%, 4/30/14	355,250
645	Hertz Corp., LIBOR + 2.25%, 12/31/12	649,600
792	Keystone Foods Holdings LLC, LIBOR + 1.75%, 6/30/11	791,564
842	Language Line, Inc., Loan B, LIBOR + 4.25%, 6/14/11	846,213
1,250	Le-Natures, Inc., Loan B, LIBOR + 4.00%, 9/30/11	1,187,500
1,179	Maidenform, Inc., LIBOR + 1.75%, 5/14/10	1,177,097
2,731	Michael Foods, Inc., Loan B1, LIBOR + 2.00%, 11/30/10	2,733,684
643	Movie Gallery, Inc., Loan B, LIBOR + 5.25%, 4/30/11	600,145
1,661	Neiman-Marcus Group, Inc., LIBOR + 2.50%, 4/15/13	1,673,715
1,544	New Page, Loan B, LIBOR + 3.00%, 4/30/12	1,559,764
782	Nice Pak Products, LIBOR + 3.75%, 6/15/10	783,032
	Olympus Cable Holdings LLC,	
2,000	Loan A, PRIME + 1.25%, 6/30/10	1,942,500
3,500	Loan B, PRIME + 2.00%, 9/30/10	3,411,954
1,5002	Orchard Supply Hardware Stores Corp., Loan B2, LIBOR + 2.45%, 12/09/07	1,500,000
998	Oriental Trading Co., LIBOR + 2.75%, 1/30/14	998,331
	OSI Group LLC,	
1,470	LIBOR + 1.75%, 9/15/11	1,467,243
1,470	Loan B, LIBOR + 1.75%, 9/15/11	1,467,244

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602	Pierre Foods, Inc., Loan B, LIBOR + 2.00%, 7/15/10	602,419
750	Pivotal Promontory LLC, LIBOR + 6.50%, 9/15/11	725,000
1,463	Prestige Brands Holdings, Inc., Loan B, LIBOR + 2.25%, 4/07/11	1,467,984
250	Quality Home Brands Holdings LLC, LIBOR + 6.25%, 6/15/13	251,875
1,995	Quiznos Corp., LIBOR + 2.25%, 5/01/12	1,987,876
3,335	RH Donnelley, Inc., Loan D2, LIBOR + 1.50%, 12/31/11	3,320,530
1,950	Sturm Foods, Inc., LIBOR + 2.25%, 5/31/11	1,952,550
1,493	Supervalu, Inc., Loan B, LIBOR + 1.75%, 6/15/12	1,495,766

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Consumer Products (cont d)		
\$ 615	Synventive Acquisition, Inc., LIBOR + 14.0%, 1/31/14	\$ 499,444
	Travelcenters of America, Inc.,	
248	Loan B, LIBOR + 1.75%, 6/30/11	247,268
249	Loan B, LIBOR + 1.75%, 11/30/11	248,517
905	Tupperware Corp., LIBOR + 1.50%, 11/07/12	898,993
498	Warnaco, Inc., Loan B, LIBOR + 1.50%, 1/31/12	494,391
	Waterpik Technologies, Inc.,	
451	LIBOR + 2.25%, 4/15/13	450,875
750	LIBOR + 6.50%, 10/15/13	757,500
	Total Consumer Products	57,038,749
Containers & Packaging 2.0%		
	Altivity Packaging LLC,	
345	LIBOR + 2.25%, 6/30/13	347,498
1,500	LIBOR + 5.00%, 12/30/13	1,515,937
1,152	Loan B, LIBOR + 2.25%, 6/30/13	1,161,377
200	Covalence Specialty Materials Corp., LIBOR + 3.25%, 8/15/13	202,167
	Georgia-Pacific Corp.,	
2,488	LIBOR + 2.00%, 2/28/13	2,500,022
994	LIBOR + 3.00%, 2/28/14	1,005,939
	Graham Packaging Co. LP,	
1,965	Loan B, LIBOR + 2.25%, 10/01/11	1,973,772
1,429	Loan C, LIBOR + 4.25%, 4/01/12	1,438,393
1,324	Graphic Packaging Intl., Inc., Loan C, LIBOR + 2.50%, 8/08/10	1,337,894
568	Smurfit-Stone Container Corp., LIBOR + 2.35%, 11/01/10	570,806
1,950	Solo Cup, Inc., LIBOR + 3.25%, 2/27/11	1,958,227
	Total Containers & Packaging	14,012,032
Ecological Services & Equipment 0.1%		
500	Envirosolutions, Inc., LIBOR + 3.50%, 7/15/12	502,812
Energy 3.6%		
429	AES Corp., LIBOR + 1.75%, 4/30/08	428,839
952	Cellnet Technology, Inc., Loan B, LIBOR + 3.00%, 4/30/12	958,039
	Coffeyville Resources LLC,	
600	LIBOR + 2.50%, 6/22/11	602,924
889	Loan C, LIBOR + 2.25%, 7/15/12	893,138
	Coletto Creek Power,	
127	LIBOR + 2.75%, 7/31/13	126,433
1,868	Loan B, LIBOR, 7/31/13	1,853,921
248	Complete Production Services, Inc., Loan B, LIBOR + 2.50%, 8/31/12	247,887
1,000	Exco Resources, Inc., LIBOR + 6.00%, 10/31/11	1,010,000
1,489	Key Energy Services, Inc., Loan B, LIBOR + 3.25%, 8/15/12	1,495,729
500	Longyear Global Holdings, Inc., LIBOR + 7.00%, 10/06/13	495,000
976	LSP General Finance Co. LLC, LIBOR + 1.75%, 4/15/13	972,869
498	Meg Energy Corp., Loan B, LIBOR + 2.25%, 4/15/13	498,211
	Northeast Energy,	
1,500	PRIME + 1.50%, 10/31/13	1,512,750
250	PRIME + 3.50%, 10/31/14	252,125
5,976	NRG Energy, Inc., LIBOR + 2.00%, 1/31/13	6,004,309
346	Petro Geological Services, Loan B, LIBOR + 2.50%, 12/31/12	347,428

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	Plum Point Energy Associates,	
194	LIBOR + 3.75%, 3/14/14	196,229
716	Loan B, LIBOR + 3.25%, 3/14/14	722,834
1,000	Regency Gas, LIBOR, 8/15/13	1,010,625
1,980	Reliant Energy, Inc., LIBOR + 2.38%, 4/30/10	1,978,521
979	Semcrude LP, LIBOR + 2.25%, 2/28/11	982,158
1,492	Trinidad Energy Services Income Trust, LIBOR + 2.50%, 4/15/11	1,496,231
	Wolf Hollow I LP,	
400	LIBOR + 2.25%, 6/15/12	392,000
100	LIBOR + 2.25%, 6/22/12	98,000
477	Loan B, LIBOR + 2.25%, 6/15/12	467,682
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	Total Energy	25,043,882
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BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Entertainment & Leisure 2.7%		
\$ 3,221	CCM Merger, Inc., Loan B, LIBOR + 2.00%, 7/31/12	\$ 3,214,107
1,125	Cinemark, Inc., Loan B, LIBOR, 10/05/13	1,131,856
500	Edge Las Vegas, LIBOR + 3.50%, 6/01/09	490,000
1,442	Fairmont Hotels & Resorts, Inc., Loan B, LIBOR + 3.25%, 7/15/11	1,449,039
2,000	Greektown Holdings LLC, Loan B, LIBOR + 2.50%, 12/15/12	2,012,500
488	Green Valley Ranch Gaming LLC, Loan B, LIBOR + 1.75%, 12/01/10	487,566
495	Hit Entertainment Ltd., LIBOR + 2.25%, 3/20/12	495,309
4,975	Metro-Goldwyn-Mayer Studios, Inc., Loan B, LIBOR + 3.25%, 4/15/12	4,909,260
1,481	Penn National Gaming, Inc., Loan B, LIBOR + 1.75%, 5/31/12	1,488,110
750	Time Warner, Inc., LIBOR + 2.25%, 10/31/13	755,062
325	Travelport, Inc., LIBOR + 3.00%, 8/31/13	325,871
500	Wembley, Inc., LIBOR + 2.50%, 8/31/11	504,375
1,099	Wyndham Intl., Inc., Loan E, LIBOR + 4.50%, 9/11/07	1,104,847
473	Yellowstone Mountain Club, LIBOR + 2.38%, 10/15/10	464,458
	Total Entertainment & Leisure	18,832,360
Financial Institutions 5.6%		
995	Advantage Sales & Marketing, Inc., LIBOR + 2.00%, 4/15/13	990,440
1,500	Alix Partners, LIBOR, 10/30/13	1,507,500
440	Ameritrade, Loan B, LIBOR + 1.50%, 1/31/13	439,148
982	Arias Acquisitions, Inc., LIBOR + 3.75%, 7/30/11	947,524
	Asurion Corp.,	
1,155	LIBOR + 3.00%, 8/30/12	1,159,107
500	LIBOR + 6.25%, 2/28/13	505,625
1,000	Bankruptcy Management, LIBOR + 2.75%, 6/30/11	1,008,125
975	Billing Services Group, LIBOR + 2.50%, 5/03/12 (EUR)	1,244,392
1,000	BNY Convergenx Group LLC, LIBOR, 8/31/13	1,000,313
500	Brock Holdings, LIBOR + 2.50%, 8/30/13	501,875
500	CCC Information Services Group, Inc., Loan B, LIBOR + 2.50%, 2/15/13	501,666
4,000	Century Corp., PRIME + 2.00%, 12/31/09	3,901,428
1,250	Charter Mac, Loan B, LIBOR + 2.50%, 8/15/12	1,253,125
750	Conseco, Inc., LIBOR, 9/30/13	751,875
1,244	Global Cash Access LLC, PRIME + 0.75%, 3/15/10	1,242,525
872	Jostens, Inc., Loan C, LIBOR + 2.00%, 10/15/11	875,302
877	Lucite Intl. Finance PLC, LIBOR + 9.00%, 7/15/14 (EUR)	1,101,359
748	N.E.W. Holdings I LLC, LIBOR, 8/31/13	751,398
	Nasdaq Stock Market, Inc.,	
1,243	Loan B, LIBOR + 1.75%, 4/18/12	1,243,002
721	Loan C, LIBOR + 1.75%, 4/18/12	720,608
6,000	Navistar Financial Corp., LIBOR + 5.00%, 2/28/09	6,060,000
1,178	Professional Service, Inc., Loan B, LIBOR + 2.75%, 10/31/12	1,179,598
438	Renfro Corp., LIBOR + 3.25%, 10/05/13	436,289
	Riverstone C/R GS Holdings,	
91	LIBOR, 5/13/11	90,852
593	LIBOR + 1.75%, 5/12/13	591,110
64	TBD, 5/12/13	63,597
1,122	Sedgewick Claims Management Services, Inc., Loan B, LIBOR + 2.00%, 2/28/13	1,121,691
1,000	Targa Resources, Inc., LIBOR + 2.25%, 10/31/07	999,688
	TPG Springs, (GBP)	
997	Loan B, LIBOR, 3/22/13	1,899,697
997	Loan C, LIBOR, 7/22/14	1,908,413
998	Transfirst Holdings, Inc., Loan B, LIBOR + 2.50%, 8/09/12	1,004,981
438	Universal American Financial Corp., LIBOR + 2.25%, 5/25/09	438,594
905	USI Holdings Corp., Loan B, LIBOR + 2.25%, 7/30/08	908,515
748	Vertellus, LIBOR + 3.25%, 7/08/13	751,866

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Total Financial Institutions

39,101,228

Health Care 3.5%

1,137	CCS Medical, Loan B, LIBOR + 3.25%, 10/31/12	1,092,671
2,940	Community Health Systems, Inc., LIBOR + 1.75%, 8/15/11	2,940,000
2,331	Concentra Operating Corp., Loan B, LIBOR + 2.00%, 9/30/11	2,339,782
1,710	Davita, Inc., Loan B, LIBOR + 2.00%, 6/30/12	1,717,363
523	Duloxetine Royalty, LIBOR + 4.50%, 10/15/13	523,161

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Health Care (cont d)		
\$ 985	Eye Care Centers of America, Inc., LIBOR + 3.00%, 2/28/12	\$ 985,616
498	Global Healthcare Exchange LLC, Loan B, LIBOR + 1.25%, 3/15/13	497,500
1,995	Healthsouth Corp., Loan B, LIBOR + 3.25%, 3/15/13	2,002,204
978	IASIS Healthcare Corp., Loan B, LIBOR + 2.25%, 6/30/11	980,921
2,200	Jean Coutu Group, Inc., Loan B, LIBOR + 2.50%, 6/30/11	2,204,748
459	Multiplan, Inc., LIBOR + 2.50%, 4/15/13	459,851
748	National Renal Institutes, Inc., Loan B, LIBOR + 2.25%, 4/15/13	747,657
	Quintiles Transnational Corp.,	
995	LIBOR + 2.00%, 3/31/13	994,502
250	LIBOR + 4.00%, 3/31/14	253,985
496	Radnet Management, Inc., Loan B, LIBOR + 4.00%, 3/15/11	497,491
985	Select Medical Corp., Loan B, LIBOR + 1.75%, 2/28/12	965,054
990	Vanguard Health Holding Co. II LLC, LIBOR + 2.25%, 9/30/11	989,729
	Warner Chilcott Corp.,	
88	LIBOR + 2.50%, 1/18/11	88,294
439	LIBOR + 2.50%, 1/18/12	440,311
1,896	Loan B, LIBOR + 2.50%, 1/18/11	1,904,918
521	Loan C, LIBOR + 2.50%, 1/18/11	522,995
978	Wellcare Holdings LLC, LIBOR + 2.50%, 5/13/09	977,500
	Total Health Care	24,126,253
Industrials 1.6%		
1,000	Acosta, Inc., LIBOR + 2.75%, 8/15/13	1,008,750
500	Applied Systems, Inc., Loan B, LIBOR, 9/30/13	501,563
993	Bolthouse Farms, Inc., LIBOR + 2.25%, 12/01/12	993,741
	Buhrmann U.S., Inc.,	
500	Loan D, LIBOR, 12/23/10	500,000
2,269	Loan D1, LIBOR + 1.75%, 12/30/10	2,269,443
1,900	Drummond Co., Inc., LIBOR + 1.75%, 2/15/12	1,852,500
	Novelis, Inc.,	
182	Loan B, LIBOR + 2.25%, 1/13/10	182,210
365	Loan B, LIBOR + 2.25%, 12/30/11	365,849
625	QTC Acquisition, Inc., LIBOR + 6.50%, 5/04/13	625,000
	Standard Steel LLC,	
83	1.00%, 6/30/12	83,958
416	Loan B, LIBOR + 2.50%, 7/15/12	418,742
1,337	Thermo Fluids, Inc., Loan B, LIBOR + 3.00%, 8/15/11	1,336,752
	Trimas Corp.,	
94	LIBOR + 2.75%, 7/31/11	94,219
406	Loan B, LIBOR, 7/31/13	408,281
473	United Rentals NA, Inc., LIBOR + 2.00%, 2/12/11	473,754
268	Worldspan LP, LIBOR + 2.75%, 6/30/07	267,337
	Total Industrials	11,382,099
Media 7.4%		
	American Lawyers Media, Inc.,	
1,711	LIBOR + 2.50%, 3/15/10	1,706,921
2,000	LIBOR + 5.75%, 3/07/11	2,009,584
450	Bresnan Communications Group LLC, LIBOR + 2.00%, 10/15/13	449,156
3,980	Cablevision Systems Corp., LIBOR + 1.75%, 3/31/13	3,976,271
5,500	Cequel Communications LLC, LIBOR + 2.25%, 11/01/13	5,488,877
3,500	Charter Communications Holdings LLC/Charter Communication Holdings Capital Corp.,	
	LIBOR + 2.63%, 4/28/13	3,528,329
732	CMP Susquehanna Corp., Loan B, LIBOR + 2.00%, 5/05/12	732,969
	Dex Media West LLC/Dex Media Finance Co.,	

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817	Loan B1, LIBOR + 1.50%, 9/09/10	813,405
3,249	Loan B2, LIBOR + 1.50%, 9/01/09	3,233,909
1,324	DirectTV Holdings LLC, Loan B, LIBOR + 1.50%, 3/06/10	1,324,255
1,250	Gatehouse Media Operating, Inc., LIBOR + 2.25%, 12/15/13	1,250,521
4,000	German Media Partners LP, LIBOR, 6/06/13 (EUR)	5,117,962
498	Liberty Cablevision of Puerto Rico Ltd., LIBOR + 2.25%, 2/15/13	499,055
2,000	Mediacom Broadband LLC, Loan D1, LIBOR + 1.75%, 1/31/15	1,989,688
1,975	Mediacom Illinois LLC, Loan C, LIBOR + 1.75%, 1/15/15	1,968,123

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Principal Amount (000)	Description	Value
Media (cont d)		
\$ 1,926	Mission Broadcasting, Inc., Loan B, LIBOR + 1.75%, 8/14/12	\$ 1,919,232
500	NEP Supershooters LP, LIBOR + 8.00%, 8/01/11	505,000
300	New Wave Communications/Telecommunications Management LLC, TBD, 6/20/13	300,000
948	LIBOR + 3.25%, 6/20/13	947,625
1,826	Nexstar Finance, Inc., Loan B, LIBOR + 1.75%, 8/14/12	1,818,979
500	Nielsen Finance LLC/Nielsen Finance Co., LIBOR + 2.75%, 8/15/13	501,719
3,000	Loan B, LIBOR + 2.75%, 8/15/13	3,010,314
500	NTL Investment Holding Ltd., Loan B4, PRIME, 9/03/12	502,344
748	PAETEC Communications, Inc., Loan B, LIBOR + 3.50%, 6/30/12	751,866
1,000	Persona Communications, Inc., LIBOR, 4/30/14	1,003,750
497	Prism Business Media, Inc., Loan B, LIBOR + 2.25%, 10/15/12	497,074
750	Puerto Rico Cable Acquisition Co., LIBOR + 6.25%, 7/31/11	753,750
500	Wide Open West Finance LLC, Loan B, LIBOR + 2.25%, 4/30/13	499,732
1,945	WVG Acquisition Corp., LIBOR + 2.00%, 4/08/11	1,951,336
1,000	Yell Group PLC, Loan B, LIBOR + 2.00%, 2/10/13	1,004,229
1,500	Loan B, LIBOR + 2.00%, 2/21/13 (EUR)	1,929,658
Total Media		51,985,633
Real Estate 0.8%		
2,250	Foster Wheeler Ltd., LIBOR - 0.10%, 10/13/11	2,255,625
270	Kyle Acquisition Group LLC, Loan B, PRIME, 7/31/08	268,828
50	PRIME, 7/31/10	49,937
1,000	Landsource Communities Development LLC, Loan B, LIBOR + 2.50%, 3/31/10	978,333
492	Masonite Intl. Corp., LIBOR + 2.00%, 3/31/13	480,919
602	Stewart Enterprises, Inc., Loan B, LIBOR + 1.75%, 11/30/11	601,478
1,000	Williams Scotsman, Inc., Loan B, LIBOR + 1.50%, 6/30/10	993,750
Total Real Estate		5,628,870
Technology 1.8%		
744	Affiliated Computer Services, Inc., Loan B, LIBOR + 2.00%, 3/31/13	745,364
375	Coinstar, Inc., LIBOR + 2.25%, 7/15/11	376,183
748	Crown Castle Intl. Corp., Loan B, LIBOR + 2.25%, 6/15/13	750,663
500	Electrical Components Intl. Holdings Co., LIBOR + 6.50%, 5/19/14	501,250
493	Federal IT Systems, Inc., LIBOR + 2.50%, 4/30/11	491,889
995	Nuance Communications, Inc., LIBOR + 2.00%, 12/29/13	988,159
2,494	Sensata Technologies BV, Loan B, LIBOR + 1.75%, 4/30/13	2,477,775
2,469	Sungard Data Systems, Inc., Loan B, LIBOR + 2.50%, 1/05/13	2,490,147
2,000	Verifone, Inc., LIBOR + 1.75%, 2/28/13	2,000,000
1,427	Loan B, LIBOR + 1.75%, 6/30/11	1,424,831
204	Westcom Corp., Loan B, LIBOR + 2.75%, 12/31/10	204,092
Total Technology		12,450,353
Telecommunications 4.4%		
375	American Cellular Corp., 1.00%, 8/15/07	375,703
125	LIBOR + 2.25%, 8/15/07	125,547
995	Atlantic Broadband Finance LLC, Loan B1, LIBOR + 2.75%, 1/30/11	1,007,438
	BCM Luxembourg Ltd., (EUR)	

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2,000	Loan B, LIBOR + 2.38%, 9/15/15	2,564,201
2,000	Loan C, LIBOR + 3.08%, 9/15/14	2,546,999
448	Cavalier Telecom, Loan B, LIBOR + 4.50%, 3/31/12	452,787
527	Centennial Cellular Operating Co., LIBOR + 2.25%, 2/09/11 Communication Supply Corp.,	530,818
96	Loan B, PRIME + 1.75%, 2/28/12	96,154
403	PRIME + 1.75%, 2/28/12	402,837
1,481	Consolidated Communications, Inc., Loan D, LIBOR + 2.00%, 4/07/12	1,483,102
500	Country Road Communications LLC, LIBOR + 7.75%, 7/15/13	505,000
750	Fairpoint Communications, Inc., LIBOR + 1.75%, 2/15/12	748,594

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		Insight Midwest Holdings LLC,	
	\$ 3,000	Loan B, LIBOR + 2.25%, 4/03/14	\$ 3,018,984
	1,000	Loan B, LIBOR + 2.25%, 4/06/14	1,006,328
	2,000	Iowa Telecommunications Services, Inc., Loan B, LIBOR + 1.75%, 11/30/11	2,000,416
	750	IPC Acquisition Corp., LIBOR, 9/30/13	754,063
	990	Madison River Capital LLC, Loan B1, LIBOR + 2.25%, 7/31/12	994,190
	1,734	NTELOS, Inc., LIBOR + 2.25%, 2/24/10	1,739,786
		NTL, Inc., (GBP)	
	968	Loan B2, LIBOR + 2.13%, 9/03/12	1,840,887
	2,000	Loan C, LIBOR + 2.75%, 3/03/13	3,855,633
	748	Nuvox Communications, LIBOR + 5.00%, 5/15/12	749,060
	3,000	West Corp., LIBOR + 2.75%, 10/31/13	2,999,463
		Wind Acquisition Finance SA (EUR),	
	861	Loan A1, LIBOR + 2.25%, 5/25/12	1,095,569
	139	Loan A2, LIBOR + 2.25%, 12/31/10	177,380
		Total Telecommunications	31,070,939
Transportation 0.8%			
	875	Delta Air Lines, Inc., Loan A, LIBOR + 2.75%, 3/16/08	882,193
	655	Sirva Worldwide, Inc., LIBOR + 6.00%, 11/30/10	600,079
	603	Transport Industries LP, Loan B, LIBOR + 2.50%, 9/30/11	604,650
	995	UAL Corp., LIBOR + 3.75%, 1/31/12	1,009,935
	2,338	Vanguard Car Rental Holdings, Inc., Loan B, LIBOR + 3.00%, 6/30/13	2,352,694
		Total Transportation	5,449,551
		Total Bank Loans	373,691,153
Mortgage Pass-Through Securities 21.0%			
		Federal National Mortgage Assoc.,	
	1,338	5.50%, 12/01/28-11/01/33	1,327,329
	8,270 ⁵	5.50%, 2/01/32-10/01/33	8,197,006
	17,000 ⁵	7.25%, 1/15/10	18,185,699
	121,000	TBA, 5.00%, 11/16/21	119,147,248
		Total Mortgage Pass-Through Securities	146,857,282
Non-Agency Multiple Class Mortgage Pass-Through Securities 1.9%			
		GSR Mortgage Loan Trust,	
AAA	6,748 ^{3,5}	Ser. 10, Class 2A1, 4.474%, 10/25/33	6,457,229
AAA	6,752 ^{3,5}	Ser. 13, Class 1A1, 4.502%, 10/25/33	6,491,258
		Total Non Agency Multiple Class Mortgage Pass-Through Securities	12,948,487
Interest Only Asset-Backed Securities 0.4%			
		Sterling Coofs Trust,	
NR	37,113	Ser. 1, 2.362%, 4/15/29	1,670,072
AAA	32,152 ³	Ser. 2, 2.418%, 3/30/30	1,406,660
		Total Interest Only Asset-Backed Securities	3,076,732
U.S. Government and Agency Securities 5.4%			

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		U.S. Treasury Notes,	
	20,425 ⁵	3.375%, 12/15/08-9/15/09	19,878,320
	10,000 ⁵	3.75%, 3/31/07	9,945,310
	6,000 ⁵	3.875%, 5/15/09	5,892,654
	1,815 ⁵	4.25%, 8/15/15	1,769,342
			<hr/>
		Total U.S. Government and Agency Securities	37,485,626
			<hr/>
		Foreign Government Bonds 2.4%	
BB-	714	Bolivarian Republic of Venezuela, 6.438%, 12/18/07	711,724
BB	5,000 ⁵	Republic of Colombia, 9.75%, 4/23/09	5,470,000
BB+	5,000 ⁵	Republic of Peru, 9.125%, 2/21/12	5,775,000
BB-	5,093 ⁵	Turkey, 7.00%, 9/26/16	5,118,465
			<hr/>
		Total Foreign Government Bonds	17,075,189
			<hr/>

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

Units (000)	Description	Value
Warrants 0.0%		
102,7	Reliant Resources, Inc., expires 8/25/08, strike price \$0.001, 1 share for 1 warrant	\$ 76,105
<hr/>		
Shares		
<hr/>		
Common Stock 0.0%		
7,579 ^{2,7}	Critical Care Systems Intl., Inc.	60,632
<hr/>		
Preferred Security 0.0%		
125,000	Superior Essex Holding Corp., Ser. A, 9.50%	100,000
<hr/>		
Total Investments 148.9% (cost \$1,038,785,288)		\$ 1,041,185,277
Liabilities in excess of other assets (48.9%)		(341,979,177)
<hr/>		
Net Assets 100%		\$ 699,206,100
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¹ Using the highest of S&P's, Moody's or Fitch's ratings.

² Security is fair valued.

³ Variable rate security. Rate shown is interest rate as of October 31, 2006.

⁴ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 16.5% of its net assets, with a current market value of \$115,420,303, in securities restricted as to resale.

⁵ Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.

⁶ Illiquid security. As of October 31, 2006, the Trust held 0.8% of its net assets, with a current market value of \$5,866,699, in these securities.

⁷ Non-income producing security.

⁸ Cost for federal income tax purposes is \$1,038,986,573. The net unrealized appreciation on a tax basis is \$2,198,704, consisting of \$14,069,191 gross unrealized appreciation and \$11,870,487 gross unrealized depreciation.

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

KEY TO ABBREVIATIONS

EUR	Euro
GBP	British Pound
LIBOR	London Interbank Offered Rate
PRIME	Prime Rate
TBA	To Be Announced
TBD	To Be Determined

See Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2006
BlackRock Strategic Bond Trust (BHD)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
LONG-TERM INVESTMENTS 112.5%			
Corporate Bonds 107.6%			
Aerospace & Defense 6.8%			
NR	\$ 250 ₂	AAR Corp., Ser. A2, 8.39%, 5/15/11	\$ 252,500
B	80	Argo-Tech Corp., 9.25%, 6/01/11	83,000
B	1,164	DI Finance/DynCorp Intl., Ser. B, 9.50%, 2/15/13	1,210,560
		DRS Technologies, Inc.,	
B	50	6.875%, 11/01/13	50,000
B	80	7.625%, 2/01/18	81,800
A-	2,000 ₃	Lockheed Martin Corp., 6.15%, 9/01/36	2,125,172
BBB+	1,000	Northrop Grumman Corp., 7.125%, 2/15/11	1,070,837
BBB	650	Raytheon Co., 4.85%, 1/15/11	639,824
BB	50	Sequa Corp., 9.00%, 8/01/09	52,750
A+	1,000	United Technologies Corp., 6.35%, 3/01/11	1,045,147
Total Aerospace & Defense			6,611,590
Automotive 2.3%			
B	45 ₃	Ashtead Capital, Inc., 9.00%, 8/15/16	47,362
		Autonation, Inc.,	
		7.00%, 4/15/14	109,450
BB+	110 ₄	7.374%, 4/15/13	110,825
BB-	20 _{3,4}	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 7.905%, 5/15/14	19,550
BBB+	1,000 ₅	DaimlerChrysler NA Holding Corp., 7.30%, 1/15/12	1,067,041
B	145	Lear Corp., Ser. B, 8.11%, 5/15/09	146,994
CCC+	200	Metaldyne Corp., 10.00%, 11/01/13	205,000
BB-	492	TRW Automotive, Inc., 9.375%, 2/15/13	527,055
Total Automotive			2,233,277
Basic Materials 5.9%			
B+	320	Abitibi-Consolidated, Inc., 6.00%, 6/20/13 (Canada)	254,400
B+	320	AK Steel Corp., 7.75%, 6/15/12	320,000
B-	80 _{3,4}	BCI US Finance Corp./Borden 2 Nova Scotia Finance ULC, 11.874%, 7/15/10	81,600
BB-	60 ₄	Bowater, Inc., 8.39%, 3/15/10	60,600
BB+	20	Chemtura Corp., 6.875%, 6/01/16	19,550
B-	150	CPG Intl. I, Inc., 10.50%, 7/01/13	153,000
		Domtar, Inc.,	
B2	40	7.125%, 8/15/15	38,200
B2	140	7.875%, 10/15/11	142,975
B+	120	Donohue Forest Products, 7.625%, 5/15/07 (Canada)	120,000
		Huntsman LLC,	
Ba3	50	11.625%, 10/15/10	55,125
B2	99	12.00%, 7/15/12	112,118
BB	70	IMC Global, Inc., Ser. B, 10.875%, 6/01/08	75,513
B2	595 ₃	Ineos Group Holdings PLC, 8.50%, 2/15/16 (United Kingdom)	572,687
B3	1,155	Innophos, Inc., 8.875%, 8/15/14	1,152,112
		Lyondell Chemical Co.,	
BB-	170	8.00%, 9/15/14	173,825
BB-	290	8.25%, 9/15/16	298,700
BB+	177	9.50%, 12/15/08	181,646
BB+	130	10.50%, 6/01/13	143,000
BB	150	Millennium America, Inc., 9.25%, 6/15/08	154,500

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B-	55	Nalco Co., 8.875%, 11/15/13	57,888
B3	280	NewPage Corp., 10.00%, 5/01/12	293,300
		Nova Chemicals Corp.,	
BB	40	6.50%, 1/15/12	37,600
BB	4754	8.405%, 11/15/13	483,312
CCC+	5653	Pregis Corp., 12.375%, 10/15/13	598,900
B+	20	Rhodia SA, 10.25%, 6/01/10 (France)	22,650
B-	303	Verso Paper Holdings LLC/Verson Paper, Inc., 11.375%, 8/01/16	30,450
BBB	169	Weyerhaeuser Co., 6.125%, 3/15/07	169,080
Total Basic Materials			5,802,731

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Building & Development 2.6%			
BB+	\$ 1,000	Beazer Homes USA, Inc., 8.625%, 5/15/11	\$ 1,020,000
B	595	ERICO Intl. Corp., 8.875%, 3/01/12	620,288
B-	465	Goodman Global Holding Co., Inc., 7.875%, 12/15/12	446,400
B3	140	Nortek, Inc., 8.50%, 9/01/14	133,700
		North American Energy Partners, Inc.,	
Caa1	125	8.75%, 12/01/11	123,750
B1	200	9.00%, 6/01/10	218,000
Total Building & Development			2,562,138
Conglomerates 0.4%			
A+	325	Honeywell Intl., Inc., 7.50%, 3/01/10	348,223
Consumer Products 7.5%			
B3	90	ALH Finance LLC, 8.50%, 1/15/13	89,325
CCC+	350 ₄	Ames True Temper, Inc., 9.374%, 1/15/12	353,500
B2	120 ₃	Education Management LLC/Education Management Corp., 8.75%, 6/01/14	123,000
B-	215	Finlay Fine Jewelry Corp., 8.375%, 6/01/12	193,500
BBB+	1,000	General Mills, Inc., 5.125%, 2/15/07	998,966
B	320	Gold Kist, Inc., 10.25%, 3/15/14	367,200
B2	480 ₃	Knowledge Learning Corp., Inc., 7.75%, 2/01/15	454,800
B-	369	Lazydays RV Center, Inc., 11.75%, 5/15/12	357,930
B	270 ₄	Levi Strauss & Co., 10.122%, 4/01/12	278,438
		Michaels Stores, Inc.,	
B2	340 ₃	10.00%, 11/01/14	340,425
Caa1	430 ₃	11.375%, 11/01/16	434,837
B3	30 _{3,4}	Nutro Products, Inc., 9.40%, 10/15/13	30,825
B	500	Pantry, Inc., 7.75%, 2/15/14	506,250
BB-	100	Quiksilver, Inc., 6.875%, 4/15/15	96,250
BB+	200 ₃	Reynolds American, Inc., 7.625%, 6/01/16	212,355
B1	1,400	Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13	1,424,500
CCC	200	Spectrum Brands, Inc., 7.375%, 2/01/15	162,000
		United Rentals NA, Inc.,	
B	875	7.00%, 2/15/14	837,812
B	25	7.75%, 11/15/13	24,938
Total Consumer Products			7,286,851
Containers & Packaging 1.3%			
		Berry Plastics Holding Corp.,	
B2	190 ₃	8.875%, 9/15/14	191,900
B2	130 _{3,4}	9.265%, 9/15/14	131,462
B+	400	Crown Americas LLC/Crown Americas Capital Corp., 7.75%, 11/15/15	410,500
CCC+	55	Graham Packaging Co., Inc., 8.50%, 10/15/12	54,725
B1	130 _{3,4}	Impress Holdings BV, 8.512%, 9/15/13	131,026
B+	301	Smurfit-Stone Container Enterprises, Inc., 9.75%, 2/01/11	310,406
Total Containers & Packaging			1,230,019
Ecological Services & Equipment 2.2%			
B	1,500	Casella Waste Systems, Inc., 9.75%, 2/01/13	1,575,000
Caa1	550	Waste Services, Inc., 9.50%, 4/15/14	563,750
Total Ecological Services & Equipment			2,138,750

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Energy 13.5%			
		ANR Pipeline Co.,	
Ba1	185	7.375%, 2/15/24	193,382
Ba1	655	9.625%, 11/01/21	815,182
B	100	Berry Petroleum Co., 8.25%, 11/01/16	99,750
CCC+	250	Chaparral Energy, Inc., 8.50%, 12/01/15	249,375
		Chesapeake Energy Corp.,	
BB	130	6.375%, 6/15/15	125,450
BB	20	6.875%, 11/15/20	19,000
BB-	35	ChipPAC, Inc., 2.50%, 6/01/08	34,475
BB-	95	CMS Energy Corp., 7.50%, 1/15/09	97,613
BB-	190	Compagnie Generale de Geophysique SA, 7.50%, 5/15/15 (France)	187,625
B	450	Compton Petroleum Finance Corp., 7.625%, 12/01/13 (Canada)	426,375
A1	1,000	ConocoPhillips Holding Co., 6.95%, 4/15/29	1,154,368

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Energy (cont d)			
BBB+	\$ 1,000	Dominion Resources, Inc., 5.70%, 9/17/12	\$ 1,012,948
BBB	250	DTE Energy Co., 7.05%, 6/01/11	265,397
BB-	150 ₃	Edison Mission Energy, 7.50%, 6/15/13	154,125
		El Paso Corp.,	
B	165	7.75%, 1/15/32	172,012
B	205	7.80%, 8/01/31	213,712
B	165	9.625%, 5/15/12	183,150
B	100	10.75%, 10/01/10	111,500
Ba1	175	El Paso Natural Gas Co., 8.375%, 6/15/32	202,524
Ba1	33	Elwood Energy LLC, 8.159%, 7/05/26	34,779
		Encore Acquisition Co.,	
B1	30	6.00%, 7/15/15	27,375
B1	40	7.25%, 12/01/17	38,500
B-	275	Exco Resources, Inc., 7.25%, 1/15/11	264,687
BBB-	1,075	FirstEnergy Corp., Ser. C, 7.375%, 11/15/31	1,257,446
BB+	60	Grant Prideco, Inc., Ser. B, 6.125%, 8/15/15	57,375
B	97 ³	Hilcorp Energy I LP/Hilcorp Finance Corp., 10.50%, 9/01/10	104,033
B-	195	KCS Energy, Inc., 7.125%, 4/01/12	187,200
		Midwest Generation LLC,	
BB+	370	8.75%, 5/01/34	400,062
Ba2	426	Ser. B, 8.56%, 1/02/16	459,809
		Mirant Americas Generation LLC,	
Caa1	185	8.30%, 5/01/11	187,312
Caa1	110	8.50%, 10/01/21	108,350
Caa1	90	9.125%, 5/01/31	93,150
BB-	120	Mission Energy Holdings Co., 13.50%, 7/15/08	133,800
		NRG Energy, Inc.,	
B+	50	7.25%, 2/01/14	50,563
B+	285	7.375%, 2/01/16	288,206
A-	250	Occidental Petroleum Corp., 6.75%, 1/15/12	267,218
B2	140	Orion Power Holdings, Inc., 12.00%, 5/01/10	158,900
Baa2	1,000	Progress Energy, Inc., 7.75%, 3/01/31	1,217,886
		Reliant Energy, Inc.,	
BB-	285	6.75%, 12/15/14	271,819
BB-	130	9.25%, 7/15/10	134,550
B+	275 ₃	SemGroup LP, 8.75%, 11/15/15	277,062
B	190 _{3,4}	Stone Energy Corp., 8.124%, 7/15/10	188,812
B3	400 ₃	Targa Resources, Inc., 8.50%, 11/01/13	399,000
BBB-	30	Transcontinental Gas Pipe Line Corp., 7.25%, 12/01/26	31,050
B+	245	Utilicorp Finance Corp., 7.75%, 6/15/11 (Canada)	258,725
B1	330	Whiting Petroleum Corp., 7.25%, 5/01/12-5/01/13	325,950
		Williams Cos., Inc.,	
BB+	100	7.125%, 9/01/11	103,250
BB+	135	8.75%, 3/15/32	149,850
Total Energy			13,194,682
Entertainment & Leisure 3.6%			
		AMC Entertainment, Inc.,	
B3	120	9.50%, 2/01/11	120,450
B3	200	11.00%, 2/01/16	221,250
B3	60	Cinemark, Inc., Zero Coupon, 3/15/14	48,825
B3	225 ₃	Greektown Holdings LLC, 10.75%, 12/01/13	237,937
B	100 ₃	Pokagon Gaming Authority, 10.375%, 6/15/14	107,250
B3	55	Poster Financial Group, Inc., 8.75%, 12/01/11	57,338
Ba1	1,500	Royal Caribbean Cruises Ltd., 8.75%, 2/02/11 (Liberia)	1,637,583
BB	190	Seneca Gaming Corp., Ser. B, 7.25%, 5/01/12	191,188
		Travelport, Inc.,	

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B-	370s	9.875%, 9/01/14	364,912
B-	365s	11.875%, 9/01/16	359,525
BB-	140	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625%, 12/01/14	137,200
Total Entertainment & Leisure			<u>3,483,458</u>

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Financial Institutions 19.9%			
B+	\$ 106	AES Ironwood LLC, 8.857%, 11/30/25	\$ 115,523
AA	185 ₃	Allstate Financial Global Funding LLC, 5.25%, 2/01/07	184,941
		American Real Estate Partners LP/American Real Estate Finance Corp.,	
BB+	230	7.125%, 2/15/13	229,425
BB+	860	8.125%, 6/01/11	879,350
Aa3	650 _{3,4,5}	Barclays Bank PLC, 8.55%, 9/29/49 (United Kingdom)	732,463
B	190	BCP Crystal US Holdings Corp., 9.625%, 6/15/14 (Luxembourg)	208,525
B2	2,000	Bluewater Finance Ltd., 10.25%, 2/15/12 (Cayman Islands)	2,040,000
BB	495	Crum & Forster Holdings Corp., 10.375%, 6/15/13	513,562
BB	95	Fairfax Financial Holdings Ltd., 6.875%, 4/15/08 (Canada)	93,338
BB-	1,600 ₄	Ford Motor Credit Co., 6.944%, 1/15/10	1,522,018
AAA	2,000 ₅	General Electric Capital Corp., 3.45%, 7/16/07	1,974,496
BB	330	General Motors Acceptance Corp., 6.875%, 8/28/12	330,886
AA	1,500 ₅	HSBC Bank, Inc., 3.875%, 9/15/09	1,453,827
		iPayment, Inc.,	
CCC+	175 ₃	9.75%, 5/15/14	179,813
NR	690 _{2,3,4}	12.75%, 7/15/14	689,137
B-	225	K&F Acquisition, Inc., 7.75%, 11/15/14	227,812
A	325	MetLife, Inc., 6.125%, 12/01/11	337,793
B+	565 ₃	Nell AF SARL, 8.375%, 8/15/15 (Luxembourg)	573,475
		Rainbow National Services LLC,	
B+	210 ₃	8.75%, 9/01/12	220,763
B+	2,245 ₃	10.375%, 9/01/14	2,497,562
B-	605	Standard Aero Holdings, Inc., 8.25%, 9/01/14	600,462
AA+	759 ₆	Structured Asset Receivable Trust, 1.649%, 1/21/10	758,784
AAA	1,000 _{3,5}	TIAA Global Markets, Inc., 3.875%, 1/22/08	982,852
B-	50 ₄	Universal City Florida Holding Co. I/II, 10.121%, 5/01/10	51,438
Aa1	2,000 ₅	Wells Fargo & Co., 3.50%, 4/04/08	1,955,186
Aa3	50	Western Financial Bank, 9.625%, 5/15/12	55,097
Total Financial Institutions			19,408,528
Health Care 4.6%			
B	355 ₃	Angiotech Pharmaceuticals, Inc., 7.75%, 4/01/14 (Canada)	337,250
		Healthsouth Corp.,	
CCC+	485 ₃	10.75%, 6/15/16	497,125
CCC+	225 _{3,4}	11.418%, 6/15/14	230,063
AA	1,000 ₅	Merck & Co., Inc., 4.375%, 2/15/13	952,488
B-	150	Tenet Healthcare Corp., 6.875%, 11/15/31	116,250
B-	290	Universal Hospital Services, Inc., 10.125%, 11/01/11	306,675
A-	1,000	WellPoint, Inc., 5.95%, 12/15/34	994,514
A	1,000	Wyeth, 6.50%, 2/01/34	1,095,154
Total Health Care			4,529,519
Industrials 2.7%			
B2	260 ₃	AGY Holding Corp., 11.00%, 11/15/14	259,675
B	100	Hexcel Corp., 6.75%, 2/01/15	97,000
B3	650	Park-Ohio Industries, Inc., 8.375%, 11/15/14	604,500
CCC+	200	Polypore, Inc., 8.75%, 5/15/12	195,500
		RBS Global, Inc./Rexnord Corp.,	
B3	350 ₃	9.50%, 8/01/14	362,250
CCC+	175 ₃	11.75%, 8/01/16	182,000
B3	470 ₃	Sunstate Equipment Co. LLC, 10.50%, 4/01/13	491,150
B3	440	Trimas Corp., 9.875%, 6/15/12	414,700

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Total Industrials			2,606,775
Media 14.9%			
NR	4007	Adelphia Communications Corp., Ser. B, 10.50%, 7/15/04	312,000
		Affinion Group, Inc.,	
B-	435	10.125%, 10/15/13	461,100
B-	70	11.50%, 10/15/15	72,975
Caa2	475	American Media Operations, Inc., Ser. B, 10.25%, 5/01/09	451,250
BBB+	1,000	AOL Time Warner, Inc., 7.70%, 5/01/32	1,138,892
B+	1204	Cablevision Systems Corp., Ser. B, 9.87%, 4/01/09	125,700
See Notes to Financial Statements.			

BlackRock Strategic Bond Trust (BHD) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Media (cont d)			
Charter Communications Holdings II LLC/Charter Communications Holdings II Capital Corp.,			
CCC	\$ 315	10.25%, 9/15/10	\$ 325,237
CCC	105	Ser. B, 10.25%, 9/15/10	108,150
B3	500 ₃	CMP Susquehanna Corp., 9.875%, 5/15/14	483,125
BBB+	1,000	Comcast Cable Communications, Inc., 6.875%, 6/15/09	1,039,617
B+	200	CSC Holdings, Inc., 7.875%, 12/15/07	202,750
B	50	Dex Media West LLC/Dex Media Finance Co., Ser. B, 9.875%, 8/15/13	54,313
BB	100	DirecTV Holdings LLC/DirecTV Financing Co., 8.375%, 3/15/13	103,750
Echostar DBS Corp.,			
BB-	550	5.75%, 10/01/08	546,562
BB-	210 ₃	7.00%, 10/01/13	208,163
BB-	45 ₃	7.125%, 2/01/16	43,988
CCC+	75 ₃	Iesy Repository GMBH, 10.375%, 2/15/15 (Germany)	70,875
Ba3	165	LIN Television Corp., 6.50%, 5/15/13	156,544
B	130	Medianews Group, Inc., 6.875%, 10/01/13	120,738
B2	405	Network Communications, Inc., 10.75%, 12/01/13	407,531
BBB	1,500 ₅	News America, Inc., 6.20%, 12/15/34	1,464,787
B3	560	Nexstar Finance, Inc., 7.00%, 1/15/14	515,900
CCC+	710 ₃	Nielsen Finance LLC/Nielsen Finance Co., 10.00%, 8/01/14	740,175
B1	500 _{3,4}	Paxson Communications Corp., 8.624%, 1/15/12	505,625
Primedia, Inc.,			
B2	210	8.00%, 5/15/13	195,825
B2	120	8.875%, 5/15/11	119,700
B2	150 ₄	10.78%, 5/15/10	155,250
B	945	RH Donnelley Corp., Ser. A-3, 8.875%, 1/15/16	974,531
B	70	Sinclair Broadcast Group, Inc., 4.875%, 7/15/18	63,175
Caa1	175	Sirius Satellite Radio, Inc., 9.625%, 8/01/13	170,625
BBB+	1,000	TCI Communications, Inc., 7.875%, 2/15/26	1,143,759
Vertis, Inc.,			
B1	445	9.75%, 4/01/09	454,456
Caa3	40 ₃	13.50%, 12/07/09	36,200
Caa1	370	Ser. B, 10.875%, 6/15/09	368,150
BBB	85	Viacom, Inc., 6.625%, 5/15/11	88,512
Caa1	1,160	Young Broadcasting, Inc., 10.00%, 3/01/11	1,096,200
Total Media			14,526,130
Real Estate 0.5%			
A	500	ERP Operating LP, 6.95%, 3/02/11	531,965
Technology 4.8%			
BB-	30	Advanced Micro Devices, Inc., 7.75%, 11/01/12	30,525
CCC+	570	Amkor Technology, Inc., 9.25%, 6/01/16	530,100
B+	565	Celestica, Inc., 7.625%, 7/01/13 (Canada)	566,413
B+	100 ₃	Hynix Semiconductor, Inc., 9.875%, 7/01/12 (South Korea)	110,750
B+	235 ₃	NXP BV/NXP Funding LLC, 9.50%, 10/15/15	237,056
B-	130 ₃	Sensata Technologies BV, 8.00%, 5/01/14 (Netherlands)	125,450
CCC+	295	SS&C Technologies, Inc., 11.75%, 12/01/13	317,125
Sungard Data Systems, Inc.,			
B-	160	9.125%, 8/15/13	166,000
B-	410 ₄	9.973%, 8/15/13	426,400
B-	580	10.25%, 8/15/15	607,550
B	1,010	Superior Essex Communications LLC/Essex Group, Inc., 9.00%, 4/15/12	1,032,725
B-	130 _{3,4}	UGS Capital Corp. II, 10.38%, 6/01/11	134,225
B-	410	UGS Corp., 10.00%, 6/01/12	442,800

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Total Technology

4,727,119

Telecommunications 12.6%

BB-	190	Cincinnati Bell, Inc., 7.25%, 7/15/13	195,700
CCC	280 ₃	Cricket Communications, Inc., 9.375%, 11/01/14	286,300
B3	130 ₄	Hawaiian Telcom Communications, Inc., Ser. B, 10.889%, 5/01/13	133,250

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

Rating ¹ (unaudited)	Principal Amount (000)	Description	Value
Telecommunications (cont d)			
		Intelsat Ltd., (Bermuda)	
BB-	\$ 240	8.625%, 1/15/15	\$ 249,000
BB-	300 ₃	9.25%, 6/15/16	320,250
BB-	95 ₄	10.484%, 1/15/12	96,306
B	170 ₃	11.25%, 6/15/16	185,088
B	680 _{3,4}	11.64%, 6/15/13	720,800
		Lucent Technologies, Inc.,	
B1	25	6.45%, 3/15/29	22,375
B1	905	6.50%, 1/15/28	809,975
B+	500 ₃	Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (Denmark)	523,750
B-	160	Nortel Networks Corp., 6.875%, 9/01/23 (Canada)	132,000
		Nortel Networks Ltd.,	
B-	390 _{3,4}	9.624%, 7/15/11	402,675
B-	135 ₃	10.125%, 7/15/13	143,100
		PanAmSat Corp.,	
B	125	9.00%, 8/15/14	130,625
B	355 ₃	9.00%, 6/15/16	370,975
		Qwest Corp.,	
BB+	200	7.875%, 9/01/11	211,750
BB+	340 ₄	8.64%, 6/15/13	366,350
BB+	85	Rogers Wireless, Inc., 7.25%, 12/15/12 (Canada)	89,250
A	1,500 ₅	SBC Communications, Inc., 6.45%, 6/15/34	1,551,172
BBB+	1,000	Telecom Italia Capital SA, 4.95%, 9/30/14 (Luxembourg)	927,570
A+	2,000 ₅	Verizon New England, Inc., 6.50%, 9/15/11	2,061,178
A-	1,000	Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom)	1,073,199
		West Corp.,	
B-	45 ₃	9.50%, 10/15/14	44,775
B-	320 ₃	11.00%, 10/15/16	321,600
B+	250 ₃	Wind Acquisition Finance SA, 10.75%, 12/01/15 (Luxembourg)	277,813
		Windstream Corp.,	
BB+	360 ₃	8.125%, 8/01/13	384,300
BB+	220 ₃	8.625%, 8/01/16	237,325
Total Telecommunications			12,268,451
Transportation 1.5%			
BB-	125	American Airlines, Inc., Ser. 99-1, 7.324%, 4/15/11	124,688
A-	500	Canadian National Railway Co., 6.90%, 7/15/28 (Canada)	576,856
B1	475	CHC Helicopter Corp., 7.375%, 5/01/14 (Canada)	453,625
B3	39	Horizon Lines LLC, 9.00%, 11/01/12	40,755
BB+	300	Overseas Shipholding Group, Inc., 8.25%, 3/15/13	315,000
Total Transportation			1,510,924
Total Corporate Bonds			105,001,130
U.S. Government and Agency Securities 4.6%			
	410 ₅	U.S. Treasury Bonds, 5.375%, 2/15/31	445,138
		U.S. Treasury Notes,	
	933 ₅	2.625%, 11/15/06	932,052
	810 ₅	4.125%, 8/15/10	797,375
	1,075 ₅	4.25%, 8/15/13-8/15/15	1,053,738
	710 ₅	4.75%, 5/15/14	717,100
AAA	550 ₅	4.875%, 8/15/16	561,430
Total U.S. Government and Agency Securities			4,506,833

Foreign Government Bond 0.3%

Baa1	230	United Mexican States, 8.30%, 8/15/31	292,445
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See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

Shares	Description	Value
Common Stocks 0.0%		
947 _{2,8}	Critical Care Systems Intl., Inc.	\$ 7,576
Preferred Security 0.0%		
50,000	Superior Essex Holding Corp., Ser. A, 9.50%	40,000
Total Investments 112.5% (cost \$109,152,148)		\$ 109,847,984
Liabilities in excess of other assets (12.5%)		(12,234,372)
Net Assets 100%		\$ 97,613,612

¹ Using the highest of S&P's, Moody's or Fitch's ratings.

² Security is fair valued.

³ Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2006, the Trust held 23.6% of its net assets, with a current market value of \$23,053,909, in securities restricted as to resale.

⁴ Variable rate security. Rate shown is interest rate as of October 31, 2006.

⁵ Entire or partial principal amount pledged as collateral for reverse repurchase agreements. See Note 4 in the Notes to Financial Statements for details of open reverse repurchase agreements.

⁶ Illiquid security. As of October 31, 2006, the Trust held 0.8% of its net assets, with a current market value of \$758,784, in these securities.

⁷ Issuer is in default and/or bankruptcy.

⁸ Non-income producing security.

⁹ Cost for federal income tax purposes is \$109,227,844. The net unrealized appreciation on a tax basis is \$620,140, consisting of \$2,146,296 gross unrealized appreciation and \$1,526,156 gross unrealized depreciation.

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

See Notes to Financial Statements.

STATEMENTS OF ASSETS AND LIABILITIES
October 31, 2006

	Broad Investment Grade 2009 Term Trust Inc.¹ (BCT)	Core Bond Trust (BHK)
Assets		
Investments at value ²	\$ 40,546,379	\$ 377,198,556
Investments in affiliates ³		1,509,838
Affiliated investments	21,282	79,736
Cash	111,325	819,918
Foreign currency at value ⁴		3,742,495
Receivable from investments sold		395,818
Variation margin receivable		633,338
Deposits with brokers as collateral for borrowed bonds		
Unrealized gain on foreign currency exchange contracts		83,487
Interest receivable	347,920	5,352,688
Unrealized appreciation on interest rate swaps		2,436,084
Other assets	2,450	22,336
	<u>41,029,356</u>	<u>392,274,294</u>
Liabilities		
Reverse repurchase agreement		3,911,088
Foreign currency payable to custodian		
Payable for investments purchased		10,965,788
Payable for dollar rolls		
Variation margin payable		
Unrealized loss on foreign currency exchange contracts		
Loan payable		
Investments sold short at value ⁵		
Outstanding options written at value ⁶		2,127,772
TBA sale commitments ⁷		
Unrealized depreciation on credit default swaps		44,927
Interest payable		682,737
Interest rate floors at value		
Cash with brokers as collateral		600,000
Investment advisory fee payable	19,341	147,136
Administration fee payable	5,275	
Deferred Trustees fees	21,282	79,736
Payable to affiliates	7,954	17,839
Other accrued expenses	194,186	179,147
	<u>248,038</u>	<u>18,756,170</u>
Net Assets	<u>\$ 40,781,318</u>	<u>\$ 373,518,124</u>
Composition of Net Assets		
Par value	\$ 29,571	\$ 27,019
Paid-in capital in excess of par	38,447,104	386,089,643
Cost of shares held in treasury ⁸		
Undistributed (distributions in excess of) net investment income	5,833,604	(5,693,238)
Accumulated net realized loss	(3,239,231)	(9,537,812)
Net unrealized appreciation (depreciation)	(289,730)	2,632,512
Net assets, October 31, 2006	<u>\$ 40,781,318</u>	<u>\$ 373,518,124</u>

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Net asset value ⁹	\$	13.79	\$	13.82
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1	Consolidated Statement of Assets and Liabilities			
2	Investments at cost	\$	40,836,109	\$ 380,294,928
3	Cost of affiliates			1,509,548
4	Foreign currency at cost			3,878,971
5	Proceeds received			
6	Premium received			3,059,631
7	Proceeds for TBA sale commitments			
8	Shares held in treasury			
9	Common shares outstanding		2,957,093	27,018,774

See Notes to Financial Statements.

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	High Yield Trust (BHY)	Income Opportunity Trust (BNA)	Income Trust Inc. (BKT)	Limited Duration Income Trust (BLW)	Strategic Bond Trust (BHD)
Assets					
Investments at value ²	\$ 68,955,459	\$ 424,905,689	\$ 503,320,986	\$ 1,041,185,277	\$ 109,847,984
Investments in affiliates ³		1,857,565	51,795		
Affiliated investments	30,559	149,968	179,222	73,680	16,366
Cash	162,231	540,788	108,401	160,756	522,891
Foreign currency at value ⁴					
Receivable from investments sold	221,719	26,538,398	16,463,994	3,275,224	276,351
Variation margin receivable		810,094			
Deposits with brokers as collateral for borrowed bonds			60,402,375		
Unrealized gain on foreign currency exchange contracts					
Interest receivable	1,564,454	5,550,226	4,294,472	15,471,361	2,163,819
Unrealized appreciation on interest rate swaps		2,807,676	1,083,508		
Other assets	4,007	29,575	27,936	58,533	6,383
	<u>70,938,429</u>	<u>463,189,979</u>	<u>585,932,689</u>	<u>1,060,224,831</u>	<u>112,833,794</u>
Liabilities					
Reverse repurchase agreement		34,326,158	70,690,625	219,999,531	14,951,135
Foreign currency payable to custodian				1,100	
Payable for investments purchased	60,632	13,590,349		139,565,749	80,843
Payable for dollar rolls			15,527,433		
Variation margin payable			1,068,671		
Unrealized loss on foreign currency exchange contracts				36,980	
Loan payable	20,250,000				
Investments sold short at value ⁵			61,068,440		
Outstanding options written at value ⁶		2,322,554	2,323,129		
TBA sale commitments ⁷		25,987,687	16,581,402		
Unrealized depreciation on credit default swaps		49,972			
Interest payable	86,900	877,171	1,603,236	675,238	25,249
Interest rate floors at value			1,894,856		
Cash with brokers as collateral		600,000			
Investment advisory fee payable	44,607	193,988	227,740	422,874	51,716
Administration fee payable	2,157	65,820	96,249		
Deferred Trustees fees	30,559	149,968	179,222	73,680	16,366
Payable to affiliates	980	5,805	47,752	18,508	5,770
Other accrued expenses	77,357	170,208	163,762	225,071	89,103
	<u>20,553,192</u>	<u>78,339,680</u>	<u>171,472,517</u>	<u>361,018,731</u>	<u>15,220,182</u>
Net Assets	<u>\$ 50,385,237</u>	<u>\$ 384,850,299</u>	<u>\$ 414,460,172</u>	<u>\$ 699,206,100</u>	<u>\$ 97,613,612</u>
Composition of Net Assets					
Par value	\$ 6,417	\$ 344,497	\$ 639,425	\$ 36,782	\$ 7,058
Paid-in capital in excess of par	92,987,168	404,369,870	518,124,907	700,322,623	98,443,594
Cost of shares held in treasury ⁸		(17,377,850)			
Undistributed (distributions in excess of) net investment income	10,204	(900,730)	(519,359)	(36,700)	(16,366)
Accumulated net realized loss	(36,635,402)	(6,096,797)	(91,060,940)	(3,477,620)	(1,516,512)
Net unrealized appreciation (depreciation)	(5,983,150)	4,511,309	(12,723,861)	2,361,015	695,838
Net assets, October 31, 2006	<u>\$ 50,385,237</u>	<u>\$ 384,850,299</u>	<u>\$ 414,460,172</u>	<u>\$ 699,206,100</u>	<u>\$ 97,613,612</u>
Net asset value ⁹	<u>\$ 7.85</u>	<u>\$ 11.17</u>	<u>\$ 6.48</u>	<u>\$ 19.01</u>	<u>\$ 13.83</u>

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1	Consolidated Statement of Assets and Liabilities					
2	Investments at cost	\$ 74,938,609	\$ 427,244,788	\$ 519,165,867	\$ 1,038,785,288	\$ 109,152,146
3	Cost of affiliates		1,868,783	54,417		
4	Foreign currency at cost				(1,091)	
5	Proceeds received			61,745,381		
6	Premium received		3,321,623	3,312,560		
7	Proceeds for TBA sale commitments		25,774,000	16,431,406		
8	Shares held in treasury		1,757,400			
9	Common shares outstanding	6,417,363	34,449,693	63,942,536	36,782,283	7,058,402

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STATEMENTS OF OPERATIONS
For the year ended October 31, 2006

	Broad Investment Grade 2009 Term Trust Inc.¹ (BCT)	Core Bond Trust (BHK)
Investment Income		
Interest income	\$ 2,405,515	\$ 21,587,538
Income from affiliates	941	104,365
Total investment income	2,406,456	21,691,903
Expenses		
Investment advisory	234,437	2,199,983
Administration	63,937	
Transfer agent	10,579	14,788
Custodian	71,905	238,500
Reports to shareholders	33,083	104,269
Directors/Trustees	14,402	43,256
Registration	1,825	21,243
Independent accountants	30,479	69,992
Legal	11,866	84,304
Insurance	2,548	25,137
Deferred Trustees fees	941	4,848
Miscellaneous	11,656	49,371
Total expenses excluding interest expense	487,658	2,855,691
Interest expense		1,149,965
Total expenses	487,658	4,005,656
Less fees waived by Advisor		
Less fees paid indirectly		(14,200)
Net expenses	487,658	3,991,456
Net investment income	1,918,798	17,700,447
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) on:		
Investments	(493,395)	(7,280,220)
Investments in affiliates		
Foreign currency		(248,242)
Futures and Swaps		(713,181)
Options written		(43,430)
Short sales		
	(493,395)	(8,285,073)
Net change in unrealized appreciation/depreciation on:		
Investments	341,182	7,820,242
Foreign currency		16,542
Futures and Swaps	(177)	2,958,582
Interest rate floors		
Options written		756,176
Short sales		

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	341,005	11,551,542
Net gain (loss)	(152,390)	3,266,469
Net Increase in Net Assets Resulting from Operations	\$ 1,766,408	\$ 20,966,619

¹ Consolidated Statement of Operations

See Notes to Financial Statements.

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	High Yield Trust (BHY)	Income Opportunity Trust (BNA)	Income Trust Inc. (BKT)	Limited Duration Income Trust (BLW)	Strategic Bond Trust (BHD)
Investment Income					
Interest income	\$ 6,372,658	\$ 25,515,608	\$ 29,079,814	\$ 64,850,597	\$ 8,885,695
Income from affiliates	1,940	130,830	15,712	4,998	825
Total investment income	6,374,598	25,646,438	29,095,526	64,855,595	8,886,520
Expenses					
Investment advisory	724,170	2,290,356	2,688,382	5,293,699	880,402
Administration	68,969	381,726	620,396		
Transfer agent	15,715	27,901	73,310	17,254	14,723
Custodian	110,636	272,501	276,129	493,509	97,481
Reports to shareholders	37,763	115,410	159,102	185,730	31,726
Directors/Trustees	14,343	48,065	43,668	68,550	15,214
Registration	21,243	25,612	44,530	27,459	21,243
Independent accountants	40,717	76,567	72,942	52,750	39,075
Legal	10,530	75,822	76,292	114,858	21,090
Insurance	4,131	29,027	30,941	59,109	6,977
Deferred Trustees fees	1,940	5,372	11,858	4,998	825
Miscellaneous	11,772	51,883	68,969	124,334	15,688
Total expenses excluding interest expense	1,061,929	3,400,242	4,166,519	6,442,250	1,144,444
Interest expense	1,106,179	2,741,131	4,603,103	8,900,833	1,020,195
Total expenses	2,168,108	6,141,373	8,769,622	15,343,083	2,164,639
Less fees waived by Advisor					(234,774)
Less fees paid indirectly	(5,181)	(9,729)	(26,140)	(83,543)	(8,883)
Net expenses	2,162,927	6,131,644	8,743,482	15,259,540	1,920,982
Net investment income	4,211,671	19,514,794	20,352,044	49,596,055	6,965,538
Realized and Unrealized Gain (Loss)					
Net realized gain (loss) on:					
Investments	(2,067,969)	(4,856,599)	(4,883,743)	(1,590,127)	(759,640)
Investments in affiliates			(59,731)		
Foreign currency				(331,171)	
Futures and Swaps		(2,764,912)	6,522,072	4,040	
Options written				327,353	
Short sales		291,133	359,076		
	(2,067,969)	(7,330,378)	1,937,674	(1,589,905)	(759,640)
Net change in unrealized appreciation/depreciation on:					
Investments	4,444,627	3,042,311	6,074,193	2,593,098	2,082,388
Foreign currency				(115,958)	
Futures and Swaps		5,199,875	(6,629,728)	(4,008)	
Interest rate floors			1,789,308		
Options written		810,300	801,246		
Short sales		(1,087,240)	(767,708)		
	4,444,627	7,965,246	1,267,311	2,473,132	2,082,388

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Net gain (loss)	<u>2,376,658</u>	<u>634,868</u>	<u>3,204,985</u>	<u>883,227</u>	<u>1,322,748</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 6,588,329</u>	<u>\$ 20,149,662</u>	<u>\$ 23,557,029</u>	<u>\$ 50,479,282</u>	<u>\$ 8,288,286</u>

STATEMENTS OF CASH FLOWS
For the year ended October 31, 2006

	Broad Investment Grade 2009 Term Trust Inc.¹ (BCT)	Core Bond Trust (BHK)
Net Increase in Net Assets Resulting from Operations to Net Cash Flows Provided by Operating Activities		
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 1,766,408	\$ 20,966,916
Purchases of long-term investments	(3,161,603)	(1,208,218,010)
Proceeds from sales of long-term investments	20,467,520	1,317,417,917
Net proceeds (purchases) of short-term investments	(15,452,608)	(544,199)
Decrease in deposits with brokers as collateral for borrowed bonds		
Amortization of premium and discount on investments	537,223	4,457,162
Net realized loss on investments	493,395	7,280,220
Increase in unrealized appreciation/depreciation on investments	(341,182)	(7,820,242)
Net effect of exchange rates on foreign currency		248,242
Decrease in investments sold short		
Decrease in outstanding options written		(413,298)
Decrease in TBA sale commitments		
Increase in interest rate floor		
Decrease (Increase) in unrealized appreciation on interest rate swaps	176	(590,466)
Decrease in credit default swaps		47,167
Increase in investments in affiliates	(2,441)	(19,452)
Decrease (Increase) in receivable for investments sold		31,361,149
Decrease (Increase) in unrealized gain on foreign currency exchange contracts		(34,210)
Decrease (Increase) in variation margin receivable		(561,182)
Decrease (Increase) in interest receivable	161,690	2,669,650
Decrease (Increase) in other assets	1,352	1,667
Increase in foreign currency payable to custodian		
Increase (Decrease) in payable for investments purchased		(42,583,640)
Increase (Decrease) in payable for dollar rolls		(7,284,443)
Increase in unrealized loss on foreign currency exchange contracts		
Increase in variation margin payable		
Increase (Decrease) in interest payable	(4,386)	(463,614)
Increase (Decrease) in investment advisory fee payable	(1,148)	(54,827)
Increase in cash with brokers as collateral		599,273
Increase (Decrease) in administration fee payable	(313)	
Increase in deferred Directors/Trustees fees	2,441	19,452
Increase (Decrease) in payable to affiliates	(109)	(3,557)
Increase (Decrease) in accrued expenses	(175,744)	20,833
Total adjustments	2,524,263	95,531,592
Net cash provided by operating activities	\$ 4,290,671	\$ 116,498,508
Cash from financing activities:		
Capital contributions		
Increase (Decrease) in reverse repurchase agreements		(82,964,968)
Decrease in loan payable		
Cash dividends paid	(4,261,094)	(32,962,581)
Net cash used for financing activities:	(4,261,094)	(115,927,549)

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Net increase (decrease) in cash	29,577	570,959
Cash and foreign currency at beginning of year	81,748	3,991,454
Cash and foreign currency at end of year	\$ 111,325	\$ 4,562,413

¹ Consolidated Statement of Cash Flows.

See Notes to Financial Statements.

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	High Yield Trust (BHY)	Income Opportunity Trust (BNA)	Income Trust Inc. (BKT)	Limited Duration Income Trust (BLW)	Strategic Bond Trust (BHD)
Net Increase in Net Assets Resulting from Operations to Net Cash Flows Provided by Operating Activities					
Cash flows from operating activities:					
Net increase in net assets resulting from operations	\$ 6,588,329	\$ 20,149,662	\$ 23,557,029	\$ 50,479,282	\$ 8,288,286
Purchases of long-term investments	(55,870,951)	(1,886,550,246)	(703,940,487)	(2,116,360,671)	(64,776,313)
Proceeds from sales of long-term investments	56,576,912	2,064,778,891	777,064,810	2,048,916,653	81,537,775
Net proceeds (purchases) of short-term investments	(279,574)	(2,482,005)	25,134	4,078,363	726,362
Decrease in deposits with brokers as collateral for borrowed bonds			12,694,650	8,670,825	
Amortization of premium and discount on investments	(35,414)	4,124,503	14,322,806	4,852,069	165,829
Net realized loss on investments	2,067,969	4,856,599	4,943,474	1,590,127	759,640
Increase in unrealized appreciation/depreciation on investments	(4,444,627)	(3,042,311)	(6,074,193)	(2,593,098)	(2,082,388)
Net effect of exchange rates on foreign currency				331,171	
Decrease in investments sold short			(11,033,743)		
Decrease in outstanding options written		(406,075)	(357,154)		
Decrease in TBA sale commitments		(96,108,174)	(4,923,602)		
Increase in interest rate floor			1,894,856		
Decrease (Increase) in unrealized appreciation on interest rate swaps		(740,498)	215,922	4,008	
Decrease in credit default swaps		52,329			
Increase in investments in affiliates	(4,324)	(21,542)	(30,420)	(27,779)	(3,566)
Decrease (Increase) in receivable for investments sold	156,449	168,714,804	29,800,157	(1,426,149)	(211,616)
Decrease (Increase) in unrealized gain on foreign currency exchange contracts				77,712	
Decrease (Increase) in variation margin receivable		(693,241)			
Decrease (Increase) in interest receivable	131,949	2,553,972	1,101,610	(907,002)	403,618
Decrease (Increase) in other assets	2,734	(4,271)	(3,493)	(10,786)	3,318
Increase in foreign currency payable to custodian				1,100	
Increase (Decrease) in payable for investments purchased	(222,394)	(155,650,910)	(48,947,681)	132,211,888	(172,676)
Increase (Decrease) in payable for dollar rolls			15,527,433	(119,709,882)	
Increase in unrealized loss on foreign currency exchange contracts				36,980	
Increase in variation margin payable			935,970		
Increase (Decrease) in interest payable	9,725	(412,918)	(413,315)	324,956	(20,216)
Increase (Decrease) in investment advisory fee payable	827	(11,025)	(3,739)	(47,703)	(8,837)
Increase in cash with brokers as collateral		600,000			
Increase (Decrease) in administration fee payable	79	(1,838)	(863)		
Increase in deferred Directors/Trustees fees	4,324	21,542	30,420	27,779	3,566
Increase (Decrease) in payable to affiliates	(33)	(8,372)	(9,474)	18,508	(932)
Increase (Decrease) in accrued expenses	9,219	(25,735)	(1,134)	90,132	(4,326)
Total adjustments	(1,897,130)	99,543,479	82,817,944	(39,850,799)	16,319,238
Net cash provided by operating activities	\$ 4,691,199	\$ 119,693,141	\$ 106,374,973	\$ 10,628,483	\$ 24,607,524
Cash from financing activities:					
Capital contributions	48,307			251,427	
Increase (Decrease) in reverse repurchase agreements		(85,853,042)	(78,867,625)	43,989,269	(16,931,413)
Decrease in loan payable	(500,000)				
Cash dividends paid	(4,175,232)	(33,377,416)	(27,486,981)	(56,486,026)	(7,220,745)

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Net cash used for financing activities:	(4,626,925)	(119,230,458)	(106,354,606)	(12,245,330)	(24,152,158)
Net increase (decrease) in cash	64,274	462,683	20,367	(1,616,847)	455,366
Cash and foreign currency at beginning of year	97,957	78,105	88,034	1,777,603	67,525
Cash and foreign currency at end of year	\$ 162,231	\$ 540,788	\$ 108,401	\$ 160,756	\$ 522,891

STATEMENTS OF CHANGES IN NET ASSETS
For the years ended October 31, 2006 and 2005

	Broad Investment Grade 2009 Term Trust Inc. ¹ (BCT)		Core Bond Trust (BHK)	
	2006	2005	2006	2005
Increase (Decrease) in Net Assets				
Operations:				
Net investment income	\$ 1,918,798	\$ 2,365,140	\$ 17,700,447	\$ 20,946,361
Net realized gain (loss)	(493,395)	785,483	(8,285,073)	17,026,631
Net change in unrealized appreciation/depreciation	341,005	(3,333,736)	11,551,542	(26,925,832)
Net increase (decrease) in net assets resulting from operations	1,766,408	(183,113)	20,966,916	11,047,160
Dividends and Distributions:				
Net investment income	(4,191,834)	(3,053,790)	(25,048,230)	(27,245,732)
Net realized gains	(69,260)	(742,526)	(7,914,351)	(9,450,897)
Tax return of capital				
Total dividends and distributions	(4,261,094)	(3,796,316)	(32,962,581)	(36,696,629)
Capital Share Transactions:				
Reinvestment of common dividends				
Total increase (decrease)	(2,494,686)	(3,979,429)	(11,995,665)	(25,649,469)
Net Assets				
Beginning of year	43,276,004	47,255,433	385,513,789	411,163,258
End of year	\$ 40,781,318	\$ 43,276,004	\$ 373,518,124	\$ 385,513,789
End of year undistributed (distribution in excess of) net investment income	\$ 5,833,604	\$ 4,778,322	\$ (5,693,238)	\$ 515,459

¹ Consolidated Statement of Changes in Net Assets.

See Notes to Financial Statements.

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	High Yield Trust (BHY)		Income Opportunity Trust (BNA)		Income Trust Inc. (BKT)	
	2006	2005	2006	2005	2006	2005
Increase (Decrease) in Net Assets						
Operations:						
Net investment income	\$ 4,211,671	\$ 4,365,000	\$ 19,514,794	\$ 24,695,470	\$ 20,352,044	\$ 28,144,451
Net realized gain (loss)	(2,067,969)	863,475	(7,330,378)	14,315,363	1,937,674	(15,436,336)
Net change in unrealized appreciation/depreciation	4,444,627	(3,198,856)	7,965,246	(30,139,747)	1,267,311	(3,057,050)
Net increase (decrease) in net assets resulting from operations	6,588,329	2,029,619	20,149,662	8,871,086	23,557,029	9,651,065
Dividends and Distributions:						
Net investment income	(4,175,232)	(5,087,371)	(22,238,524)	(27,821,573)	(21,910,288)	(30,667,298)
Net realized gains			(8,976,694)	(9,614,909)		
Tax return of capital			(2,162,198)		(5,576,693)	(4,798,184)
Total dividends and distributions	(4,175,232)	(5,087,371)	(33,377,416)	(37,436,482)	(27,486,981)	(35,465,482)
Capital Share Transactions:						
Reinvestment of common dividends	48,307	67,545				1,569,925
Total increase (decrease)	2,461,404	(2,990,207)	(13,227,754)	(28,565,396)	(3,929,952)	(24,244,492)
Net Assets						
Beginning of year	47,923,833	50,914,040	398,078,053	426,643,449	418,390,124	442,634,616
End of year	\$ 50,385,237	\$ 47,923,833	\$ 384,850,299	\$ 398,078,053	\$ 414,460,172	\$ 418,390,124
End of year undistributed (distribution in excess of) net investment income	\$ 10,204	\$ (26,235)	\$ (900,730)	\$ 2,180,817	\$ (519,359)	\$ (595,003)

STATEMENTS OF CHANGES IN NET ASSETS (continued)
For the year ended October 31, 2006 and 2005

	Limited Duration Income Trust (BLW)		Strategic Bond Trust (BHD)	
	2006	2005	2006	2005
Increase (Decrease) in Net Assets				
Operations:				
Net investment income	\$ 49,596,055	\$ 53,638,295	\$ 6,965,538	\$ 7,734,392
Net realized loss	(1,589,905)	(2,199,531)	(759,640)	(324,159)
Net change in unrealized appreciation/depreciation	2,473,132	(32,007,565)	2,082,388	(7,608,367)
Net increase (decrease) in net assets resulting from operations	50,479,282	19,431,199	8,288,286	(198,134)
Dividends and Distributions:				
Dividends from net investment income	(55,725,066)	(49,020,501)	(6,969,104)	(7,935,935)
Net realized gains		(5,497,247)		
Tax return of capital	(760,960)		(251,641)	(1,898,203)
Total dividends and distributions	(56,486,026)	(54,517,748)	(7,220,745)	(9,834,138)
Capital Share Transactions:				
Reinvestment of common dividends	251,427	822,572		145,218
Total increase (decrease)	(5,755,317)	(34,263,977)	1,067,541	(9,887,054)
Net Assets				
Beginning of year	704,961,417	739,225,394	96,546,071	106,433,125
End of year	\$ 699,206,100	\$ 704,961,417	\$ 97,613,612	\$ 96,546,071
End of year undistributed (distribution in excess of) net investment income	\$ (36,700)	\$ 6,419,573	\$ (16,366)	\$ (12,800)

See Notes to Financial Statements.

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

	Year Ended October 31,				
	2006	2005	2004	2003	2002
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 14.63	\$ 15.98	\$ 16.02	\$ 17.33	\$ 16.05
Investment operations:					
Net investment income	0.65	0.80	0.61	1.28	2.01
Net realized and unrealized gain (loss)	(0.05)	(0.87)	0.25	(1.40)	0.04
Net increase (decrease) from investment operations	0.60	(0.07)	0.86	(0.12)	2.05
Dividends and distributions from:					
Net investment income	(1.42)	(1.03)	(0.90)	(1.19)	(0.77)
Net realized gains	(0.02)	(0.25)			
Total dividends and distributions	(1.44)	(1.28)	(0.90)	(1.19)	(0.77)
Net asset value, end of year	\$ 13.79	\$ 14.63	\$ 15.98	\$ 16.02	\$ 17.33
Market price, end of year	\$ 15.08	\$ 15.86	\$ 15.80	\$ 15.85	\$ 16.18
TOTAL INVESTMENT RETURN¹	4.44%	8.74%	5.45%	5.32%	18.34%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	1.14%	2.37%	2.48%	2.43%	2.50%
Net expenses	1.14%	2.37%	2.48%	2.43%	2.50%
Net expenses excluding interest expense	1.14%	1.19%	1.11%	1.18%	1.16%
Net investment income	4.50%	5.23%	3.83%	7.54%	12.22%
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 42,625	\$ 45,264	\$ 47,191	\$ 49,882	\$ 48,731
Portfolio turnover	8%	116%	20%	39%	35%
Net assets, end of year (000)	\$ 40,781	\$ 43,276	\$ 47,255	\$ 47,381	\$ 51,244
Reverse repurchase agreements outstanding, end of year (000)	\$	\$	\$ 19,263	\$ 19,953	\$ 23,669
Asset coverage, end of year ²	\$	\$	\$ 3,453	\$ 3,375	\$ 3,165
Reverse repurchase agreements average daily balance (000)	\$	\$ 7,865	\$ 22,055	\$ 19,409	\$ 18,388
Reverse repurchase agreements weighted average interest rate		% 2.32%	1.20%	1.21%	1.82%

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

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

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

See Notes to Financial Statements.

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

	Year Ended October 31,				For the period November 30, 2001 ¹ through October 31, 2002
	2006	2005	2004	2003	
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 14.27	\$ 15.22	\$ 14.75	\$ 14.33	\$ 14.33 ₂
Investment operations:					
Net investment income	0.66	0.78	0.92	0.83	0.99
Net realized and unrealized gain (loss)	0.11	(0.37)	0.66	0.77	0.04
Net increase from investment operations	0.77	0.41	1.58	1.60	1.03
Dividends and distributions from:					
Net investment income	(0.93)	(1.01)	(0.86)	(1.00)	(1.00)
Net realized gains	(0.29)	(0.35)	(0.25)	(0.18)	
Total dividends and distributions	(1.22)	(1.36)	(1.11)	(1.18)	(1.00)
Capital charges with respect to issuance of shares					(0.03)
Net asset value, end of year	\$ 13.82	\$ 14.27	\$ 15.22	\$ 14.75	\$ 14.33
Market price, end of year	\$ 12.86	\$ 13.69	\$ 14.02	\$ 13.57	\$ 13.82
TOTAL INVESTMENT RETURN³	3.07%	7.46%	11.93%	6.62%	(1.02)%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	1.08%	1.50%	1.32%	1.05%	1.04% ⁴
Net expenses	1.08%	1.50%	1.32%	1.05%	1.04% ⁴
Net expenses excluding interest expense	0.77%	0.85%	0.92%	0.87%	0.93% ⁴
Net investment income	4.78%	5.20%	6.20%	5.58%	7.67% ⁴
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 370,219	\$ 402,783	\$ 401,212	\$ 401,049	\$ 380,277
Portfolio turnover	88%	220%	398%	161%	73%
Net assets, end of year (000)	\$ 373,518	\$ 385,514	\$ 411,163	\$ 398,540	\$ 387,238
Reverse repurchase agreements outstanding, end of year (000)	\$ 3,911	\$ 86,876	\$ 102,474	\$ 91,668	\$ 165,215
Asset coverage, end of year ⁵	\$ 96,502	\$ 5,438	\$ 5,012	\$ 5,348	\$ 3,342
Reverse repurchase agreements average daily balance (000)	\$ 25,340	\$ 91,130	\$ 145,094	\$ 67,591	\$ 35,207
Reverse repurchase agreements weighted average interest rate	4.54%	2.86%	1.11%	1.05%	1.04%

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

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

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³ Total investment return is calculated assuming a purchase of a common 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 in the above Financial Highlights represents the audited operating performance for a common share outstanding, total investment returns, ratios to average net assets and other supplemental data for each period indicated. This information has been determined based upon financial information provided in the financial statements and market price data for the Trust's shares.

See Notes to Financial Statements.

FINANCIAL HIGHLIGHTS**BlackRock High Yield Trust (BHY)**

	Year Ended October 31,				
	2006	2005	2004	2003	2002
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 7.48	\$ 7.95	\$ 6.96	\$ 6.13	\$ 7.20
Investment operations:					
Net investment income	0.66	0.68	0.92	1.06	1.20
Net realized and unrealized gain (loss)	0.36	(0.36)	1.02	0.89	(0.98)
Net increase from investment operations	1.02	0.32	1.94	1.95	0.22
Dividends and distributions from:					
Net investment income	(0.65)	(0.79)	(0.92)	(1.07)	(1.20)
Tax return of capital			(0.03)	(0.05)	(0.09)
Total dividends and distributions	(0.65)	(0.79)	(0.95)	(1.12)	(1.29)
Net asset value, end of year	\$ 7.85	\$ 7.48	\$ 7.95	\$ 6.96	\$ 6.13
Market price, end of year	\$ 7.77	\$ 7.36	\$ 9.30	\$ 10.25	\$ 8.68
TOTAL INVESTMENT RETURN¹	14.93%	(13.49)%	0.28%	32.87%	7.97%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	4.50%	3.52%	2.69%	3.07%	3.45%
Net expenses	4.49%	3.51%	2.68%	3.07%	3.45%
Net expenses excluding interest expense	2.19%	2.10%	1.96%	2.22%	2.20%
Net investment income	8.74%	8.71%	12.16%	16.37%	16.29%
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 48,176	\$ 50,104	\$ 48,186	\$ 41,326	\$ 46,751
Portfolio turnover	85%	102%	156%	30%	147%
Net assets, end of year (000)	\$ 50,385	\$ 47,924	\$ 50,914	\$ 44,438	\$ 38,953
Loan outstanding, end of year (000)	\$ 20,250	\$ 20,750	\$ 19,250	\$ 19,250	\$ 19,250
Asset coverage, end of year ²	\$ 3,488	\$ 3,310	\$ 3,645	\$ 3,308	\$ 3,024
Loan average daily balance (000)	\$ 20,621	\$ 20,425	\$ 19,250	\$ 19,250	\$ 22,664
Loan weighted average interest rate	4.75%	2.87%	1.80%	1.96%	2.65%

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

² Per \$1,000 of loan outstanding.

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

See Notes to Financial Statements.

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

	Year Ended October 31,				
	2006	2005	2004	2003	2002
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 11.56	\$ 12.38	\$ 11.93	\$ 11.83	\$ 11.47
Investment operations:					
Net investment income	0.57	0.72	0.76	0.84	1.15
Net realized and unrealized gain (loss)	0.01	(0.45)	0.53	0.31	(0.05)
Net increase from investment operations	0.58	0.27	1.29	1.15	1.10
Dividends and distributions from:					
Net investment income	(0.65)	(0.81)	(0.84)	(0.81)	(0.75)
Net realized gains	(0.26)	(0.28)		(0.24)	
Tax return of capital	(0.06)				
Total dividends and distributions	(0.97)	(1.09)	(0.84)	(1.05)	(0.75)
Increase resulting from Trust shares repurchased					0.01
Net asset value, end of year	\$ 11.17	\$ 11.56	\$ 12.38	\$ 11.93	\$ 11.83
Market price, end of year	\$ 10.58	\$ 10.90	\$ 11.38	\$ 10.95	\$ 10.50
TOTAL INVESTMENT RETURN¹	6.27%	5.53%	12.04%	14.71%	8.44%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	1.61%	1.72%	1.11%	1.29%	1.40%
Net expenses	1.61%	1.72%	1.11%	1.29%	1.40%
Net expenses excluding interest expense	0.89%	0.87%	0.84%	0.89%	0.93%
Net investment income	5.11%	5.97%	6.29%	6.99%	10.04%
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 381,726	\$ 413,777	\$ 415,131	\$ 413,543	\$ 394,495
Portfolio turnover	131%	396%	300%	46%	153%
Net assets, end of year (000)	\$ 384,850	\$ 398,078	\$ 426,643	\$ 410,981	\$ 407,480
Reverse repurchase agreements outstanding, end of year (000)	\$ 34,326	\$ 120,179	\$ 94,644	\$ 103,378	\$ 85,704
Asset coverage, end of year ²	\$ 12,212	\$ 4,312	\$ 5,508	\$ 4,976	\$ 5,755
Reverse repurchase agreements average daily balance (000)	\$ 59,691	\$ 122,457	\$ 97,264	\$ 136,172	\$ 36,153
Reverse repurchase agreements weighted average interest rate	4.59%	2.87%	1.14%	1.22%	1.93%

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

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

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

See Notes to Financial Statements.

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

	Year Ended October 31,				
	2006	2005	2004	2003	2002
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 6.54	\$ 6.95	\$ 7.21	\$ 8.13	\$ 8.06
Investment operations:					
Net investment income	0.32	0.44	0.51	0.61	0.99
Net realized and unrealized gain (loss)	0.05	(0.30)	(0.16)	(0.52)	(0.35)
Net increase from investment operations	0.37	0.14	0.35	0.09	0.64
Dividends and distributions from:					
Net investment income	(0.34)	(0.48)	(0.61)	(1.01)	(0.57)
Tax return of capital	(0.09)	(0.07)			
Total dividends and distributions	(0.43)	(0.55)	(0.61)	(1.01)	(0.57)
Net asset value, end of year	\$ 6.48	\$ 6.54	\$ 6.95	\$ 7.21	\$ 8.13
Market price, end of year	\$ 6.07	\$ 5.90	\$ 7.50	\$ 7.71	\$ 8.07
TOTAL INVESTMENT RETURN¹	10.18%	(14.63)%	5.97%	15.41%	15.35%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	2.12%	2.80%	1.37%	1.36%	2.05%
Net expenses	2.11%	2.79%	1.37%	1.36%	2.05%
Net expenses excluding interest expense	1.00%	0.99%	0.97%	1.02%	1.03%
Net investment income	4.92%	6.54%	7.13%	8.18%	12.28%
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 413,597	\$ 430,035	\$ 447,984	\$ 472,676	\$ 506,533
Portfolio turnover	80%	60%	120%	64%	125%
Net assets, end of year (000)	\$ 414,460	\$ 418,390	\$ 442,635	\$ 457,301	\$ 511,385
Reverse repurchase agreements outstanding, end of year (000)	\$ 70,691	\$ 149,558	\$ 223,736	\$ 121,767	\$ 205,792
Asset coverage, end of year ²	\$ 6,863	\$ 3,798	\$ 2,978	\$ 4,756	\$ 3,485
Reverse repurchase agreements average daily balance (000)	\$ 104,393	\$ 180,553	\$ 158,278	\$ 135,804	\$ 173,501
Reverse repurchase agreements weighted average interest rate	4.54%	2.81%	1.12%	1.17%	1.81%

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

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

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See Notes to Financial Statements.

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

	Year Ended October 31,			For the period July 30, 2003 ¹ through October 31, 2003
	2006	2005	2004	
PER SHARE OPERATING PERFORMANCE:				
Net asset value, beginning of year	\$ 19.17	\$ 20.13	\$ 19.74	\$ 19.10 ₂
Investment operations:				
Net investment income	1.35	1.46	1.46	0.33
Net realized and unrealized gain (loss)	0.03	(0.94)	0.43	0.60
Net increase from investment operations	1.38	0.52	1.89	0.93
Dividends and distributions from:				
Net investment income	(1.52)	(1.33)	(1.49)	(0.25)
Net realized gains		(0.15)	(0.01)	
Tax return of capital	(0.02)			
Total dividends and distributions	(1.54)	(1.48)	(1.50)	(0.25)
Capital charges with respect to issuance of shares				(0.04)
Net asset value, end of year	\$ 19.01	\$ 19.17	\$ 20.13	\$ 19.74
Market price, end of year	\$ 18.85	\$ 17.48	\$ 19.95	\$ 18.80
TOTAL INVESTMENT RETURN³	17.31%	(5.30)%	14.64%	(4.77)%
RATIOS TO AVERAGE NET ASSETS:				
Total expenses	2.20%	1.71%	1.26%	0.82% ⁴
Net expenses	2.19%	1.71%	1.25%	0.82% ⁴
Net expenses excluding interest expense	0.91%	0.92%	0.90%	0.79% ⁴
Net investment income	7.10%	7.42%	7.34%	6.87% ⁴
SUPPLEMENTAL DATA:				
Average net assets (000)	\$ 698,382	\$ 722,668	\$ 730,369	\$ 686,655
Portfolio turnover	132%	70%	215%	127%
Net assets, end of year (000)	\$ 699,206	\$ 704,961	\$ 739,225	\$ 724,747
Reverse repurchase agreements outstanding, end of year (000)	\$ 220,000	\$ 176,010	\$ 159,416	\$ 118,993
Asset coverage, end of year ⁵	\$ 4,178	\$ 5,005	\$ 5,637	\$ 7,091
Reverse repurchase agreements average daily balance (000)	\$ 179,366	\$ 186,660	\$ 195,845	\$ 26,591
Reverse repurchase agreements weighted average interest rate	4.96%	3.08%	1.32%	0.76%

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

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

³ Total investment return is calculated assuming a purchase of a common 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.

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⁴ Annualized.

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

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See Notes to Financial Statements.

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

	Year Ended October 31,				For the period
	2006	2005	2004	2003	February 28, 2002 ¹ through October 31, 2002
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of year	\$ 13.68	\$ 15.10	\$ 15.07	\$ 12.63	\$ 14.33 ₂
Investment operations:					
Net investment income	0.99	1.10	1.39	1.59	0.98
Net realized and unrealized gain (loss)	0.18	(1.13)	0.25	2.34	(1.77)
Net increase (decrease) from investment operations	1.17	(0.03)	1.64	3.93	(0.79)
Dividends and distributions from:					
Net investment income	(0.98)	(1.12)	(1.61)	(1.49)	(0.84)
Tax return of capital	(0.04)	(0.27)			
Total dividends and distributions	(1.02)	(1.39)	(1.61)	(1.49)	(0.84)
Capital charges with respect to issuance of shares					(0.07)
Net asset value, end of year	\$ 13.83	\$ 13.68	\$ 15.10	\$ 15.07	\$ 12.63
Market price, end of year	\$ 12.85	\$ 12.45	\$ 16.70	\$ 15.27	\$ 12.35
TOTAL INVESTMENT RETURN³	11.87%	(18.11)%	21.54%	37.36%	(12.34)%
RATIOS TO AVERAGE NET ASSETS:					
Total expenses	2.25%	2.14%	1.49%	2.01%	2.57% ⁴
Net expenses	2.00%	1.87%	1.23%	1.71%	2.26% ⁴
Net expenses excluding interest expense	0.94%	0.92%	0.89%	1.01%	1.25% ⁴
Net investment income	7.26%	7.58%	9.23%	11.32%	10.68% ⁴
SUPPLEMENTAL DATA:					
Average net assets (000)	\$ 96,003	\$ 101,990	\$ 106,330	\$ 98,498	\$ 95,675
Portfolio turnover	56%	51%	31%	32%	22%
Net assets, end of year (000)	\$ 97,614	\$ 96,546	\$ 106,433	\$ 106,045	\$ 88,594
Reverse repurchase agreements outstanding, end of year (000)	\$ 14,951	\$ 31,883	\$ 13,188	\$ 45,872	\$ 44,223
Asset coverage, end of year ⁵	\$ 7,529	\$ 4,028	\$ 9,071	\$ 3,312	\$ 3,003
Reverse repurchase agreements average daily balance (000)	\$ 21,104	\$ 30,406	\$ 27,562	\$ 46,036	\$ 44,889
Reverse repurchase agreements weighted average interest rate	4.81%	3.20%	1.33%	1.51%	1.45%

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

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

³

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Total investment return is calculated assuming a purchase of a common 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.

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See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization & Accounting Policies

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

On December 3, 1999, Broad Investment Grade transferred a substantial portion of its total assets to a 100% owned registered 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.

On September 29, 2006, BlackRock, Inc., the parent of BlackRock Advisors, LLC (formerly BlackRock Advisors, Inc.), and Merrill Lynch & Co., Inc. (Merrill Lynch) combined Merrill Lynch's investment management business, Merrill Lynch Investment Managers (MLIM), with BlackRock, Inc. to create a new independent company. Merrill Lynch has a 49.8% economic interest and a 45% voting interest in the combined company and The PNC Financial Services Group, Inc. (PNC), has approximately a 34% economic and voting interest. The new company operates under the BlackRock name and is governed by a board of directors with a majority of independent members.

Under the Trusts' organizational documents, their officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trusts. In addition, in the normal course of business, the Trusts enter into contracts with their vendors and others that provide for general indemnifications. The Trusts' maximum exposure under these arrangements are unknown as this would involve future claims that may be made against the Trusts. However, based on experience, the Trusts consider the risk of loss from such claims to be remote.

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

Investment Valuation: The Trusts value most of their investments on the basis of current market quotations provided by dealers or pricing services selected under the supervision of each Trust's Board (the Board) of Directors/Trustees (the Trustees). In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, market transactions in comparable investments, various relationships observed in the market between investments, and calculated yield measures based on valuation technology commonly employed in the market for such investments. Exchange-traded options are valued at their last sales price as of the close of options trading on applicable exchanges. In the absence of a last sale, options are valued at the average of the quoted bid and asked prices as of the close of business. Swap quotations are provided by dealers selected under supervision of the Board. 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. Investments or other assets for which such current market quotations are not readily available are valued at fair value (Fair Value Assets) as determined in good faith under procedures established by, and under the general supervision and responsibility of, each Trust's Board. The investment advisor and/or sub-advisor will submit its recommendations regarding the valuation and/or valuation methodologies for Fair Value Assets to a valuation committee. The valuation committee may accept, modify or reject any recommendations. The pricing of all Fair Value Assets shall be subsequently reported to the Board.

When determining the price for a Fair Value Asset, the investment advisor and/or sub-advisor shall seek to determine the price that the Trust might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that BlackRock Advisors deems relevant.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157) which is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the implications of FAS 157. At this time, its impact on the Trusts' financial statements has not been determined.

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

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Each Trust may from time to time purchase in the secondary market certain mortgage pass-through securities packaged or master serviced by affiliates or mortgage-related securities containing loans or mortgages originated by Merrill Lynch, PNC Bank or their affiliates, each of which may be presumed to be an affiliate of BlackRock Advisors, LLC. It is possible, under certain circumstances, that Merrill Lynch's Global Markets and Investment Banking Group, PNC Mortgage Securities Corp. or their affiliates, could have interests that are in conflict with the holders of these mortgage-backed securities, and such holders could have rights against Merrill Lynch's Global Markets and Investment Banking Group, PNC Mortgage Securities Corp. or their affiliates.

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 expense paid by the Trusts 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,

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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.

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

Loan Payable: High Yield has a \$32 million committed credit facility (the facility). Under the terms of the facility, the Trust borrows at the London Interbank Offered Rate (LIBOR) plus facility and administrative fees. In addition, the Trust pays a liquidity fee on the unused portion of the facility. The Trust may borrow up to 331/3% of its total assets up to the committed amount. In accordance with the terms of the facility, the Trust has pledged its portfolio assets as collateral for the borrowing.

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

A Trust may invest in multiple series or tranches of an issuer. A different series or tranche may have varying terms and carry different associated risks.

Option Writing/Purchasing: When a Trust writes or purchases an option, an amount equal to the premium received or paid by the Trust is recorded as 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 cost of the purchase or the proceeds from the sale in determining whether a Trust has realized a gain or a loss on investment transactions. A Trust, as writer of an option, may have no control over whether the underlying securities may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the security underlying the written option.

Option writing and purchasing may be used by the Trusts as an attempt to manage the duration of positions, or collections of positions, so that changes in interest rates do not adversely affect the targeted duration of the portfolio unexpectedly. 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.

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

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

Inverse Floating Rate Securities: The Trusts may invest in inverse floating rate securities that pay interest at a rate that varies inversely with interest rates. As interest rates rise, inverse floating rates decline. The market value of such securities is more volatile than comparable fixed rate securities.

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

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

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

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

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

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

Interest Rate Swaps: 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 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 cost of the purchase or the proceeds from the sale in determining whether a Trust has realized a gain or loss on investment transactions.

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

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

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

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

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

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

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

Interest rate floors are used by the Trusts to both manage the duration of the portfolios and their exposure to changes in short-term interest rates. Selling interest rate floors reduces a portfolio's duration, making it less sensitive to changes in interest rates from a market value

perspective. The Trusts' leverage provides extra income in a period of falling rates. Selling floors reduces some of that extra income by partially monetizing it as an up front payment which the Trusts receive.

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

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

Financial Futures Contracts: A futures contract is an agreement between two parties to buy and sell a financial instrument for a set price on a future date. Initial margin deposits are made upon entering into futures contracts and can be either cash or securities. During the period the futures contract is open, changes in the value of the contract are recognized as unrealized gains or losses by marking-to-market on a daily

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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 attempt to manage the duration of positions so that changes in interest rates do not change the duration of the portfolio unexpectedly.

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

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

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

- (i) market value of investment securities, assets and liabilities at the current rate 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 includes realized foreign exchange gains and losses from sales and maturities of foreign portfolio securities, 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 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, which would be included in interest expense in the Statement of Operations. A gain, limited to the price at which a Trust sold the security short, or a loss, unlimited as to dollar amount, will be recognized upon the termination of a short sale if the market price is greater or less than the proceeds originally received.

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

Segregation: In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission (the Commission) require that each Trust segregate assets in connection with certain investments (e.g., when issued securities, reverse repurchase agreements, swaps or futures contracts), each Trust will, consistent with certain interpretive letters issued by the Commission, 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 intention to continue to be treated as a regulated investment company under the Internal Revenue Code and to distribute sufficient amounts of their taxable income to shareholders. Therefore, no federal income tax provisions have been recorded. As part of a tax planning strategy, Broad Investment Grade has retained a portion of its taxable income and will pay excise tax on the undistributed amounts.

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 (FIN 48) Accounting for Uncertainty in Income Taxes. FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing the Trusts' tax returns to deter-

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mine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be booked as a tax expense in the current year and recognized as: a liability for unrecognized tax benefits; a reduction of an income tax refund receivable; a reduction of deferred tax asset; an increase in deferred tax liability; or a combination thereof. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006. At this time, management is evaluating the implications of FIN 48 and its impact on the financial statements has not yet been determined.

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, if necessary, other sources. Net long-term capital gains, if any, in excess of loss carryforwards may be distributed in accordance with the 1940 Act. Dividends and distributions are recorded on the ex-dividend date. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities including investment and swap valuations 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 and such differences may be material.

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Trust's Board, non-interested Trustees (Independent Trustees) are required to defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of the other BlackRock Closed-End Funds selected by the Independent Trustees. These amounts are shown on the Statement of Assets and Liabilities as Affiliated Investments . This has the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts in such Trusts.

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

Other: Expenses that are directly related to one of the Trusts are charged directly to that Trust. Other operating expenses are generally prorated to the Trusts on the basis of relative net assets of all the BlackRock Closed-End Funds.

Note 2. Agreements and Other Transactions with Affiliates and Related Parties

Each Trust has an Investment Management Agreement with BlackRock Advisors, LLC (the Advisor), which is a wholly owned subsidiary of BlackRock, Inc. BlackRock Financial Management, Inc. (BFM), a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to Core Bond, Limited Duration and Strategic Bond. BlackRock, Inc. may be presumed to be an affiliate of Merrill Lynch & Co., Inc. and The PNC Financial Services Group, Inc.

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

Each Trust's investment advisory fee paid to the Advisor is computed weekly and payable monthly based on an annual rate, 0.55% for Broad Investment Grade, 0.60% for Income Opportunity and 0.65% for Income Trust, of each Trust's average net assets and 0.55% for Core Bond and Limited Duration, 1.05% for High Yield and 0.75% for Strategic Bond, of each Trust's average weekly managed assets. Net assets means the total assets of the Trust minus the sum of accrued liabilities. Managed assets means the total assets of a Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). The Advisor has voluntarily agreed to waive a portion of the investment advisory fees or other expenses on Strategic Bond as a percentage of its average weekly managed assets as follows: 0.20% for the first five years of the Trust's operations from 2002 through 2007, 0.15% in 2008, 0.10% in 2009 and 0.05% in 2010.

The Advisor pays BFM fees for its sub-advisory services.

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

Pursuant to the Investment Management and Administration Agreements, the Advisor provides continuous supervision of the investment portfolio and pays the compensation of officers of each Trust who are affiliated persons of the Advisor, as well as occupancy and certain clerical

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and accounting costs of each Trust. Each Trust bears all other costs and expenses, which include reimbursements to the Advisor for cost of employees that provide pricing, secondary market support and compliance services provided to each Trust. For the year ended October 31, 2006, the Trusts reimbursed the Advisor the following amounts, which are included in miscellaneous expenses in the Statement of Operations:

Trust	Amount
Broad Investment Grade	\$ 3,650
Core Bond	24,820
High Yield	2,500
Income Opportunity	25,652

Trust	Amount
Income Trust	\$ 31,087
Limited Duration	91,820
Strategic Bond	6,198

Pursuant to the terms of their custody agreements, each Trust may receive earnings credits from its custodian for positive cash balances maintained, which are used to offset custody fees. These credits are shown on the Statements of Operations as fees paid indirectly.

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During the year ended October 31, 2006, Merrill Lynch & Co., Inc., through its affiliated broker dealer Merrill Lynch, Pierce, Fenner & Smith, Inc., earned commissions on transactions of securities as follows:

Trust	Commission Amount
Core Bond	\$ 51,942
Income Opportunity	60,362
Income Trust	30,922

Investments in companies considered to be an affiliate of the Trusts, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

Trust	Portfolio Company	Beginning Principal Amount	Purchases	Sales	Ending Principal Amount	Net Realized Loss	Dividend/ Interest Income	Market Value of Affiliates at October 31, 2006
Core Bond	Merrill Lynch Mortgage Investors, Inc., Ser. HE2, Class A2A	\$	\$2,925,000	\$1,415,452	\$1,509,548	\$	\$ 99,517	\$1,509,838
Income Opportunity	Merrill Lynch Mortgage Investors, Inc., Ser. HE2, Class A2A		3,200,000	1,548,529	1,651,471		109,155	1,651,789
	Merrill Projects, Ser. 29	157,733		5,408	152,325		11,480	153,837
	Merrill Projects, Ser. 42	230,458		179,060	51,398		4,823	51,939
Income Trust	Merrill Lynch Mortgage Investors, Inc., Ser. C2	2,055,258		2,055,258		(59,731)		
	Merrill Projects, Ser. 54	52,851		1,601	51,250		3,855	51,795

Note 3. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, dollar rolls and U.S. government securities, for the year ended October 31, 2006 were as follows:

Trust	Purchases	Sales	Trust	Purchases	Sales
Broad Investment Grade	\$ 3,161,603	\$ 8,767,520	Income Trust	\$ 171,866,685	\$ 433,349,706
Core Bond	233,060,016	208,830,241	Limited Duration	1,405,244,885	1,337,948,590
High Yield	55,870,951	56,576,912	Strategic Bond	57,922,011	74,222,016
Income Opportunity	476,873,405	427,093,810			

Purchases and sales of U.S. government securities for the year ended October 31, 2006, aggregated as follows:

Trust	Purchases	Sales	Trust	Purchases	Sales
Broad Investment Grade	\$	\$ 11,700,000	Income Trust	\$ 258,366,922	\$ 69,184,243
Core Bond	135,017,135	268,311,645	Strategic Bond	6,854,302	7,315,759
Income Opportunity	148,497,169	299,648,887			

Details of open foreign currency exchange contracts at October 31, 2006 were as follows:

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Trust	Foreign Currency	Settlement Date	Contract to Purchase / Receive	Value at Settlement Date	Value at October 31, 2006	Unrealized Appreciation (Depreciation)
Core Bond	Bought:					
	Euro	1/10/07	\$ 3,983,300	\$ 5,042,698	\$ 5,102,113	\$ 59,415
	Sold:					
	Euro	1/10/07	4,190,867	5,392,053	5,367,981	24,072
						\$ 83,487
Limited Duration	Sold:					
	Euro	1/10/07	16,753,550	21,523,286	21,474,717	\$ 48,569
	Euro	1/10/07	500,000	633,187	640,900	(7,713)
	British Pounds	1/10/07	5,963,875	11,309,271	11,387,107	(77,836)
						\$ (36,980)

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Income Trust held interest rate floors at October 31, 2006. Under the agreement, Income Trust pays the excess, if any, of a fixed rate over a floating rate. Income Trust received transaction fees for the floors. Transaction fees are amortized through the termination of the agreement. Details of the interest rate floors held at October 31, 2006 were as follows:

Notional Amount (000)	Variable Rate	Counter Party	Floating Rate	Termination Date	Amortized Cost	Value at October 31, 2006	Unrealized Appreciation
\$ 185,000	4.80%	Goldman Sachs	3-month LIBOR	3/25/11	\$ (2,075,000)	\$ (1,196,567)	\$ 878,433
146,000	4.95	JP Morgan	3-month LIBOR	3/25/11	(1,609,164)	(698,289)	910,875
					\$ (3,684,164)	\$ (1,894,856)	\$ 1,789,308

Details of open interest rate swaps at October 31, 2006 were as follows:

Trust	Notional Amount (000)	Fixed Rate	Counter Party	Floating Rate	Termination Date	Unrealized Appreciation (Depreciation)
Core Bond	5,600	4.415%(a)	Union Bank of Switzerland	3-month LIBOR	09/27/08	\$ (75,880)
	41,200	4.510(b)	CitiBank	3-month LIBOR	10/29/14	1,571,998
	50,000	3.000(b)	Union Bank of Switzerland	3-month LIBOR	04/16/07	596,890
	14,100	4.305(a)	Morgan Stanley	3-month LIBOR	06/17/10	(200,178)
	20,000	4.458(b)	Morgan Stanley	3-month LIBOR	04/18/10	(361,070)
	2,800	4.500(b)	JP Morgan	3-month LIBOR	05/26/15	88,722
	4,800	4.372(a)	Union Bank of Switzerland	3-month LIBOR	06/30/15	(202,080)
	6,200	4.725(a)	Morgan Stanley	3-month LIBOR	08/02/15	(180,335)
	7,200	5.160(a)	Deutsche Bank	3-month LIBOR	09/12/09	19,896
	4,600	5.000(a)	Deutsche Bank	3-month LIBOR	11/07/10	44,909
	5,000	4.870(a)	Goldman Sachs	3-month LIBOR	01/25/16	(30,767)
	4,800	5.723(a)	JP Morgan	3-month LIBOR	07/14/16	285,761
	25,100	5.496(a)	Bank of America	3-month LIBOR	07/28/11	837,085
	8,900	5.410(a)	Deutsche Bank	3-month LIBOR	08/15/08	41,133
						\$ 2,436,084
Income Opportunity Trust	7,800	4.415%(a)	Union Bank of Switzerland	3-month LIBOR	09/27/08	\$ (105,690)
	50,000	3.000(b)	Union Bank of Switzerland	3-month LIBOR	04/16/07	596,890
	27,500	4.399(b)	Deutsche Bank	3-month LIBOR	10/25/14	1,267,076
	13,800	4.510(b)	CitiBank	3-month LIBOR	10/29/14	526,543
	13,300	4.305(a)	Morgan Stanley	3-month LIBOR	06/17/10	(188,820)
	10,000	4.458(b)	Morgan Stanley	3-month LIBOR	04/18/10	(180,535)
	3,000	4.500(b)	JP Morgan	3-month LIBOR	05/26/15	95,060
	5,200	4.372(a)	Union Bank of Switzerland	3-month LIBOR	06/30/15	(218,920)
	9,600	5.410(a)	Deutsche Bank	3-month LIBOR	08/15/08	44,368
	8,000	4.670(a)	Goldman Sachs	3-month LIBOR	09/20/15	(257,895)
	5,000	5.000(a)	Deutsche Bank	3-month LIBOR	11/07/10	48,815
	5,200	5.723(a)	JP Morgan	3-month LIBOR	07/14/16	309,574
	27,900	5.496(a)	Bank of America	3-month LIBOR	07/28/11	930,465
	6,600	5.160(a)	Deutsche Bank	3-month LIBOR	09/12/09	18,238
	25,000	5.011(a)	Lehman Brothers	3-month LIBOR	10/10/10	(77,493)
					\$ 2,807,676	
Income Trust	11,000	4.415%(a)	Union Bank of Switzerland	3-month LIBOR	09/27/08	\$ (149,050)
	2,800	5.940(a)	Union Bank of Switzerland	3-month LIBOR	12/07/15	207,312
	50,000	3.000(b)	Union Bank of Switzerland	3-month LIBOR	04/16/07	596,890
	19,000	4.889(b)	Goldman Sachs	3-month LIBOR	04/22/14	231,918
	12,500	4.399(b)	Deutsche Bank	3-month LIBOR	10/25/14	575,944
25,000	4.883(a)	Union Bank of Switzerland	3-month LIBOR	03/21/15	(411,500)	

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16,000	4.925 ^(b)	Deutsche Bank	3-month LIBOR	03/22/15	210,693
3,000	4.500 ^(b)	JP Morgan	3-month LIBOR	05/26/15	95,059
4,500	4.442 ^(a)	Morgan Stanley	3-month LIBOR	07/11/15	(161,389)
12,000	4.320 ^(a)	Union Bank of Switzerland	3-month LIBOR	09/08/10	(319,000)
5,500	4.870 ^(a)	Goldman Sachs	3-month LIBOR	01/25/16	(33,844)
5,400	5.723 ^(a)	JP Morgan	3-month LIBOR	07/14/16	321,481
9,300	5.410 ^(a)	Deutsche Bank	3-month LIBOR	08/15/08	42,982
40,000	5.011 ^(a)	Lehman Brothers	3-month LIBOR	10/10/10	(123,988)
					<u>\$ 1,083,508</u>

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

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

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The terms of the open credit default swap agreements at October 31, 2006 were to receive the quarterly notional amount multiplied by the fixed rate and pay the counterparty, upon default event of Dow Jones CDX, the par value of the notional amount of Dow Jones CDX. Details of open credit default swaps at October 31, 2006 were as follows:

Trust	Notional Amount (000)	Fixed Rate	Counter Party	Termination Date	Unrealized Depreciation
Core Bond	6,000	0.650%	Barclays Bank	6/20/16	\$ 17,794
	13,130	0.075	Deutsche Bank	6/20/11	27,133
					<u>\$ 44,927</u>
Income Opportunity Trust	6,750	0.650%	Barclays Bank	6/20/16	\$ 20,018
	14,495	0.075	Deutsche Bank	6/20/11	29,954
					<u>\$ 49,972</u>

Transaction in options written during the year ended October 31, 2006 were as follows:

Trust	Calls		Puts	
	Contracts/ Notional Amount	Premium Received	Contracts/ Notional Amount	Premium Received
Core Bond				
Options outstanding at October 31, 2005	\$ 16,800,035	\$ 841,809	\$ 43,400,035	\$ 1,874,944
Options written	4,500,069	202,007	91,700,106	248,033
Options expired	(69)	(33,369)	(37)	(15,553)
Options closed	(35)	(19,100)	(67)	(39,140)
Options outstanding at October 31, 2006	<u>\$ 21,300,000</u>	<u>\$ 991,347</u>	<u>\$ 135,100,037</u>	<u>\$ 2,068,284</u>
Income Opportunity Trust				
Options outstanding at October 31, 2005	\$ 18,100,038	\$ 907,168	\$ 46,500,038	\$ 2,010,230
Options written	5,300,074	234,520	101,700,115	285,355
Options expired	(74)	(35,902)	(39)	(16,298)
Options closed	(38)	(20,717)	(73)	(42,733)
Options outstanding at October 31, 2006	<u>\$ 23,400,000</u>	<u>\$ 1,085,069</u>	<u>\$ 148,200,041</u>	<u>\$ 2,236,554</u>
Income Trust				
Options outstanding at October 31, 2005	\$ 18,100,000	\$ 886,450	\$ 46,300,000	\$ 1,982,018
Options written	5,400,074	238,267	103,800,074	280,317
Options expired	(74)	(35,902)	(39)	(16,297)
Options closed			(35)	(22,293)
Options outstanding at October 31, 2006	<u>\$ 23,500,000</u>	<u>\$ 1,088,815</u>	<u>\$ 150,100,000</u>	<u>\$ 2,223,745</u>

Note 4. Borrowings

Details of open reverse repurchase agreements at October 31, 2006 were as follows (please see Corresponding Underlying Collateral Chart):

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<u>Trust/Counter Party</u>	<u>Rate</u>	<u>Trade Date</u>	<u>Maturity Date</u>	<u>Net Closing Amount</u>	<u>Par</u>
Core Bond					
Credit Suisse First Boston LLC	5.320%	10/24/06	11/13/06	\$ 203,821	\$ 203,250
Lehman Brothers	5.300	10/04/06	11/03/06	2,247,392	2,237,838
	5.280	10/11/06	11/03/06	1,474,743	1,470,000
					\$ 3,707,838
Income Opportunity					
Credit Suisse First Boston LLC	5.300	10/02/06	11/02/06	1,400,910	1,394,750
	5.320	10/24/06	11/13/06	1,528,655	2,497,500
					\$ 3,892,250
Lehman Brothers	5.300	10/04/06	11/03/06	2,486,226	2,475,656
	5.270	10/12/06	11/13/06	3,166,608	3,151,844
	5.290	10/12/06	11/14/06	24,926,699	24,806,408
					\$ 30,433,908
Income Trust					
Credit Suisse First Boston LLC	5.260	10/30/06	11/20/06	3,568,648	3,558,250
	5.270	10/31/06	11/20/06	1,825,830	1,820,500
					\$ 5,378,750
Lehman Brothers	5.240	10/19/06	11/10/06	39,754,635	39,650,750
	5.270	10/19/06	11/10/06	17,107,460	17,062,500
	5.270	10/27/06	11/20/06	8,044,028	8,019,375
	5.260	10/30/06	11/20/06	581,027	579,250
					\$ 65,311,875

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<u>Trust/Counter Party</u>	<u>Rate</u>	<u>Trade Date</u>	<u>Maturity Date</u>	<u>Net Closing Amount</u>	<u>Par</u>
Limited Duration					
Credit Suisse First Boston LLC	5.500%	10/03/06	11/03/06	\$ 68,580,435	\$ 68,257,162
	5.400	10/10/06	11/06/06	34,696,178	34,556,226
	5.500	10/10/06	11/06/06	15,879,897	15,814,662
	5.280	10/10/06	11/07/06	18,518,042	18,445,000
	5.500	10/12/06	11/06/06	3,305,577	3,293,000
	5.500	10/16/06	11/13/06	2,832,456	2,821,000
	5.200	10/19/06	11/13/06	37,821,604	37,707,225
	5.400	10/19/06	11/13/06	3,882,491	3,870,300
	5.400	10/24/06	11/13/06	885,649	883,000
	5.450	10/24/06	11/06/06	3,639,600	3,633,000
	5.450	10/26/06	11/16/06	850,568	848,000
	5.500	10/27/06	11/16/06	596,818	595,000
	5.450	10/30/06	12/04/06	2,438,487	2,426,000
	5.500	10/31/06	12/01/06	4,336,730	4,316,287
					<u>\$ 197,465,862</u>
Lehman Brothers	3.250	01/09/06	TBD	1,384,000	1,384,000
	1.500	09/06/06	TBD	888,000	888,000
	5.290	10/12/06	11/14/06	7,930,942	7,892,669
	5.280	10/26/06	11/16/06	12,405,282	12,369,000
					<u>\$ 22,533,669</u>
Strategic Bond					
Credit Suisse First Boston LLC	5.400	10/12/06	11/10/06	6,208,308	6,182,342
	5.400	10/17/06	11/10/06	902,143	899,000
	5.400	10/25/06	12/04/06	2,239,022	2,226,000
	5.400	10/30/06	12/04/06	1,137,773	1,132,000
	4.830	10/31/06	11/15/06	566,262	565,125
					<u>\$ 11,004,467</u>
Lehman Brothers	5.250	10/25/06	11/15/06	3,958,179	\$ 3,946,668

Details of underlying collateral for open reverse repurchase agreements at October 31, 2006 were as follows:

<u>Trust/Counter Party</u>	<u>Description</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Original Face</u>	<u>Current Face</u>	<u>Market Value</u>
Core Bond						
Credit Suisse First Boston LLC	Tennessee Valley Authority	4.875%	12/15/16	\$ 200,000	\$ 200,000	\$ 199,789
Lehman Brothers	Federal Home Loan Mortgage Corp.	5.500	11/01/18	2,200,000	1,129,662	1,132,744
	Federal Home Loan Mortgage Corp.	3.010	04/19/07	1,135,000	1,135,000	1,123,089
	Federal National Mortgage Assoc.	2.350	04/05/07	1,500,000	1,500,000	1,481,178
						<u>\$ 3,737,011</u>
Income Opportunity						
Credit Suisse First Boston LLC	Tennessee Valley Authority	4.875	12/15/16	2,900,000	2,900,000	2,896,949
	Tennessee Valley Authority	5.880	04/01/36	1,800,000	1,800,000	2,005,450

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\$ 4,902,399

Lehman Brothers	Federal Home Loan Mortgage Corp.	5.149	01/01/35	2,042,400	1,871,302	1,843,811
	Federal Home Loan Mortgage Corp.	4.363	01/01/35	1,360,100	1,077,640	1,084,331
	Federal National Mortgage Assoc.	5.500	01/01/33	3,429,659	689,059	682,986
	Federal National Mortgage Assoc.	7.250	01/15/10	2,915,000	2,915,000	3,118,313
	Federal National Mortgage Assoc.	5.500	02/01/33	17,464,674	6,999,589	6,937,896
	Federal National Mortgage Assoc.	5.500	01/01/33	11,231,919	5,668,494	5,618,533
	Federal National Mortgage Assoc.	5.500	02/01/35	5,014,015	3,520,154	3,488,073
	Federal National Mortgage Assoc.	5.500	06/01/36	1,001,094	977,871	966,507
	Federal National Mortgage Assoc.	5.500	10/01/20	810,190	774,726	775,830
	Federal National Mortgage Assoc.	5.500	10/01/20	833,871	755,664	756,740
	Federal National Mortgage Assoc.	5.500	10/01/20	807,941	754,353	755,427
	Federal National Mortgage Assoc.	5.500	03/01/21	677,502	643,156	643,866

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Trust/Counter Party	Description	Rate	Maturity Date	Original Face	Current Face	Market Value
Income Opportunity (cont d)						
Lehman Brothers (cont d)	Federal National Mortgage Assoc.	5.500%	03/01/21	\$ 654,254	\$ 621,683	\$ 622,370
	Federal National Mortgage Assoc.	5.500	03/01/18	1,483,364	580,987	582,714
	Federal National Mortgage Assoc.	5.500	03/01/18	1,539,074	577,555	579,271
	Federal National Mortgage Assoc.	5.500	07/01/16	5,601,876	563,376	565,518
	Federal National Mortgage Assoc.	5.500	08/01/17	3,217,577	543,934	545,738
	Resolution Funding Corp.	0.000	04/15/30	5,555,000	5,555,000	1,783,316
						\$ 31,351,240
Income Trust						
Credit Suisse First Boston LLC	U.S. Treasury Strip	0.000	11/15/24	13,000,000	13,000,000	\$ 5,438,264
Lehman Brothers	U.S. Treasury Notes	3.750	03/31/07	20,400,000	20,400,000	20,288,432
	U.S. Treasury Notes	4.000	08/31/07	19,400,000	19,400,000	19,246,158
	U.S. Treasury Strip	0.000	11/15/24	62,900,000	62,900,000	26,312,957
						\$ 65,847,547
Limited Duration						
Credit Suisse First Boston LLC	AES Corp.	8.750	05/15/13	5,000,000	5,000,000	5,368,750
	American Real Estate Partners LP	8.125	06/01/11	5,860,000	5,860,000	5,991,850
	CSC Holdings, Inc.	7.875	12/15/07	5,795,000	5,795,000	5,874,681
	Republic of Colombia	9.750	04/23/09	5,000,000	5,000,000	5,470,000
	MGM Mirage	9.750	06/01/07	5,425,000	5,425,000	5,533,500
	Midwest Generation LLC	8.560	01/02/16	4,800,000	4,007,041	4,327,604
	Ipsco, Inc.	8.750	06/01/13	5,000,000	5,000,000	5,325,000
	Fasten Tech, Inc.	11.50	05/01/11	2,500,000	2,500,000	2,587,500
	Houghton Mifflin Co.	9.875	02/01/13	5,000,000	5,000,000	5,356,250
	Group 1 Automotive, Inc.	8.250	08/15/13	5,000,000	5,000,000	5,143,750
	Concentra Operating Corp.	9.500	08/15/10	5,000,000	5,000,000	5,225,000
	Vertis, Inc.	9.750	04/01/09	500,000	500,000	510,625
	General Motors Acceptance Corp.	6.274	01/16/07	2,700,000	2,700,000	2,699,619
	General Motors Acceptance Corp.	6.875	08/28/12	5,620,000	5,620,000	5,635,084
	Nielsen Finance LLC	10.00	08/01/14	4,340,000	4,340,000	4,524,450
	US Steel LLC	10.75	08/01/18	500,000	500,000	538,750
	Turkey	7.000	09/26/16	4,431,000	4,431,000	4,453,155
	Rite Aid Corp.	8.125	05/01/10	3,800,000	3,800,000	3,838,000
	Lyondell Chemical Co.	11.125	07/15/12	3,020,000	3,020,000	3,269,150
	Deutsche Telekom Intl. Finance BV	8.000	06/15/10	5,000,000	5,000,000	5,457,805
	DaimlerChrysler NA Holding Corp.	4.050	06/04/08	7,500,000	7,500,000	7,333,395
	Marsh & McLennan Cos., Inc.	5.513	07/13/07	200,000	200,000	199,963
	Tyco Intl. Group SA	6.125	11/01/08	7,500,000	7,500,000	7,607,220
	Comcast Cable Communications, Inc.	6.875	06/15/09	6,685,000	6,685,000	6,949,840
	JC Penney Co., Inc.	8.000	03/01/10	4,400,000	4,400,000	4,725,692
	DR Horton, Inc.	5.875	07/01/13	3,000,000	3,000,000	2,939,418
	Republic of Peru	9.125	02/21/12	5,000,000	5,000,000	5,775,000
	Chesapeake Energy Corp.	7.500	09/15/13	4,000,000	4,000,000	4,095,000
	Qwest Corp.	7.741	06/15/13	1,900,000	1,900,000	2,047,250
	Qwest Corp.	9.125	03/15/12	3,675,000	3,675,000	4,042,500
	Crum & Forster Holdings Corp.	10.375	06/15/13	3,010,000	3,010,000	3,122,875
	Federal National Mortgage Assoc.	7.250	01/15/10	17,000,000	17,000,000	18,185,699
	American Real Estate Partners LP	7.125	02/15/13	1,480,000	1,480,000	1,476,300

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Overseas Shipholding Group, Inc.	8.750	12/01/13	1,650,000	1,650,000	1,767,563
Rouse Co.	5.375	11/26/13	2,300,000	2,300,000	2,146,774
US Steel LLC	10.750	08/01/08	2,750,000	2,750,000	2,963,125
U.S. Treasury Notes	3.375	12/15/08	17,000,000	17,000,000	16,565,701
U.S. Treasury Notes	3.750	03/31/07	10,000,000	10,000,000	9,945,310
U.S. Treasury Notes	3.875	05/15/09	6,000,000	6,000,000	5,892,654
U.S. Treasury Notes	3.375	09/15/09	3,425,000	3,425,000	3,312,619
U.S. Treasury Notes	4.250	08/15/15	1,815,000	1,815,000	1,769,342
Western Financial Bank	9.625	05/15/12	4,300,000	4,300,000	4,738,337
Kazkommerts Intl. BV	10.125	05/08/07	4,000,000	4,000,000	4,078,000
					\$ 208,810,100

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Trust/Counter Party	Description	Rate	Maturity Date	Original Face	Current Face	Market Value
Limited Duration (cont d.)						
Lehman Brothers	NewPage Corp.	11.739%	05/01/12	\$ 1,500,000	\$ 1,500,000	\$ 1,620,000
	Metaldyne Corp.	11.000	11/01/13	1,000,000	1,000,000	1,025,000
	Federal National Mortgage Assoc.	5.500	02/01/32	397,360	129,080	127,942
	Federal National Mortgage Assoc.	5.500	03/01/32	1,100,000	397,232	394,779
	Federal National Mortgage Assoc.	5.500	03/01/33	1,006,453	295,594	292,900
	Federal National Mortgage Assoc.	5.500	06/01/33	800,952	412,890	409,128
	Federal National Mortgage Assoc.	5.500	07/01/33	2,207,045	1,206,934	1,195,934
	Federal National Mortgage Assoc.	5.500	08/01/33	2,113,543	955,902	947,190
	Federal National Mortgage Assoc.	5.500	09/01/33	5,852,429	3,304,045	3,273,934
	Federal National Mortgage Assoc.	5.500	10/01/33	3,182,952	1,569,503	1,555,199
	GSR Mortgage Loan Trust	4.506	10/25/33	10,000,000	6,748,247	6,457,229
	GSR Mortgage Loan Trust	4.531	10/25/33	10,000,000	6,752,162	6,491,258
Strategic Bond						
Credit Suisse First Boston LLC	DaimlerChrysler NA Holding Corp.	7.300	01/15/12	600,000	600,000	640,225
	Wells Fargo & Co.	3.500	04/04/08	2,000,000	2,000,000	1,955,186
	HSBC Bank, Inc.	3.875	09/15/09	1,500,000	1,500,000	1,453,827
	TIAA Global Markets, Inc.	3.875	01/22/08	1,000,000	1,000,000	982,852
	Barclays Bank PLC	8.550	09/29/49	650,000	650,000	732,463
	News America, Inc.	6.200	12/15/34	1,300,000	1,300,000	1,269,483
	Merck & Co., Inc.	4.375	02/15/13	300,000	300,000	285,746
	General Electric Capital Corp.	3.450	07/16/07	2,000,000	2,000,000	1,974,496
	SBC Communications, Inc.	6.450	06/15/34	300,000	300,000	310,235
	Verizon New England, Inc.	6.500	09/15/11	1,130,000	1,130,000	1,164,565
	U.S. Treasury Notes	4.875	08/15/16	550,000	550,000	561,430
Lehman Brothers	U.S. Treasury Bonds	5.375	02/15/31	410,000	410,000	445,138
	U.S. Treasury Notes	4.250	08/15/13	1,000,000	1,000,000	980,625
	U.S. Treasury Notes	2.625	11/15/06	933,000	933,000	932,052
	U.S. Treasury Notes	4.750	05/15/14	710,000	710,000	717,100
	U.S. Treasury Notes	4.125	08/15/10	810,000	810,000	797,375
	U.S. Treasury Notes	4.250	08/15/15	75,000	75,000	73,114
						\$ 3,945,404

Note 5. Commitments

Bridge Debt Commitments: At October 31, 2006, High Yield and Limited Duration had \$90,000 and \$740,000, respectively, in commitments outstanding to fund high yield bridge debt. The Trusts are entitled to a fee upon the expiration of the commitment period, generally within six months of the initial commitment date. The bridge debt terms approximate market rates at the time the commitment is entered into.

Note 6. Income Tax Information

The tax character of distributions paid during the year ended October 31, 2006 and 2005 were as follows:

Distributions Paid from:	Year ended October 31, 2006			
	Ordinary Income	Non-taxable Return of Capital	Long-term Capital Gains	Total Distributions

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Broad Investment Grade	\$ 4,241,016	\$	\$ 20,078	\$ 4,261,094
Core Bond	25,048,230		7,914,351	32,962,581
High Yield	4,175,232			4,175,232
Income Opportunity	22,238,533	2,162,198	8,976,685	33,377,416
Income Trust	21,910,288	5,576,693		27,486,981
Limited Duration	55,725,066	760,960		56,486,026
Strategic Bond	6,969,104	251,641		7,220,745

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Year ended October 31, 2005

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

As of October 31, 2006 the components of distributable earnings on a tax basis were as follows:

Trust	Undistributed Ordinary Income	Undistributed Long-term Capital Gains	Unrealized Net Appreciation
Broad Investment Grade	\$ 5,852,444	\$	\$
Core Bond			
High Yield	40,763		1,392,602
Income Opportunity			
Income Trust			
Limited Duration			
Strategic Bond			

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

Trust	Capital Loss Carryforward Amount	Expires	Trust	Capital Loss Carryforward Amount	Expires
Broad Investment Grade	\$ 2,061,303	2011	Income Trust	\$ 33,107,952	2007
	684,360	2012		1,352,206	2008
	493,567	2014		13,940,898	2009
				21,960,613	2011
	\$ 3,239,230			10,100,201	2012
				3,861,222	2013
			6,952,429	2014	
High Yield	\$ 2,558,868	2007	Limited Duration		
	3,270,311	2008		\$ 91,275,521	
	15,159,280	2009			
	8,468,860	2010			
	4,771,417	2011			
	316,410	2012		\$ 2,008,113	2013
2,060,533	2014	1,268,222	2014		
			\$ 3,276,335		
Income Opportunity	\$ 2,451,628	2014	Strategic Bond	\$ 432,713	2011
				318,492	2013
				689,609	2014

\$ 1,440,814

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 capital loss carryforward amounts.

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

Trust	UNII	Accumulated Gain	PIC
Broad Investment			
Grade	\$ 3,328,318	\$ (172)	\$ (3,328,146)
Core Bond	1,629,245	(1,523,247)	(105,998)
Income Opportunity	1,804,381	357,817	(2,162,198)
Income Trust	7,210,581	188,004	(7,398,585)
Limited Duration	433,698	327,262	(760,960)
Strategic Bond	251,641		(251,641)

Note 7. Capital

There are 200 million of \$0.01 par value common shares authorized for each of the Broad Investment Grade, Income Opportunity and Income Trusts. There are an unlimited number of \$0.001 par value common shares authorized for Core Bond, High Yield, Limited Duration and Strategic Bond. At April 30, 2006, the shares owned by affiliates of the Advisor of Limited Duration were 6,021.

During the years ended October 31, 2006 and 2005, the following Trusts issued additional shares under their respective dividend reinvestment plan:

Trust	October 31, 2006	October 31, 2005
High Yield	6,259	7,498
Income Trust		227,068
Limited Duration	13,785	41,211
Strategic Bond		9,684

Note 8. Dividends

Subsequent to October 31, 2006, the Board of each of the Trusts declared and paid dividends per common share payable November 30, 2006, to shareholders of record on November 15, 2006. The per share common dividends declared were as follows:

Trust	Common Dividend Per Share
Broad Investment Grade	\$0.075
Core Bond	0.067
High Yield	0.051
Income Opportunity	0.055
Income Trust	0.031
Limited Duration	0.125
Strategic Bond	0.077

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees/Directors and Shareholders of:

BlackRock Broad Investment Grade 2009 Term Trust Inc.
BlackRock Core Bond Trust
BlackRock High Yield Trust
BlackRock Income Opportunity Trust
BlackRock Income Trust Inc.
BlackRock Limited Duration Income Trust
BlackRock Strategic Bond Trust
(Collectively the Trusts)

We have audited the accompanying statements of assets and liabilities of the Trusts, including the portfolios of investments, as of October 31, 2006, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Trusts' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trusts are not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2006, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Trusts as of October 31, 2006, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts
December 29, 2006

DIRECTORS/TRUSTEES INFORMATION (Unaudited)

Name, address, age	Current positions held with the Trusts	Term of office and length of time served	Principal occupations during the past five years	Number of portfolios overseen within the fund complex ¹	Other Directorships held outside the fund complex ¹	Events or transactions by reason of which the Trustee is an interested person as defined in Section 2(a) (19) of the 1940 Act
Interested Directors/Trustees²						
Ralph L. Schlosstein BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 55	Chairman of the Board ³	3 years ⁴ /since inception	Director since 1999 and President of BlackRock, Inc. since its formation in 1998 and of BlackRock, Inc.'s predecessor entities since 1988. Member of the Management Committee and Investment Strategy Group of BlackRock, Inc. Formerly, Managing Director of Lehman Brothers, Inc. and Co-head of its Mortgage and Savings Institutions Group. Chairman and President of the BlackRock Liquidity Funds and Director of several of BlackRock's alternative investment vehicles.	68	Member of the Visiting Board of Overseers of the John F. Kennedy School of Government at Harvard University, a member of the board of the Financial Institutions Center of The Wharton School of the University of Pennsylvania, a Trustee of the American Museum of Natural History, a Trustee of Trinity School in New York City, a member of the Board of Advisors of Marujupu LLC, and a Trustee of New Visions for Public Education of The Public Theater in New York City and the James Baird Foundation. Formerly, a director of Pulte Corporation, the nation's largest home-builder, a Trustee of Denison University and a member of Fannie Mae's Advisory Council.	Director and President of the Advisor.
Robert S. Kapito BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 49	President and Trustee	3 years ⁴ /since August 22, 2002	Director, since 2006, and Vice Chairman of BlackRock, Inc. Head of the Portfolio Management Group. Also a member of the Management Committee, the Investment Strategy Group, the Fixed	58	Chairman of the Hope and Heroes Children's Cancer Fund. President of the Board of Directors of the Periwinkle	Director and Vice Chairman of the Advisor.

Income and Global Operating
Committees and the Equity
Investment Strategy Group.
Responsible for the portfolio
man- agement of the Fixed
Income, Domestic Equity and
International Equity,
Liquidity, and Alternative
Investment Groups of
BlackRock.

National Theatre
for Young
Audiences.

DIRECTORS/TRUSTEES INFORMATION (Unaudited) (Continued)

Name, address, age	Current positions held with the Trusts	Term of office and length of time served	Principal occupations during the past five years	Number of portfolios overseen within the fund complex ¹	Other Directorships held outside the fund complex
Independent Directors/Trustees					
Andrew F. Brimmer P.O. Box 4546 New York, NY 10163-4546 Age: 80	Lead Trustee Audit Committee Chairman ⁵	3 years ⁴ /since inception	President of Brimmer & Company, Inc., a Washington, D.C.-based economic and financial consulting firm, also Wilmer D. Barrett Professor of Economics, University of Massachusetts Amherst. Formerly member of the Board of Governors of the Federal Reserve System. Former Chairman, District of Columbia Financial Control Board.	58	Former Director of CarrAmerica Realty Corporation and Borg-Warner Automotive, Airborne Express, BankAmerica Corporation (Bank of America), BellSouth Corporation, College Retirement Equities Fund (Trustee), Commodity Exchange, Inc. (Public Governor), Connecticut Mutual Life Insurance Company, E.I. du Pont de Nemours & Company, Equitable Life Assurance Society of the United States, Gannett Company, Mercedes-Benz of North America, MNC Financial Corporation (American Security Bank), NCM Capital Management, Navistar International Corporation, PHH Corp. and UAL Corporation (United Airlines).
Richard E. Cavanagh P.O. Box 4546 New York, NY 10163-4546 Age: 60	Trustee Audit Committee Member	3 years ⁴ /since inception ⁶	President and Chief Executive Officer of The Conference Board, Inc., a leading global business research organization, from 1995-present. Former Executive Dean of the John F. Kennedy School of Government at Harvard University from 1988-1995. Acting Director, Harvard Center for Business and Government (1991-1993). Formerly Partner (principal) of McKinsey & Company, Inc. (1980-1988). Former Executive Director of Federal Cash Management, White House Office of Management and Budget (1977-1979). Co-author, THE WINNING PERFORMANCE (best selling management book published in 13 national editions).	58	Trustee: Aircraft Finance Trust (AFT) and Chairman of the Board of Trustees, Educational Testing Service (ETS). Director, Arch Chemicals, Fremont Group and The Guardian Life Insurance Company of America.
Kent Dixon P.O. Box 4546 New York, NY 10163-4546 Age: 69	Trustee Audit Committee Member ⁵	3 years ⁴ /since inception	Consultant/Investor. Former President and Chief Executive Officer of Empire Federal Savings Bank of America and Banc PLUS	58	Former Director of ISFA (the owner of INVEST, a national securities brokerage service designed for banks and thrift institutions).

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Savings Association, former
Chairman of the Board,
President and Chief
Executive Officer of
Northeast Savings.

<p>Frank J. Fabozzi P.O. Box 4546 New York, NY 10163-4546 Age: 58</p>	<p>Trustee Audit Committee Member⁵</p>	<p>3 years⁴/since inception</p>	<p>Consultant. Editor of THE JOURNAL OF PORTFOLIO MANAGEMENT and Adjunct Professor of Finance at the School of Management at Yale University. Author and editor of several books on fixed income portfolio management.</p>	<p>58</p>	<p>Director, Guardian Mutual Funds Group (18 portfolios).</p>
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DIRECTORS/TRUSTEES INFORMATION (Unaudited) (Continued)

Name, address, age	Current positions held with the Trusts	Term of office and length of time served	Principal occupations during the past five years	Number of portfolios overseen within the fund complex ¹	Other Directorships held outside the fund complex ¹
Independent Directors/Trustees (continued)					
Kathleen F. Feldstein P.O. Box 4546 New York, NY 10163-4546 Age: 65	Trustee	3 years ⁴ /since January 19, 2005	President of Economics Studies, Inc., a Belmont, MA-based private economic consulting firm, since 1987; Chair, Board of Trustees, McLean Hospital in Belmont, MA.	58	Director of BellSouth Inc. and McClatchy Company; Trustee of the Museum of Fine Arts, Boston, and of the Committee for Economic Development; Corporation Member, Partners HealthCare and Sherrill House; Member of the Visiting Committee of the Harvard University Art Museums and of the Advisory Board to the International School of Business at Brandeis University.
R. Glenn Hubbard P.O. Box 4546 New York, NY 10163-4546 Age: 48	Trustee	3 years ⁴ /since November 16, 2004	Dean of Columbia Business School since July 1, 2004. Columbia faculty member since 1988. Co-director of Columbia Business School's Entrepreneurship Program 1994-1997. Visiting professor at the John F. Kennedy School of Government at Harvard and the Harvard Business School, as well as the University of Chicago. Visiting scholar at the American Enterprise Institute in Washington and member of International Advisory Board of the MBA Program of Ben-Gurion University. Deputy assistant secretary of the U.S. Treasury Department for Tax Policy 1991-1993. Chairman of the U.S. Council of Economic Advisers under the President of the United States 2001-2003.	58	Director of ADP, R.H. Donnelly, Duke Realty, KKR Financial Corporation, and Ripplewood Holdings, the Council on Competitiveness, the American Council on Capital Formation, the Tax Foundation and the Center for Addiction and Substance Abuse. Trustee of Fifth Avenue Presbyterian Church of New York.

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

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

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

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

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

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

DIVIDEND REINVESTMENT PLANS

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

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

At a meeting of the Board of Trustees of the Income Opportunity Trust on November 21, 2006, the Board approved an amendment to the Dividend Reinvestment Plan of the Income Opportunity Trust. The Plan previously operated in a manner similar to Broad Investment Grade's Plan, and permitted shares to be purchased only on the open market. As a result of the amendment, the Plan will permit purchases of newly issued shares on terms similar to the Plans described in the next paragraph. This amendment will take effect on April 1, 2007.

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

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

ADDITIONAL INFORMATION

We are required by the Internal Revenue Code to advise you within 60 days of a Trust's tax year-end as to the federal tax status of dividends paid by the Trusts¹ during such tax year. Shareholders, however, must report distributions on a calendar year basis for income tax purposes. Accordingly, the information needed by shareholders for income tax purposes will be sent to them in January 2007. Please consult your tax advisor for proper treatment of this information.

60 Day Notice

The following information is provided with respect to the distributions paid by the BlackRock Closed-End Funds for the fiscal year ended October 31, 2006:

	Payable Date	Federal Obligation Interest¹	Interest Related Dividends for Non- U.S. Residents²	Long-Term Capital Gains Per Share (\$)
Broad Investment Grade 2009 Term Trust (BCT)	6/30/06			0.006790
High Yield Trust (BHY)	11/30/05 10/31/06	2.02%	84.90%	
Income Opportunity Trust (BNA)	11/30/05	10.91%	28.68%	
	12/30/05	10.91%	84.39%	
	12/30/05			0.274779
	1/31/06 10/31/06	10.91%	74.25%	
Income Trust (BKT)	11/30/05 12/31/05	5.96%	82.10%	
	1/31/06 10/31/06	5.96%	59.69%	
Limited Duration Income Trust (BLW)	11/30/05	2.49%		
	12/30/05	2.49%	83.23%	
	1/31/06 10/31/06	2.49%	83.10%	
Strategic Bond Trust (BHD)	11/30/05 12/31/05	2.16%	85.36%	
	1/31/06 10/31/06	2.16%	81.77%	

1 The law varies in each state as to whether and what percentage of dividend income attributable to Federal Obligations is exempt from state income tax. We recommend that you consult your tax advisor to determine if any portion of the dividends you received is exempt from state income taxes.

2 Represents the portion of the distributions paid that are exempt from U.S. withholding tax for nonresident aliens and foreign corporations.

In January 2007, a form 1099-DIV will be sent to shareholders which will state the amount and composition of distributions and provide information with respect to their appropriate tax treatment.

Shareholder Meetings

The Joint Annual Meeting of Shareholders was held on August 23, 2006 for shareholders of record as of June 5, 2006, to approve a New Investment Management Agreement and Sub-Advisory Agreement for each of the following Trusts:

Approved the Investment Management Agreement as follows:

	Votes For	Votes Against	Votes Abstain
Broad Investment Grade	1,559,461	78,270	79,709
Core Bond	13,817,341	697,113	842,421
High Yield	3,191,192	219,850	237,255
Income Opportunity	18,405,320	1,007,469	988,120
Income Trust	31,116,585	1,710,010	1,955,880
Limited Duration Income	17,973,594	666,163	1,056,610
Strategic Bond	3,742,105	159,104	229,833

Approved the Sub-Advisory Agreement as follows:

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	<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstain</u>
Broad Investment Grade	1,556,229	76,465	84,746
Core Bond	13,810,209	706,768	839,898
High Yield	3,204,388	212,481	231,428
Income Opportunity	18,431,772	1,002,369	966,768
Income Trust	31,018,460	1,764,993	1,999,022
Limited Duration Income	17,928,908	695,024	1,072,435
Strategic Bond	3,760,701	157,713	212,628
	101		

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The Joint Annual Meeting of Shareholders was held on May 23, 2006 for shareholders of record as of February 28, 2006, to elect a certain number of Trustees for each of the following Trusts to three-year terms expiring in 2009:

Elected the Class I Trustees as follows:

	Richard E. Cavanagh		R. Glenn Hubbard	
	Votes For	Votes Withheld	Votes For	Votes Withheld
High Yield	5,952,601	240,631	5,953,361	239,871

Elected the Class II Directors/Trustees as follows:

	Frank J. Fabozzi		Kathleen F. Feldstein		Ralph L. Schlosstein	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
Core Bond	24,846,702	295,420	24,858,451	283,671	24,861,522	280,600
Income Opportunity	30,998,611	1,320,709	30,946,385	1,372,935	30,973,958	1,345,362
Income Trust	57,527,905	1,354,832	57,445,814	1,436,923	57,504,994	1,377,743
Strategic Bond	6,563,416	120,207	6,565,086	118,537	6,565,891	117,732

Elected the Class III Directors/Trustees as follows:

	Andrew F. Brimmer		Kent Dixon		Robert S. Kapito	
	Votes For	Votes Withheld	Votes For	Votes Withheld	Votes For	Votes Withheld
Broad Investment Grade	2,762,104	53,009	2,764,286	50,827	2,764,186	50,927
Limited Duration	34,352,553	565,108	34,377,362	540,299	34,400,110	517,551

The following Trust had an additional proposal (Proposal #2) to amend its Declaration of Trust to expand the authority of the executive committee of the Board of Trustees:

	Votes For	Votes Against	Votes Withheld
High Yield	5,851,448	204,367	137,417

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

The Trusts do not make available copies of their respective Statements of Additional Information because the Trusts s shares are not continuously offered, which means that the Statement of Additional Information of each Trust has not been updated after completion of such Trust s offering and the information contained in each Trust s Statement of Additional Information may have become outdated.

During the period, there were no material changes in any Trust s investment objective or policies or to any Trust s charters or by-laws that were not approved by the shareholders or in the principle risk factors associated with investment in the Trusts. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts portfolios.

Quarterly performance, semi-annual and annual reports and other information regarding the Trusts may be found on BlackRock s website, which can be accessed at <http://www1.blackrock.com>. This reference to BlackRock s website is intended to allow investors public access to information regarding the Trusts and does not, and is not intended, to incorporate BlackRock s website into this report.

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

Important Information Regarding the BlackRock Closed-End Funds Annual Investor Update

The *Annual Investor Update* (Update) is available on the Internet and may be accessed through BlackRock's website at <http://www1.black-rock.com>. The Update provides information on the fixed income markets and summaries of certain BlackRock Closed-End Funds' investment objectives and strategies. It also contains recent news regarding certain BlackRock Closed-End Funds.

Historically, BlackRock provided this information in materials mailed with the Trusts' Annual report. However, we believe that making this information available through BlackRock's website allows us to communicate more fully and efficiently with the Trusts' shareholders.

If you would like to receive a hard copy of the BlackRock Closed-End Funds *Annual Investor Update*, please call (800) 699-1BFM.

INVESTMENT MANAGEMENT AGREEMENTS

Under the 1940 Act, the continuation of each Trust's investment management agreement generally is required to be approved annually by the Boards, including the Independent Trustees. At a meeting held on May 23, 2006, the Board of each Trust, including the Independent Trustees, met to consider the annual continuation of each management agreement in effect prior to such date (the "Old Management Agreements"). The Boards first considered the annual continuation of each Old Management Agreement without considering the impending acquisition by BlackRock, Inc. of the investment management business of Merrill Lynch & Co., Inc. (the "Transaction") because the Old Management Agreements needed to be reapproved whether or not the Transaction closes. Accordingly, it was appropriate to review each Old Management Agreement without considering the impending Transaction, and then to separately consider the impact of the Transaction on the Old Management Agreements.

At the meeting on May 23, 2006, the Board of each Trust, including these trustees/directors of each trust who are not interested persons of the Trusts for purposes of the Investment Company Act of 1940, as amended (the "Independent Trustee"), unanimously approved the continuance of each Old Management Agreement for each Trust with a contract considered for renewal and then approved a new management agreement for each Trust to take effect following the completion of the Transaction (the "New Management Agreements").

Information Received by the Boards

To assist each Board in its evaluation of the Old Management Agreements, the Independent Trustees received information from BlackRock on or about April 22, 2006, which detailed, among other things: the organization, business lines and capabilities of BlackRock Advisors, LLC (formerly BlackRock Advisors, Inc., "BlackRock") the sub-advisors, if any, for each trust (collectively, the "Advisors"), including the responsibilities of various departments and key personnel and biographical information relating to key personnel; financial statements for BlackRock, PNC and each Trust; the advisory and/or administrative fees paid by each Trust to the Advisors, including comparisons, compiled by an independent third party, with the management fees of funds with similar investment objectives ("Peers"); the profitability of BlackRock and certain industry profitability analyses for advisors to registered investment companies; the expenses of BlackRock in providing the various services; non-investment advisory reimbursements and "fallout" benefits to BlackRock; the expenses of each Trust, including comparisons of the respective Trust's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; and each Trust's performance for the past one-, three-, five- and ten-year periods, when applicable, and each Trust's performance compared to its Peers. This information supplemented the information received by each Board throughout the year regarding each Trust's performance, expense ratios, portfolio composition, trade execution and compliance.

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

The Independent Trustees reviewed this information and discussed it with independent counsel in executive session prior to the Board meeting. At the Board meeting on May 23, 2006, BlackRock made a presentation to and responded to additional questions from the Boards. After the presentations and after additional discussion, each Board considered each Old Management Agreement and, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC statements relating to the renewal of the Old Management Agreements.

Matters Considered by the Boards

The Old Management Agreements

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

Nature and Quality of Investment Advisory and Sub-Advisory Services. In evaluating the nature, extent and quality of the Advisors services, each Board reviewed information concerning the types of services that the Advisors provide and are expected to provide to each Trust, including narrative and statistical information concerning each Trust's performance record and how such performance compares to each Trust's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Boards noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Boards.

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Each Board further considered the quality of the Advisors' investment process in making portfolio management decisions. Given the Boards' experience with BlackRock, the Boards noted that they were familiar with and continue to have a good understanding of the organization, operations and personnel of BlackRock. The Boards also noted that the formation of Portfolio Review Committees and a Compliance Committee had helped each Board to continue to improve their understanding of BlackRock's organization, operations and personnel.

In addition to advisory services, the Independent Trustees considered the quality of the administrative or non-investment advisory services provided to the Trusts. In this regard, the Advisors provide each Trust with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Trusts) and officers and other personnel as are necessary for the operation of the respective Trust. In addition to investment management services, the Advisors and their affiliates provide each Trust with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and Trust websites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock

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exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Trust administrative tasks necessary for the operation of the respective Trust (such as tax reporting and fulfilling regulatory filing requirements). The Boards considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

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

The Boards reviewed a narrative analysis of the third-party Peer rankings, prepared by BlackRock at the Boards' request. The summary placed the Peer rankings into context by analyzing various factors that affect these comparisons. In evaluating the performance information, in certain limited instances, the Boards noted that the Peers most similar to a given Trust still would not adequately reflect such Trust's investment objectives and strategies, thereby limiting the usefulness of the comparisons of such Trust's performance with that of its Peers.

With respect to BHK, BNA and BKT, the Boards noted that each of these Trusts had under-performed its benchmark by no more than one of the one-, three- and five-year periods. The Boards further noted the Advisor believes that each of these Trusts may have under-performed their Peers in one of the three periods because they may have a shorter duration than their respective Lipper Peers. In a rising interest rate environment experienced in the one-year period, the Advisor would anticipate that the shorter duration funds would under-perform longer duration funds because the one-year period yield-curve is flattening.

With respect to each of BHY, BLW and BHD, the Boards noted that each of these Trusts had under-performed its benchmark by no more than one of the one-, three- and five-year periods. The Boards noted that the Advisor believes that each of these entities may have been investing in higher quality debt than their Lipper Peers or their benchmark and that higher quality debt under-performed lower-quality debt during 2005. The Boards noted that BHY had out-performed its benchmark for the one- and three-year periods.

With respect to BCT, the Board noted that BCT is a Trust with a finite term and that its performance is not comparable to its Peers because its performance is affected by the duration of its portfolio. The duration of BCT's portfolio is very different from the portfolio duration of funds without a finite life such as the Peers selected by Lipper.

After considering this information, the Boards concluded that the performance of each Trust, in light of and after considering the other facts and circumstances applicable to each Trust, supports a conclusion that each Trust's Old Management Agreement should be renewed.

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

The Boards, noted that, of the seven Trusts with Old Management Agreements subject to annual continuation, BHK, BKT and BLW pay fees lower than or equal to the median fees paid by their Peers in each of (i) contractual management fees payable by a Trust prior to any expense reimbursements or fee waivers (contractual management fees), (ii) actual management fees paid by a Trust after taking into consideration expense reimbursements and fee waivers (actual management fees) and (iii) total expenses. The remaining four Trusts are worse than the median of their Peers in at least one of (a) contractual management fees, (b) actual management fees or (c) total expenses. The Board noted the following reasons why these four Trusts have contractual or actual management fees or total expenses higher than the median of their Peers:

Small Trust. The Board of BCT noted that Trust incurs total expenses that are worse than median of its Peers. The Boards noted that because BCT is small relative to its Peers, the fixed costs associated with operating BCT adversely affects its relative expense ratios. BCT pays contractual and actual management fees that are better than or equal to the median of its Peers.

Advisor Incurred Additional Risk. The Board noted that BHY pays actual management fees, incurs total expenses and has contractual management fees worse than the median of its Peers. In this connection, the Board noted that the Advisor incurred substantially greater business risk in connection with the initial offering of BHY's common shares, as BlackRock reimbursed about \$4.3 million in underwriting commissions at the time of BHY's initial offering.

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Other Explanation. The Board of BNA noted that it pays actual management fees and incurs total expenses that are better than or equal to the median of its Peers, but that its contractual management fees are worse than the median of its Peers.

Fee Waivers. The Board of BHD noted that this Trust has contractual fees that are higher than the median of their respective Peers. Nevertheless, this Trust pays actual management fees and incurs total expenses that are lower than the median, as it has a fee waiver structure in place until 2010.

The Boards also compared the management fees charged to the Trusts by the Advisors to the management fees the Advisors charge other types of clients (such as open-end investment companies and separately managed institutional accounts). With respect to open-end investment companies, the management fees charged to the Trusts generally were higher than those charged to the open-end investment companies. The Boards also noted that the Advisors provide the Trusts with certain services not provided to open-end funds, such as leverage management in connection with the issuance of preferred shares, stock exchange listing compliance requirements, rating agency compliance with respect to

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

In connection with the Boards' consideration of this information, the Boards reviewed the considerable investment management experience of the Advisors and considered the high level of investment management, administrative and other services provided by the Advisors. In light of these factors and the other facts and circumstances applicable to each Trust, the Boards concluded that the fees paid and expenses incurred by each Trust under its Old Management Agreements supports a conclusion that each Trust's Old Management Agreements should be renewed.

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

The Boards recognized that profitability may be affected by numerous factors including, among other things, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Boards considered BlackRock's pre-tax profit margin compared to the pre-tax profitability of various publicly traded investment management companies and/or investment management companies that publicly disclose some or all of their financial results. The comparison indicated that BlackRock's pre-tax profitability was in the second quartile of the fifteen companies compared (including BlackRock), with the most profitable quartile being ranked first and the least profitable quartile being ranked fourth.

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

In reviewing each Trust's fees and expenses, the Boards examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Trusts' fee structures, for example through the use of breakpoints. In this connection, the Boards reviewed information provided by BlackRock, noting that most closed-end fund complexes do not have fund-level breakpoints, as closed-end funds generally do not experience substantial growth after their initial public offering and each fund is managed independently, consistent with its own investment objectives. The Boards also noted that the one registered closed-end investment company managed by BlackRock has a breakpoint in its fee structure, but that fund that was inherited by BlackRock when it took over managing the fund from another manager and that BlackRock simply retained the structure it inherited. The information also revealed that only one closed-end fund complex used a complex-level breakpoint structure, and that this complex generally is homogeneous with regard to the types of funds managed and is about four times as large as the Trusts' complex.

The Boards concluded that BlackRock's profitability, in light of all the other facts and circumstances applicable to each Trust, supports a conclusion that each Trust's Old Management Agreements should be renewed.

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

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

the anticipated compensation to the underwriters.

Conclusion with respect to the Old Management Agreements. In reviewing the Old Management Agreements without considering the impending Transaction, the Trustees did not identify any single factor discussed above as all-important or controlling. The Trustees, including the Independent Trustees, unanimously determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to each respective Trust, was acceptable for each Trust and supported the Trustees' conclusion that the terms of each Old Management Agreement were fair and reasonable, that the respective Trust's fees are reasonable in light of the services provided to the respective Trust, and that each Old Management Agreement should be approved.

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The Transaction

On September 29, 2006, Merrill Lynch contributed its investment management business, MLIM, to BlackRock, one of the largest publicly traded investment management firms in the United States and the parent company of the Advisor, to form a new asset management company that is one of the world's preeminent, diversified global money management organizations with approximately \$1 trillion in assets under management. Based in New York, BlackRock manages assets for institutional and individual investors worldwide through a variety of equity, fixed income, cash management and alternative investment products. The new company operates under the BlackRock name and is governed by a board of directors with a majority of independent members. The new company offers a full range of equity, fixed income, cash management and alternative investment products with strong representation in both retail and institutional channels, in the United States and in non-U.S. markets. It has over 4,500 employees in 18 countries and a major presence in most key markets, including the United States, the United Kingdom, Asia, Australia, the Middle East and Europe. Merrill Lynch owns no more than 49.8% of the total capital stock of the new company on a fully diluted basis and it owns no more than 45% of the new company's voting power, and The PNC Financial Services Group, LLC. (PNC), which previously held a majority interest in BlackRock, retains approximately 34% of the new company's common stock. Each of Merrill Lynch and PNC has agreed that it will vote all of its shares on all matters in accordance with the recommendation of BlackRock's board of directors.

The New Management Agreements

Consequences of the Transaction. On February 23, 2006, April 21, 2006 and May 23, 2006 members of BlackRock management made presentations on the Transaction to the Trustees and the Trustees discussed with management and amongst themselves management's general plans and intentions regarding the Trusts, including the preservation, strengthening and growth of BlackRock's business and its combination with MLIM's business. The Boards also inquired about the plans for and anticipated roles and responsibilities of certain BlackRock employees and officers after the Transaction. The Independent Trustees also met in executive session to discuss the Transaction. After these meetings, BlackRock continued to update the Boards with respect to its plans to integrate the operations of BlackRock and MLIM and the potential impact of those plans on the Trusts as those plans were further developed.

At the Board meeting on May 23, 2006, after considering and approving the Old Management Agreements, the Boards (including the Independent Trustees) then considered the information received at or prior to the meeting and the consequences of the Transaction to each Trust, including, among other things:

(i) that BlackRock, MLIM and their investment advisory subsidiaries are experienced and respected asset management firms, and that BlackRock advised the Boards that in connection with the completion of the Transaction, it intends to take steps to combine the investment management operations of BlackRock and MLIM, which, among other things, may involve sharing common systems and procedures, employees (including portfolio managers), investment and trading platforms, and other resources. Furthermore, these combination processes will result in changes to the portfolio management teams for each of the Trusts;

(ii) that BlackRock advised the Boards that following the Transaction, there is not expected to be any diminution in the nature, quality and extent of services provided to the Trusts and their shareholders by the Advisors, including compliance services;

(iii) that BlackRock advised the Boards that it has no present intention to alter the expense waivers and reimbursements currently in effect for certain of the Trusts;

(iv) the experience, expertise, resources and performance of MLIM that will be contributed to BlackRock after the closing of the Transaction and their anticipated impact on BlackRock's ability to manage the Trusts;

(v) that BlackRock and MLIM would derive benefits from the Transaction and that as a result, they have a financial interest in the matters that were being considered;

(vi) the potential effects of regulatory restrictions on the Trusts as a result of Merrill Lynch's equity stake in BlackRock after the Transaction;

(vii) the fact that each Trust's aggregate investment advisory and sub-advisory fees payable under the New Management Agreements and the Old Management Agreements are identical;

(viii) the terms of the New Management Agreements, including the differences from the Old Management Agreements (see Comparison of Old Management Agreements to the New Management Agreements above);

(ix) that the Trusts would not bear the costs of obtaining shareholder approval of the New Management Agreements; and

(x) that BlackRock and Merrill Lynch have agreed to conduct their respective businesses (and use reasonable best efforts to cause their respective affiliates to conduct their respective businesses) to enable the conditions of Section 15(f) to be true in relation to any registered investment companies advised by MLIM and registered under the 1940 Act and have agreed to the same conduct in relation to

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the BlackRock registered investment companies to the extent it is determined the Transaction is an assignment under the 1940 Act.

Nature and Quality of Investment Advisory and Sub-Advisory Services. The Boards considered the expected impact of the Transaction on the operations, facilities, organization and personnel of the Advisors, the potential implications of regulatory restrictions on the Trusts following the Transaction and the ability of the Advisors to perform their duties after the Transaction. The Boards considered that the services to be provided and the standard of care under the New Management Agreements are the same as under the Old Management Agreements. The Boards also considered statements by management of BlackRock that, in connection with integrating the operations of the Advisors and MLIM, the objective was to preserve the best of both organizations in order to enhance BlackRock's ability to provide investment advisory services following completion of the Transaction.

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The Boards noted that it is impossible to predict with certainty the impact of the Transaction on the nature, quality and extent of the services provided by the Advisors to the Trusts, but concluded based on the information currently available and in light of all of the current facts and circumstances, that the Transaction is likely to provide the Advisors with additional resources with which to serve the Trusts and was not expected to adversely affect the nature, quality and extent of the services to be provided to the Trusts and their shareholders by the Advisors and was not expected to materially adversely affect the ability of the Advisors to provide those services.

The Board considered that BlackRock portfolio managers for the Trusts would remain the same following completion of the Transaction.

Investment Performance of the Trusts. The Boards examined MLIM's investment performance with respect to its closed-end funds. The Boards noted the Advisors' and MLIM's considerable investment management experience and capabilities. The Boards considered this information together with the level of services expected to be provided to the Trusts. Although the Boards noted that it is impossible to predict the effect, if any, that consummation of the Transaction would have on the future performance of the Trusts, the Boards concluded that the information currently available, in light of all of the current facts and circumstances, supported approving the New Management Agreements.

Fees. The Boards noted that the fees payable by the Trusts under the New Management Agreements are identical to the fees payable under the Old Management Agreements. The Boards also considered the fees paid by the MLIM closed-end funds. In light of (i) the Boards' approval of the fees paid by each Trust pursuant to the Old Management Agreements at the May 23, 2006 meeting, (ii) the fact that no change to the fees paid by any Trust was proposed solely as a result of the Transaction, and (iii) the Boards' earlier conclusion with respect to the services expected to be provided to the Trusts under the New Management Agreements, the Boards concluded that the fee structure under the New Management Agreements was reasonable.

Profitability. Management of the Advisors stated to the Boards that, following the Transaction, the current intention is to continue to determine profitability and report profitability to the Boards in the same way as they did prior to the Transaction, subject to management's desire to preserve the best practices of MLIM. Management of the Advisors stated that any changes in the methods used to determine profitability and report profitability to the Boards would be discussed with the Boards. The Boards considered the potential for increased economies of scale as a result of the Transaction and whether any economies of scale should be reflected in the Trusts' fee structures. The Boards also considered that the process of integrating the operations of the Advisors and MLIM was in the early stages and that considerable expense would be incurred in connection with integrating such operations, all of which made it difficult to conclude that economies of scale would be realized as a result of the Transaction. In light of the foregoing, the Boards concluded that, at this time, no changes were necessary to the fee structure of the Trusts as a result of the Transaction.

Other Benefits. In evaluating ancillary benefits to be received by the Advisors and their affiliates under the New Management Agreements, the Boards considered whether the Transaction would have an impact on the ancillary benefits received by the Advisor by virtue of the Old Management Agreements. Based on its review of the materials provided, including materials received in connection with its approval of the continuance of each Old Management Agreement earlier at the May 23, 2006 meetings of the Boards and its discussions with the Advisors, the Boards noted that such benefits were difficult to quantify with certainty at this time and indicated that it would continue to evaluate them going forward.

Conclusion with respect to the New Management Agreements. The Trustees did not identify any single consequence of the Transaction discussed above as all-important or controlling. The Boards determined that all of the factors referred to in their evaluation of the Old Management Agreements described above under "Matters Considered by the Boards" The Old Management Agreements are applicable to the evaluation of the New Management Agreements and concluded that these factors, in light of all the other factors and all of the facts and circumstances applicable to each Trust, were acceptable for each Trust and supported the Trustees' conclusion that the terms of each New Management Agreement were fair and reasonable, that the fees in each New Management Agreement are fair and reasonable in light of the services provided to the respective Trust and that each New Management Agreement should be approved.

Shareholder Meeting

At the shareholder meeting for each Trust held on August 23, 2006, the shareholders of each Trust approved the New Management Agreement for each Trust.

SECTION 19 NOTICES

Set forth below is a summary of distributions which required each Trust, if any, to notify shareholders of the type of distributions paid pursuant to Section 19 of the Investment Company Act of 1940. Section 19 requires each Trust to accompany dividend payments with a notice if any part of that payment is from a source other than accumulated net investment income, not including profits or losses from the sale of securities or other properties. These notices are not for tax reporting purposes and were provided only for informational purposes in order to comply with the requirements of Section 19. In January 2007, after the completion of each Trust's tax year, shareholders will receive a Form 1099-DIV which will reflect the amount of income, capital gain and return of capital paid by the Trust taxable in calendar year 2006 and reportable on your 2006 federal and other income tax returns.

<u>Date of Distribution</u>	<u>Total Distributions</u>	<u>Net Investment Income</u>	<u>Distributions from proceeds from the sale of securities</u>	<u>Distributions from return of capital</u>
Core Bond				
February 2006	\$ 0.07710	\$ 0.06140	\$	\$ 0.01570
March 2006	\$ 0.07710	\$ 0.06370	\$	\$ 0.01340
April 2006	\$ 0.07710	\$ 0.05880	\$	\$ 0.01830
May 2006	\$ 0.07710	\$ 0.06000	\$	\$ 0.01710
June 2006	\$ 0.06700	\$ 0.05762	\$	\$ 0.00938
July 2006	\$ 0.06700	\$ 0.05956	\$	\$ 0.00744
August 2006	\$ 0.06700	\$ 0.00593	\$ 0.01814	\$
September 2006	\$ 0.06700	\$ 0.06700	\$	\$ 0.02607
October 2006	\$ 0.06700	\$ 0.06700	\$	\$ 0.02040
High Yield				
February 2006	\$ 0.05533	\$ 0.05533	\$	\$
May 2006	\$ 0.05533	\$ 0.05533	\$	\$
Income Opportunity				
May 2006	\$ 0.06190	\$ 0.05870	\$	\$ 0.00320
June 2006	\$ 0.06190	\$ 0.05765	\$	\$ 0.00425
July 2006	\$ 0.06190	\$ 0.04811	\$	\$ 0.01379
August 2006	\$ 0.06190	\$ 0.05342	\$	\$ 0.00848
September 2006	\$ 0.06190	\$ 0.02780	\$	\$ 0.03410
October 2006	\$ 0.06190	\$ 0.04744	\$	\$ 0.01446
Income Trust				
April 2006	\$ 0.03679	\$ 0.03109	\$	\$ 0.00570
May 2006	\$ 0.03679	\$ 0.03149	\$	\$ 0.00530
June 2006	\$ 0.03679	\$ 0.02999	\$	\$ 0.00680
July 2006	\$ 0.03679	\$ 0.00079	\$	\$ 0.03600
August 2006	\$ 0.03679	\$ 0.03339	\$	\$ 0.00340
September 2006	\$ 0.03100	\$ 0.00140	\$	\$ 0.02960
October 2006	\$ 0.03100	\$ 0.02790	\$	\$ 0.00310
Strategic Bond				
February 2006	\$ 0.08800	\$ 0.06370	\$	\$ 0.02430
March 2006	\$ 0.08800	\$ 0.08100	\$	\$ 0.00700
May 2006	\$ 0.08800	\$ 0.08570	\$	\$ 0.00230
June 2006	\$ 0.08800	\$ 0.08610	\$	\$ 0.00190
July 2006	\$ 0.08800	\$ 0.08690	\$	\$ 0.00110

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BlackRock Closed-End Funds

Directors/Trustees

Ralph L. Schlosstein, *Chairman*
Andrew F. Brimmer, *Lead Trustee*
Richard E. Cavanagh
Kent Dixon
Frank J. Fabozzi
Kathleen Feldstein
R. Glenn Hubbard
Robert S. Kapito

Officers

Robert S. Kapito, *President*
Donald C. Burke, *Treasurer*
Bartholomew Battista, *Chief Compliance Officer*
Anne Ackerley, *Vice President*
Neal Andrews, *Assistant Treasurer*
Jay Fife, *Assistant Treasurer*
Spencer Fleming, *Assistant Treasurer*
James Kong, *Assistant Treasurer*
Robert Mahar, *Assistant Treasurer*
Vincent B. Tritto, *Secretary*
Brian P. Kindelan, *Assistant Secretary*

Investment Advisor

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

Sub-Advisor¹

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

Accounting Agent and Custodian

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

Transfer Agent

Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021
(800) 699-1BFM

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
200 Berkeley Street
Boston, MA 02116

Legal Counsel

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

Legal Counsel Independent Directors/Trustees

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

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

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

¹ For Core Bond, Limited Duration and Strategic Bond.

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 699-1BFM.

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

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

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

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CEF-ANN-3-1006

Item 2. Code of Ethics.

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

(b) Not applicable.

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

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

(e) Not applicable.

(f) The Registrant's Code of Ethics is available without charge at www.blackrock.com.

Item 3. Audit Committee Financial Expert.

The Registrant's Board of Trustees has determined that it has three audit committee financial experts serving on its audit committee, each of whom is an "independent" Trustee: Dr. Andrew F. Brimmer, Kent Dixon and Frank Fabozzi. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification. Dr. Brimmer retired from the Board of Trustees as of December 31, 2006.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the Registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were \$37,000 for the fiscal year ended October 31, 2006 and \$39,100 for the fiscal year ended October 31, 2005.

(b) Audit-Related Fees. The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the Registrant's financial statements and are not reported above in Item 4(a) were \$0 for the fiscal year ended October 31, 2006 and \$0 for the fiscal year ended October 31, 2005. The nature of the service includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

(c) Tax Fees. The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning were \$8,000 for the fiscal year ended October 31, 2006 and \$7,500 for the fiscal year ended October 31, 2005. The nature of these services was federal, state and local income and excise tax return preparation and related advice and planning and miscellaneous tax advice.

(d) All Other Fees. The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported above in Items 4(a) through (c) were \$4,700 for the fiscal year ended October 31, 2006 and \$4,700 for the fiscal year ended October 31, 2005. The nature of the service includes a review of compliance procedures and provided an attestation regarding such review.

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

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

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

In the intervals between the scheduled meetings of the Audit Committee, the Audit Committee delegates pre-approval authority under this Policy to the Chairman of the Audit Committee (the "Chairman"). The Chairman shall report any pre-approval decisions under this Policy to the Audit Committee at its next scheduled meeting. At each

scheduled meeting, the Audit Committee will review with the Independent Auditor the Covered Services pre-approved by the Chairman pursuant to delegated authority, if any, and the fees related thereto. Based on these reviews, the Audit Committee can modify, at its discretion, the pre-approval originally granted by the Chairman pursuant to delegated authority. This modification can be to the nature of services pre-approved, the aggregate level of fees approved, or both. Pre-approval of Covered Services by the Chairman pursuant to delegated authority is expected to be the exception rather than the rule and the Audit Committee may modify or withdraw this delegated authority at any time the Audit Committee determines that it is appropriate to do so.

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

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

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

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

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

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

Requests or applications to provide Covered Services that require approval by the Audit Committee (or the Chairman pursuant to delegated authority) must be submitted to the Audit Committee or the Chairman, as the case may be, by both the Independent

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

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

(f) Not applicable.

(g) The aggregate non-audit fees billed by the Registrant's accountant for services rendered to the Registrant, the Registrant's investment adviser (except for any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) or any entity controlling, controlled by, or under common control with the Registrant's investment adviser that provides ongoing services to the Registrant for each of the last two fiscal years were \$286,200 for the fiscal year ended October 31, 2006 and \$286,200 for the fiscal year ended October 31, 2005.

(h) The Registrant's Audit Committee of the Board of Trustees has considered whether the provision of non-audit services that were rendered to the Registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The Registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee of the Registrant is comprised of: Dr. Andrew F. Brimmer; Richard E. Cavanagh; Kent Dixon and Frank J. Fabozzi. Dr. Brimmer retired from the Board of Trustees as of December 31, 2006.

Item 6. Schedule of Investments.

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

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

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

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

(a)(1) BlackRock's fund management team involved with the Registrant is led by a team of investment professionals, including the following individuals who have day-to-day responsibility: Scott Amero and Jeff Gary.

Scott Amero, Managing Director, is co-head of BlackRock's fixed income portfolio management team, a member of the Management Committee and co-chair of the Fixed Income Investment Strategy Group. Mr. Amero is a senior strategist and portfolio manager with responsibility for overseeing all fixed income sector strategy and the overall management of client portfolios. He is also the head of global fixed income research. In addition, he is a director of Anthracite Capital, Inc., BlackRock's publicly-traded real estate investment trust. Mr Amero joined BlackRock in 1990.

Jeff Gary, CPA, Managing Director and portfolio manager, is head of BlackRock's high yield team within the Fixed Income Portfolio Management Group. Prior to joining BlackRock in 2003, Mr. Gary was a Managing Director and portfolio manager with AIG (American General) Investment Group.

(a)(2) As of October 31, 2006, Scott Amero managed or was a member of the management team for the following client accounts:

Type of Account	Number of Accounts	Assets of Accounts	Number of Accounts Subject to a Performance Fee	Assets Subject to a Performance Fee
Registered Investment Companies	29	\$13,827,835,797	0	0
Pooled Investment Vehicles Other Than Registered Investment Companies	38	\$7,714,636,227	8	\$1,609,318,115
Other Accounts	309	\$110,875,850,007	24	\$7,791,436,751

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As of October 31, 2006, Jeff Gary managed or was a member of the management team for the following client accounts:

Type of Account	Number of Accounts	Assets of Accounts	Number of Accounts Subject to a Performance Fee	Assets Subject to a Performance Fee
Registered Investment Companies	18	\$6,404,343,366	0	0
Pooled Investment Vehicles Other Than Registered Investment Companies	6	\$5,551,926,709	5	\$1,320,262,421
Other Accounts	28	\$4,283,255,801	9	\$1,672,666,508

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Registrant, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Registrant. In addition, BlackRock, its affiliates and any officer, director, stockholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Registrant. BlackRock, or any of its affiliates, or any officer, director, stockholder, employee or any member of their families may take different actions than those recommended to the Registrant by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for the Registrant. In this connection, it should be noted that portfolio management team may manage certain accounts that are subject to performance fees. In addition, the portfolio management team may assist in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the

future manage other such accounts or funds and may be entitled to receive incentive fees.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base.

(a)(3) BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock such as its Long-Term Retention and Incentive Plan and Restricted Stock Program.

Base compensation. Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm.

Discretionary compensation. In addition to base compensation, portfolio managers may receive discretionary compensation, which can be a substantial portion of total compensation. Discretionary compensation can include a discretionary cash bonus as well as one or more of the following:

Long-Term Retention and Incentive Plan (LTIP) □The LTIP is a long-term incentive plan that seeks to reward certain key employees. The plan provides for the grant of awards that are expressed as an amount of cash that, if properly vested and subject to the attainment of certain performance goals, will be settled in cash and/or in BlackRock, Inc. common stock.

Deferred Compensation Program □A portion of the compensation paid to each portfolio manager may be voluntarily deferred by the portfolio manager into an account that tracks the performance of certain of the firm's investment products. Each portfolio manager is permitted to allocate his deferred amounts among various options, including to certain of the firm's hedge funds and other unregistered products. In addition, prior to 2005, a portion of the annual compensation of certain senior managers was mandatorily deferred in a similar manner for a number of years. Beginning in 2005, a portion of the annual compensation of certain senior managers was paid in the form of BlackRock, Inc. restricted stock units which vest ratably over a number of years.

Options and Restricted Stock Awards □While incentive stock options are not currently being awarded to BlackRock employees, BlackRock, Inc. previously granted

stock options to key employees, including certain portfolio managers who may still hold unexercised or unvested options. BlackRock, Inc. also has a restricted stock award program designed to reward certain key employees as an incentive to contribute to the long-term success of BlackRock. These awards vest over a period of years.

Incentive Savings Plans □BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including an Employee Stock Purchase Plan (ESPP) and a 401(k) plan. The 401(k) plan may involve a company match of the 50% employee's pre-tax contribution of up to 6% of the employee's salary, limited to \$4,000 per year. BlackRock also offers a Company Retirement Contribution equal to 3% to 5% of eligible compensation, depending on BlackRock, Inc.'s overall net operating income. The company match is made in cash. The firm's 401(k) plan offers a range of investment options, including registered investment companies managed by the firm. Each portfolio manager is eligible to participate in these plans.

Annual incentive compensation for each portfolio manager is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns and income generation, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's teamwork and contribution to the overall performance of these portfolios and BlackRock. Unlike many other firms, portfolio managers at BlackRock compete against benchmarks rather than each other. In most cases, including for the portfolio managers of the Registrant, these benchmarks are the same as the benchmark or benchmarks against which the investment performance, including risk-adjusted returns and income generation, of the Registrant or other accounts are measured. These benchmarks include customized benchmarks, Lipper peer groups and a subset of other closed-end taxable debt funds. A group of BlackRock, Inc.'s officers determines which benchmarks against which to compare the performance of funds and other accounts managed by each portfolio manager. With respect to the Registrant, such benchmarks include Customized Index and standard list.

The group of BlackRock, Inc.'s officers then makes a subjective determination with respect to the portfolio manager's compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. This determination may take into consideration the fact that a benchmark may not perfectly correlate to the way the Registrant or other accounts are managed, even if it is the benchmark that is most appropriate for the Registrant or other account. For example, a benchmark's return may be based on the total return of the securities comprising the benchmark, but the Registrant or other account may be managed to maximize income and not total return. Senior portfolio managers who perform additional management functions within BlackRock may receive additional compensation for serving in these other capacities.

(a)(4) As of October 31, 2006, the end of the Registrant's most recently completed fiscal year, the dollar range of securities beneficially owned by each portfolio manager in the Registrant is shown below:

Scott Amero: \$10,001-\$50,000

Jeff Gary: None

(b) Not applicable.

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

Not applicable.

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

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

Item 11. Controls and Procedures.

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

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a -3(d)) that occurred during the Registrant's fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 12. Exhibits.

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

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

Proxy Voting Policies attached as EX-99.PROXYPOL.

SIGNATURES

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

(Registrant) BlackRock Limited Duration Income Trust

By: /s/ Donald C. Burke

Name: Donald C. Burke

Title: Treasurer and Principal Financial Officer

Date: January 12, 2007

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

By: /s/ Robert S. Kapito

Name: Robert S. Kapito

Title: President and Principal Executive Officer

Date: January 12, 2007

By: /s/ Donald C. Burke

Name: Donald C. Burke

Title: Treasurer and Principal Financial Officer

Date: January 12, 2007