

BLACKROCK CORE BOND TRUST
Form N-CSR
January 07, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-10543

BlackRock Core Bond Trust
(Exact name of registrant as specified in charter)

100 Bellevue Parkway, Wilmington, DE

19809

(Address of principal executive offices)

(Zip code)

Robert S. Kapito, President

BlackRock Core Bond Trust

40 East 52nd Street, New York, NY 10022
(Name and address of agent for service)

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

Date of fiscal year end: October 31, 2004

Date of reporting period: October 31, 2004

Item 1. Reports to Shareholders.

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

FIXED INCOME

LIQUIDITY

EQUITIES

ALTERNATIVES

BLACKROCK SOLUTIONS

BlackRock Closed-End Funds Annual Report

OCTOBER 31, 2004

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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Privacy Principles of the Trusts

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

Generally, the Trusts do not receive any non-public personal information relating to their shareholders, although certain non-public personal information of shareholders may become available to the Trusts. The Trusts do not disclose any non-public personal information about their shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

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

LETTER TO SHAREHOLDERS

October 31, 2004

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 portfolios' holdings.

The portfolio management team continuously monitors the fixed income markets and adjusts the portfolios in order to gain exposure to various issuers and security types. This strategy enables the Trusts to move among

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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, 2004.

| Trust | Yield¹ | Market Price | NAV |
|---|--------------------------|---------------------|------------|
| BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT) | 5.70% | \$15.80 | \$15.98 |
| BlackRock Core Bond Trust (BHK) | 7.49 | 14.02 | 15.22 |
| BlackRock High Yield Trust (BHY) | 8.82 | 9.30 | 7.95 |
| BlackRock Income Opportunity Trust (BNA) | 7.38 | 11.38 | 12.38 |
| BlackRock Income Trust Inc. (BKT) | 8.17 | 7.50 | 6.95 |
| BlackRock Limited Duration Income Trust (BLW) | 7.52 | 19.95 | 20.13 |
| BlackRock Strategic Bond Trust (BHD) | 9.34 | 16.70 | 15.10 |

¹Yield is based on market price.

BlackRock, Inc. (BlackRock), a world leader in asset management, has a proven commitment to managing fixed income securities. As of September 30, 2004, BlackRock managed \$233 billion in bonds, including 20 open-end and 48 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, Inc., and its affiliate, BlackRock Financial Management, Inc., are wholly owned subsidiaries of BlackRock, Inc.

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,

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

Ralph L. Schlosstein
President
BlackRock Advisors, Inc.

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 10/31/04: | \$15.80 |
| Net Asset Value as of 10/31/04: | \$15.98 |
| Yield on Closing Market Price as of 10/31/04 (\$15.80): ¹ | 5.70% |
| Current Monthly Distribution per Share: ² | \$0.075 |
| Current Annualized Distribution per Share: ² | \$0.900 |

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

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|-----------------|-----------------|---------------|-------------|------------|
| Market Price | \$15.80 | \$15.85 | (0.32)% | \$16.52 | \$15.20 |
| NAV | \$15.98 | \$16.02 | (0.25)% | \$16.58 | \$15.38 |

The following 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, 2004 | October 31, 2003 |
|--|-------------------------|-------------------------|
| U.S. Government and Agency Securities | 63% | 56% |
| Agency Multiple Class Mortgage Pass-Throughs | 13 | 8 |
| Interest Only Mortgage-Backed Securities | 7 | 12 |
| Corporate Bonds | 6 | 8 |

| | | |
|---------------------------------------|---|---|
| Taxable Municipal Bonds | 5 | 5 |
| Inverse Floating Rate Mortgages | 4 | 8 |
| Commercial Mortgage-Backed Securities | 1 | 1 |
| Mortgage Pass-Throughs | 1 | 1 |
| Other | □ | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|---------------|------------------|------------------|
| AA/Aa | 42% | 35% |
| A | 43 | 43 |
| BBB/Baa | 13 | 21 |
| CCC/Caa | 2 | 1 |

³ Using the higher of Standard & Poor's (S&P), Moody's Investors Service (Moody's) or Fitch Ratings (Fitch) rating. Corporate bonds represented approximately 8.7% and 11.0% of net assets on October 31, 2004, and October 31, 2003, respectively.

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TRUST SUMMARIES

OCTOBER 31, 2004

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 10/31/04: | \$14.02 |
| Net Asset Value as of 10/31/04: | \$15.22 |
| Yield on Closing Market Price as of 10/31/04 (\$14.02): ¹ | 7.49% |

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Current Monthly Distribution per Share:² \$0.0875

Current Annualized Distribution per Share:² \$1.0500

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

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|-----------------|-----------------|---------------|-------------|------------|
| Market Price | \$14.02 | \$13.57 | 3.32% | \$14.50 | \$12.55 |
| NAV | \$15.22 | \$14.75 | 3.19% | \$15.45 | \$14.08 |

The following 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, 2004 | October 31, 2003 |
|--|-------------------------|-------------------------|
| Corporate Bonds | 45% | 46% |
| U.S. Government and Agency Securities | 27 | 16 |
| Mortgage Pass-Throughs | 15 | 26 |
| Foreign Government Bonds | 7 | 7 |
| Interest Only Mortgage-Backed Securities | 2 | 1 |
| Commercial Mortgage-Backed Securities | 2 | 2 |
| Asset-Backed Securities | 1 | □ |
| Collateralized Mortgage Obligations | 1 | □ |
| Taxable Municipal Bonds | □ | 2 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|----------------------|-------------------------|-------------------------|
| AAA/Aaa | 4% | 3% |
| AA/Aa | 21 | 11 |
| A | 26 | 25 |
| BBB/Baa | 19 | 21 |
| BB/Ba | 7 | 12 |
| B | 18 | 23 |
| CCC/Caa | 2 | 5 |
| Not Rated | 3 | □ |

3 Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 61.3% and 61.6% of net assets on October 31, 2004, and October 31, 2003, respectively.

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TRUST SUMMARIES

OCTOBER 31, 2004

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 10/31/04: | \$9.30 |
| Net Asset Value as of 10/31/04: | \$7.95 |
| Yield on Closing Market Price as of 10/31/04 (\$9.30): ¹ | 8.82% |
| Current Monthly Distribution per Share: ² | \$0.068333 |
| Current Annualized Distribution per Share: ² | \$0.819996 |

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

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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:

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|-----------------|-----------------|---------------|-------------|------------|
| Market Price | \$9.30 | \$10.25 | (9.27)% | \$11.75 | \$9.05 |
| NAV | \$7.95 | \$6.96 | 14.22% | \$7.96 | \$6.80 |

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

Corporate Portfolio Composition

| Composition | October 31, 2004 | October 31, 2003 |
|-------------------------|-------------------------|-------------------------|
| Energy | 19% | 7% |
| Financial Institutions | 15 | 12 |
| Basic Materials | 14 | 7 |
| Telecommunications | 11 | 4 |
| Media | 9 | 11 |
| Consumer Products | 5 | 16 |
| Industrials | 4 | 5 |
| Health Care | 4 | 2 |
| Transportation | 4 | 7 |
| Entertainment & Leisure | 3 | □ |
| Building & Development | 2 | 6 |
| Technology | 2 | 7 |
| Aero & Defense | 2 | 2 |
| Containers & Glass | 2 | 4 |
| Automotive | 2 | 3 |

| | | |
|---------------------------------|---|---|
| Ecological Services & Equipment | 1 | 2 |
| Real Estate | 1 | □ |
| Conglomerates | □ | 2 |
| Other | □ | 3 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|---------------|------------------|------------------|
| BBB/Baa | 2% | 3% |
| BB/Ba | 31 | 12 |
| B | 54 | 52 |
| CCC/Caa | 11 | 25 |
| CC/Ca | 1 | 5 |
| Not Rated | 1 | 3 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 133.8% and 135.4% of net assets on October 31, 2004, and October 31, 2003, respectively.

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TRUST SUMMARIES

OCTOBER 31, 2004

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 10/31/04: | \$11.38 |
| Net Asset Value as of 10/31/04: | \$12.38 |

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| | |
|--|--------|
| Yield on Closing Market Price as of 10/31/04 (\$11.38): ¹ | 7.38% |
| Current Monthly Distribution per Share: ² | \$0.07 |
| Current Annualized Distribution per Share: ² | \$0.84 |

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

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|----------|----------|--------|---------|---------|
| Market Price | \$11.38 | \$10.95 | 3.93% | \$11.63 | \$10.02 |
| NAV | \$12.38 | \$11.93 | 3.77% | \$12.40 | \$16.55 |

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

Portfolio Breakdown

| Composition | October 31, 2004 | October 31, 2003 |
|--|------------------|------------------|
| Corporate Bonds | 46% | 59% |
| U.S. Government and Agency Securities | 33 | 7 |
| Mortgage Pass-Through Securities | 14 | 29 |
| Non-Agency Multiple Class Mortgage Pass-Through Securities | 2 | □ |
| Interest Only Mortgage-Backed Securities | 2 | 2 |
| Interest Only Asset-Backed Securities | 1 | □ |
| Agency Multiple Class Mortgage Pass-Through Securities | 1 | □ |
| Federal Housing Administration | 1 | 2 |
| Inverse Floating Rate Mortgage Securities | □ | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|----------------------|-------------------------|-------------------------|
| AAA/Aaa | 6% | 6% |
| AA/Aa | 18 | 12 |
| A | 21 | 22 |
| BBB/Baa | 27 | 19 |
| BB/Ba | 9 | 17 |
| B | 15 | 22 |
| CCC/Caa | 2 | 2 |
| Not Rated | 2 | □ |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 59.6% and 71.2% of net assets on October 31, 2004 and October 31, 2003, respectively.

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TRUST SUMMARIES
OCTOBER 31, 2004
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 10/31/04: | \$7.50 |
| Net Asset Value as of 10/31/04: | \$6.95 |
| Yield on Closing Market Price as of 10/31/04 (\$7.50): ¹ | 8.17% |
| Current Monthly Distribution per Share: ² | \$0.051042 |
| Current Annualized Distribution per Share: ² | \$0.612504 |

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

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|-----------------|-----------------|---------------|-------------|------------|
| Market Price | \$7.50 | \$7.71 | (2.72)% | \$7.96 | \$6.40 |
| NAV | \$6.95 | \$7.21 | (3.61)% | \$7.25 | \$ 6.88 |

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

Portfolio Composition

| Composition | October 31, 2004 | October 31, 2003 |
|--|-------------------------|-------------------------|
| U.S. Government and Agency Securities | 32% | 30% |
| Mortgage Pass-Through Securities | 23 | 32 |
| Agency Multiple Class Mortgage Pass-Through Securities | 12 | 3 |
| Interest Only Mortgage-Backed Securities | 10 | 15 |
| Collateralized Mortgage Obligations | 10 | □ |
| Principal Only Mortgage-Backed Securities | 6 | 11 |
| Inverse Floating Rate Mortgage Securities | 2 | 4 |
| Commercial Mortgage-Backed Securities | 2 | 2 |
| Federal Housing Administration | 2 | 3 |
| Interest Only Asset-Backed Securities | 1 | □ |

TRUST SUMMARIES
OCTOBER 31, 2004
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 10/31/04: | \$19.95 |
| Net Asset Value as of 10/31/04: | \$20.13 |
| Yield on Closing Market Price as of 10/31/04 (\$19.95): ¹ | 7.52% |
| 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.

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|-----------------|-----------------|---------------|-------------|------------|
| Market Price | \$19.95 | \$18.80 | 6.12% | \$20.45 | \$17.95 |
| NAV | \$20.13 | \$19.74 | 1.98% | \$20.32 | \$19.24 |

The following 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, 2004 | October 31, 2003 |
|--------------------|-------------------------|-------------------------|
| Corporate Bonds | 43% | 47% |
| Bank Loans | 31 | 20 |

| | | |
|---------------------------------------|----|----|
| Mortgage Pass-Throughs | 16 | 24 |
| U.S. Government and Agency Securities | 4 | 8 |
| Foreign Government Bonds | 2 | 1 |
| Collateralized Mortgage Obligations | 2 | □ |
| Asset-Backed Securities | 1 | □ |
| Interest Only Asset-Backed Securities | 1 | □ |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|----------------------|-------------------------|-------------------------|
| A | 5% | 6% |
| BBB/Baa | 12 | 8 |
| BB/Ba | 28 | 26 |
| B | 50 | 60 |
| CCC/Caa | 2 | □ |
| Not Rated | 3 | □ |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 58.2% and 64.6% of net assets on October 31, 2004 and October 31, 2003, respectively.

TRUST SUMMARIES
OCTOBER 31, 2004
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 10/31/04: | \$16.70 |

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| | |
|--|---------|
| Net Asset Value as of 10/31/04: | \$15.10 |
| Yield on Closing Market Price as of 10/31/04 (\$16.70): ¹ | 9.34% |
| Current Monthly Distribution per Share: ² | \$0.13 |
| Current Annualized Distribution per Share: ² | \$1.56 |

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

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

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

| | 10/31/04 | 10/31/03 | Change | High | Low |
|--------------|----------|----------|--------|---------|---------|
| Market Price | \$16.70 | \$15.27 | 9.36% | \$16.70 | \$13.68 |
| NAV | \$15.10 | \$15.07 | 0.20% | \$15.60 | \$14.61 |

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

Corporate Portfolio Composition

| Composition | October 31, 2004 | October 31, 2003 |
|------------------------|------------------|------------------|
| Financial Institutions | 17% | 12% |
| Energy | 13 | 16 |
| Media | 13 | 10 |
| Automotive | 10 | 11 |
| Health Care | 7 | 5 |
| Telecommunications | 7 | 7 |
| Basic Materials | 6 | 8 |
| Consumer Products | 5 | 3 |

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| | | |
|---------------------------------|---|---|
| Aero & Defense | 4 | 3 |
| Building & Development | 3 | 4 |
| Technology | 3 | 2 |
| Entertainment and Leisure | 3 | 2 |
| Ecological Services & Equipment | 3 | 3 |
| Real Estate | 2 | 2 |
| Conglomerates | 2 | 4 |
| Container & Glass | 1 | 2 |
| Transportation | 1 | 2 |
| Industrials | □ | 3 |
| Other | □ | 1 |

Corporate Credit Breakdown³

| Credit Rating | October 31, 2004 | October 31, 2003 |
|----------------------|-------------------------|-------------------------|
| AAA/Aaa | 4% | 1% |
| AA/Aa | 10 | 5 |
| A | 10 | 9 |
| BBB/Baa | 17 | 10 |
| BB/Ba | 11 | 23 |
| B | 40 | 47 |
| CCC/Caa | 5 | 4 |
| Not Rated | 3 | 1 |

³ Using the higher of S&P's, Moody's or Fitch's rating. Corporate bonds represented approximately 106.5% and 134.4% of net assets of

**CONSOLIDATED PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004**
BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| LONG-TERM INVESTMENTS 134.1% | | | |
| Mortgage Pass-Through Securities 1.3% | | | |
| | | Federal National Mortgage Assoc., | |
| | \$ 591 | 5.50%, 1/01/17 - 2/01/17 | \$ 613,312 |
| | 19 | 6.50%, 7/01/29 | 20,451 |
| Total Mortgage Pass-Through Securities | | | 633,763 |
| Agency Multiple Class Mortgage Pass-Through Securities 17.3% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 2,168 | Ser. 1510, Class G, 7.05%, 5/15/13 | 2,361,148 |
| | 78 | Ser. 1512, Class H, 6.50%, 2/15/08 | 79,199 |
| | 400 | Ser. 1534, Class IG, 5.00%, 2/15/10 | 404,667 |
| | 2,000 | Ser. 1598, Class J, 6.50%, 10/15/08 | 2,137,160 |
| | 713 | Ser. 2534, Class NG, 4.50%, 3/15/22 | 714,579 |
| | 206 | Ser. 2822, Class WZ, 5.00%, 7/15/19 | 205,793 |
| | 162 | Ser. 2822, Class ZU, 5.00%, 11/15/32 | 160,369 |
| | | Federal National Mortgage Assoc., | |
| | 108 | Ser. 13, Class SJ, 8.75%, 2/25/09 | 111,036 |
| | 100 | Ser. 22, Class GN, 6.50%, 8/25/31 | 105,021 |
| | 66 | Ser. 43, Class E, 7.50%, 4/25/22 | 68,936 |
| | 1,000 | Ser. 49, Class H, 7.00%, 4/25/13 | 1,100,510 |
| | 350 | Ser. 214, Class SK, 10.00%, 12/25/08 | 375,118 |
| | 351 | Government National Mortgage Assoc., Remic Trust 2000, Class 16, 2.539% 12/16/27 | 352,043 |
| Total Agency Multiple Class Mortgage Pass-Through Securities | | | 8,175,579 |
| Inverse Floating Rate Mortgages 5.1% | | | |
| AAA | 302 | Citicorp Mortgage Securities, Inc., Ser. 14, Class A-4, 20.554%, 11/25/23 | 315,495 |
| | | Federal Home Loan Mortgage Corp., | |
| | 336 | Ser. 1425, Class SB, 19.894%, 12/15/07 | 391,390 |
| | 76 | Ser. 1506, Class S, 16.73%, 5/15/08 | 86,149 |
| | 106 | Ser. 1515, Class S, 17.141%, 5/15/08 | 124,619 |
| | 70 | Ser. 1618, Class SA, 8.25%, 11/15/08 | 71,215 |
| | 59 | Ser. 1621, Class SH, 10.942%, 11/15/22 | 60,351 |
| | 85 | Ser. 1661, Class SB, 16.981%, 1/15/09 | 94,862 |
| | 280 | Ser. 1688, Class S, 10.303%, 12/15/13 | 296,840 |
| | | Federal National Mortgage Assoc., | |
| | 284 | Ser. 187, Class SB, 19.968%, 10/25/07 | 328,529 |
| | 144 | Ser. 190, Class S, 19.894%, 11/25/07 | 166,006 |

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| | | |
|-----|---------------------------------------|---------|
| 187 | Ser. 191, Class SD, 13.37%, 10/25/08 | 200,853 |
| 252 | Ser. 214, Class SH, 13.569%, 12/25/08 | 265,147 |

| | |
|---------------------------------------|-----------|
| Total Inverse Floating Rate Mortgages | 2,401,456 |
|---------------------------------------|-----------|

Interest Only Mortgage-Backed Securities 8.9%

Federal Home Loan Mortgage Corp.,

| | | |
|-------|-------------------------------|---------|
| 162 | Ser. 65, Class I, 8/15/20 | 2,077 |
| 54 | Ser. 141, Class H, 5/15/21 | 759 |
| 118 | Ser. 1114, Class J, 7/15/06 | 2,069 |
| 61 | Ser. 1285, Class M, 5/15/07 | 1,060 |
| 706 | Ser. 1645, Class IB, 9/15/08 | 43,904 |
| 1,970 | Ser. 2523, Class EH, 4/15/20 | 265,983 |
| 1,888 | Ser. 2543, Class IJ, 10/15/12 | 108,035 |
| 1,897 | Ser. 2543, Class IM, 9/15/12 | 87,157 |
| 5,419 | Ser. 2572, Class IT, 5/15/19 | 183,093 |
| 3,578 | Ser. 2633, Class PI, 3/15/12 | 188,298 |
| 4,254 | Ser. 2672, Class TP, 9/15/16 | 194,449 |
| 5,605 | Ser. 2739, Class PI, 3/15/22 | 726,770 |
| 2,550 | Ser. 2775 Class UB, 12/15/17 | 221,876 |

See Notes to Financial Statements.

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

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|-----------|
| Interest Only Mortgage-Backed Securities (cont'd) | | | |
| Federal National Mortgage Assoc., | | | |
| | \$ 343 | Ser. 8, Class HA, 1/25/08 | \$ 47,188 |
| | 3,000 | Ser. 13, Class IG, 10/25/22 | 282,540 |
| | 341 | Ser. 20, Class SL, 9/25/08 | 59,968 |
| | 31 | Ser. 39, Class PE, 1/25/23 | 502 |
| | 905 | Ser. 49, Class L, 4/25/13 | 57,514 |
| | 781 | Ser. 51, Class K, 4/25/07 | 78,506 |
| | 12,992 | Ser. 70, Class ID, 4/25/22 | 1,489,793 |
| | 78 | Ser. 72, Class H, 7/25/06 | 6,917 |
| | 1,635 | Ser. 82, Class IR, 9/25/12 | 80,208 |
| | 179 | Ser. 194, Class PV, 6/25/08 | 5,298 |
| | 173 | Ser. 223, Class PT, 10/25/23 | 16,598 |
| | 5 | Ser. G-21, Class L, 7/25/21 | 8,083 |
| | 18 | PNC Mortgage Securities Corp., Ser. 8, Class 4-X, 10/25/28 | 773 |
| | 23,305 | Vendee Mortgage Trust, Ser. 1, Class IO, 10/15/31 | 28,666 |
| Total Interest Only Mortgage-Backed Securities | | | 4,188,084 |

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| | | | |
|------|-----------|--|------------|
| | | Collateralized Mortgage Obligation Residuals 0.0% | |
| | 6 | Ser. 174, Class S, 9/25/22 | 17,194 |
| | 562 | Ser. 208, Class S, 2/25/23 | 19,172 |
| | | | <hr/> |
| | | Total Collateralized Mortgage Obligation Residuals | 36.366 |
| | | | <hr/> |
| | | Principal Only Mortgage-Backed Securities 0.1% | |
| Aaa | 40 | Salomon Brothers Mortgage Securities, Inc. VI, Ser. 3, Class A, 10/23/17 | 37,267 |
| | | | <hr/> |
| | | Commercial Mortgage-Backed Securities 1.7% | |
| AAA | 7502 | New York City Mortgage Loan Trust, Multi-Family, Class A2, 6.75%, 6/25/11 | 805,090 |
| | | | <hr/> |
| | | Asset-Backed Securities 0.0% | |
| NR | 238 2,3,4 | Global Rated Eligible Asset Trust, Ser. A, Class 1, 7.33%, 9/15/07 | 4,757 |
| | | Structured Mortgage Asset Residential Trust, | |
| NR | 5753,4 | Ser. 2, 8.24%, 3/15/06 | 5,749 |
| NR | 6373,4 | Ser. 3, 8.724%, 4/15/06 | 6,373 |
| | | | <hr/> |
| | | Total Asset-Backed Securities | 16,879 |
| | | | <hr/> |
| | | Corporate Bonds 8.7% | |
| | | Basic Materials 2.6% | |
| A+ | 1,000 | Dow Capital BV, 9.20%, 6/01/10 (Netherlands) | 1,225,040 |
| | | | <hr/> |
| | | Energy 1.1% | |
| BBB+ | 5002 | Israel Electric Corp., Ltd., 7.25%, 12/15/06 (Israel) | 538,225 |
| | | | <hr/> |
| | | Financial Institutions 3.7% | |
| AA- | 1,0005 | Morgan Stanley Group, Inc., 10.00%, 6/15/08 | 1,209,040 |
| AA+ | 500 | UBS PaineWebber Group, Inc., 8.875%, 3/15/05 | 510,645 |
| | | | <hr/> |
| | | | 1,719,685 |
| | | | <hr/> |
| | | Telecommunications 1.1% | |
| A | 500 | ALLTEL Corp., 7.50%, 3/01/06 | 529,585 |
| | | | <hr/> |
| | | Transportation 0.2% | |
| Caa2 | 100 | American Airlines, Inc., 10.44%, 3/04/07 | 79,250 |
| | | | <hr/> |
| | | Total Corporate Bonds | 4,091,785 |
| | | | <hr/> |
| | | U.S. Government and Agency Securities 83.8% | |
| | 206 | Small Business Investment Companies, Ser. P10A, Class 1, 6.12%, 2/01/08 | 218,386 |
| | 27,0005 | U.S. Treasury Bond, zero coupon, 11/15/09 | 22,697,145 |
| | | U.S. Treasury Notes, | |
| | 3,200 | 3.50%, 11/15/06 | 3,258,874 |
| | 7,000 | 4.375%, 8/15/12 | 7,264,669 |
| | 1,700 | 5.75%, 11/15/05 | 1,760,761 |
| | 3,550 | 6.00%, 8/15/09 | 3,978,357 |

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| | | |
|---|-----------------|------------|
| 385 | 6.625%, 5/15/07 | 421,846 |
| Total U.S. Government and Agency Securities | | 39,600,038 |

See Notes to Financial Statements.

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

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|---------------|
| Taxable Municipal Bonds 7.2% | | | |
| AAA | \$ 500 | Fresno California Pension Oblig., 7.80%, 6/01/14 | \$ 621,915 |
| AAA | 500 | Kern County California Pension Oblig., 6.98%, 8/15/09 | 565,870 |
| AAA | 1,000 | Los Angeles County California Pension Oblig., Ser. A, 8.62%, 6/30/06 | 1,095,830 |
| AAA | 500 | Ser. D, 6.97%, 6/30/08 | 556,515 |
| AAA | 500 | Orleans Parish Louisiana School Board, Ser. A, 6.60%, 2/01/08 | 544,870 |
| Total Taxable Municipal Bonds | | | 3,385,000 |
| Total Long-Term Investments (cost \$60,802,403) | | | 63,371,306 |
| SHORT-TERM INVESTMENT 5.9% | | | |
| U.S. Government and Agency Security 5.9% | | | |
| | 2,800 | Federal Home Loan Bank, 1.69%, 11/01/04 (cost \$2,800,000) | 2,800,000 |
| Total Investments 140.0% (cost \$63,602,403) | | | \$ 66,171,306 |
| Liabilities in excess of other assets (40.0)% | | | (18,915,873) |
| Net Assets 100% | | | \$ 47,255,433 |

- Using the higher of S&P's, Moody's or Fitch's rating.
- 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, 2004, the Trust held 2.9% of its net assets, with a current market value of \$1,348,072, in securities restricted as to resale.
- Security is fair valued.
- Illiquid securities representing 0.04% of net assets.
- Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.

Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

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.

**PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004**
BlackRock Core Bond Trust (BHK)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|---|-------------|--------------|
| LONG-TERM INVESTMENTS □ 136.2% | | | |
| Mortgage Pass-Through Securities □ 20.1% | | | |
| Federal Home Loan Mortgage Corp., | | | |
| \$ 1,875 | 3.50%, 4/01/08 | | \$ 1,868,794 |
| 465 | 3.875%, 11/10/08 | | 468,582 |
| 1,400 | 4.125%, 2/24/11 | | 1,378,636 |
| 1,125 | 4.50%, 12/16/10 | | 1,130,546 |
| 2,795 2 | 4.75%, 12/08/10 | | 2,835,863 |
| 98 | 5.00%, 5/01/34 | | 98,036 |
| 9,894 | 5.50%, 11/01/18 - 9/01/33 | | 10,143,867 |
| 5,558 | 6.00%, 9/01/10 - 12/01/18 | | 5,838,547 |
| 735 2 | 6.875%, 9/15/10 | | 850,454 |
| 4,156 2 | 7.00%, 3/15/10 - 9/01/31 | | 4,789,546 |
| Federal National Mortgage Assoc., | | | |
| 870 | 1.75%, 6/16/06 | | 856,045 |
| 3,6752 | 2.35%, 4/05/07 | | 3,599,185 |
| 2,570 | 4.50%, 5/01/19 - 8/01/19 | | 2,579,540 |
| 1,2802 | 4.75%, 2/21/13 | | 1,275,635 |
| 16,350 | 5.00%, 11/01/17 - 2/01/34 | | 16,673,116 |
| 9,066 | 5.50%, 1/01/18 - 7/01/34 | | 9,255,954 |
| 1,540 | 5.75%, 2/15/08 | | 1,662,461 |
| 3,102 | 6.00%, 3/01/17 - 10/01/34 | | 3,227,776 |
| 1,450 | 6.625%, 9/15/09 | | 1,641,661 |
| 770 | 7.00%, 1/01/31 - 7/01/32 | | 817,731 |
| 6,425 2 | 7.125%, 6/15/10 | | 7,493,863 |
| 511 | Government National Mortgage Assoc., 5.50%, 5/15/33 - 9/15/33 | | 523,426 |
| Small Business Administration, | | | |
| 1,000 | Ser. P10B, Class 1, 4.754%, 8/10/14 | | 1,001,875 |
| 2,475 | Ser. P10B, Class 1, 5.136%, 8/10/13 | | 2,546,837 |
| Total Mortgage Pass-Through Securities | | | 82,557,976 |
| Agency Multiple Class Mortgage Pass-Through Securities □ 1.0% | | | |
| Federal Home Loan Mortgage Corp., | | | |
| 2,000 | Ser. 82, Class HJ, 9/25/32 | | 2,079,375 |
| 1,686 | Ser. 2825, Class VP, 6/15/15 | | 1,754,097 |
| Total Agency Multiple Class Mortgage Pass-Through Securities | | | 3,833,472 |
| Interest Only Asset-Backed Securities □ 1.5% | | | |

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| | | | |
|--------|-------|--|------------|
| | | Sterling Coofs Trust, | |
| 42,564 | | Ser. 1, 4/15/29 | 3,780,244 |
| 30,350 | | Ser. 2, 3/30/30 | 2,418,516 |
| | | | <hr/> |
| | | Total Interest Only Asset-Backed Securities | 6,198,760 |
| | | | <hr/> |
| | | Interest Only Mortgage-Backed Securities 2.1% | |
| | | Federal Home Loan Mortgage Corp., | |
| 4,150 | | Ser. 2579, Class HI, 8/15/17 | 462,600 |
| 9,079 | | Ser. 2611, Class QI, 9/15/32 | 1,717,898 |
| | | Federal National Mortgage Assoc., | |
| 13,659 | | Ser. 64, Class QI, 1/25/33 | 2,638,838 |
| 37,000 | | Ser. 90, Class JH, 12/31/49 | 3,948,594 |
| | | | <hr/> |
| | | Total Interest Only Mortgage-Backed Securities | 8,767,930 |
| | | | <hr/> |
| | | Commercial Mortgage-Backed Securities 3.3% | |
| | | GMAC Commercial Mortgage Securities, Inc., Ser. C3, Class A2, 7.179%, | |
| AAA | 1,993 | 8/15/36 | 2,244,734 |
| | | Heller Financial Commercial Mortgage Asset Co., Ser. PH1, Class A2, 6.847%, | |
| AAA | 1,677 | 5/15/31 | 1,852,196 |
| AAA | 1,790 | JP Morgan Commercial Mortgage Finance Corp., 7.371%, 8/15/32 | 2,044,413 |
| AAA | 3,070 | Morgan Stanley Cap. Trust I, Ser. HF2, Class A2, 6.48%, 11/15/30 | 3,346,123 |
| AAA | 3,500 | Salomon Brothers Mortgage Securities VII, Ser. C1, Class A2, 7.52%, 12/18/09 | 4,032,959 |
| | | | <hr/> |
| | | Total Commercial Mortgage-Backed Securities | 13,520,425 |
| | | | <hr/> |
| | | Collateralized Mortgage Obligation 0.8% | |
| AAA | 3,453 | Structured Asset Securities Corp., Class A2, 3.45%, 2/25/32 | 3,255,612 |
| | | | <hr/> |

See Notes to Financial Statements.

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BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|--------------|
| | | U.S. Government and Agency Securities 36.2% | |
| | \$ 1,670 | Aid to Israel, 5.50%, 4/26/24 - 9/18/33 | \$ 1,769,898 |
| | 1,050 | Resolution Funding Corp., zero coupon, 7/15/18 - 10/15/18 | 529,625 |
| | | U.S. Treasury Bonds, | |
| | 63,900 | 5.50%, 8/15/28 | 69,640,776 |
| | 3,8602 | 6.00%, 2/15/26 | 4,455,135 |
| | 3,245 2 | 6.125%, 11/15/27 | 3,813,881 |
| | 8,9602 | 6.75%, 8/15/26 | 11,260,901 |
| | 3,170 2 | 12.00%, 8/15/13 | 4,178,440 |
| | | U.S. Treasury Notes, | |

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| | | |
|----------|--------------------------|------------|
| 4,3232 | 2.00%, 7/15/14 | 4,472,792 |
| 22,550 2 | 2.375%, 8/31/06 | 22,493,625 |
| 18,800 2 | 2.50%, 5/31/06 - 9/30/06 | 18,805,611 |
| 5,140 2 | 2.75%, 6/30/06 - 8/15/07 | 5,161,672 |
| 255 | 3.125%, 5/15/07 | 257,629 |
| 1,900 | 4.25%, 8/15/14 | 1,932,946 |

Total U.S. Government and Agency Securities 148,772,931

Corporate Bonds 61.3%

Aero & Defense 2.0%

| | | | |
|------|-------|--|-----------|
| B- | 3,000 | BE Aerospace, Inc., Ser. B, 8.00%, 3/01/08 Lockheed Martin Corp., | 3,030,000 |
| BBB+ | 380 | 7.20%, 5/01/36 | 464,790 |
| BBB+ | 1,175 | 8.50%, 12/01/29 Northrop Grumman Corp., | 1,571,868 |
| BBB | 615 | 4.079%, 11/16/06 | 624,231 |
| BBB | 380 | 7.125%, 2/15/11 | 438,174 |
| BBB | 960 | 7.875%, 3/01/26 | 1,185,552 |
| NR | 690 | Raytheon Co., 7.00%, 5/15/06 | 728,615 |

8,043,230

Automotive 2.1%

| | | | |
|------|-------|---|-----------|
| A3 | 660 | DaimlerChrysler NA Holding Corp., 7.45%, 3/01/27 | 729,091 |
| B3 | 1,500 | Delco Remy Intl., Inc., 11.00%, 5/01/09 General Motors Acceptance Corp., | 1,575,000 |
| Baa1 | 1,160 | zero coupon, 12/01/12 | 705,098 |
| Baa1 | 4,129 | 6.875%, 9/15/11 | 4,291,600 |
| Baa1 | 330 | 8.00%, 11/01/31 | 340,725 |
| BB- | 892 | TRW Automotive, Inc., 9.375%, 2/15/13 | 1,025,800 |

8,667,314

Building & Development 0.8%

| | | | |
|-----|-------|---|-----------|
| BB+ | 3,000 | Hovnanian Enterprises, Inc., 10.50%, 10/01/07 | 3,465,000 |
|-----|-------|---|-----------|

Basic Materials 1.9%

| | | | |
|----|-------|---|-----------|
| B | 3,425 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 3,724,687 |
| B+ | 3,600 | Lyondell Chemical Co., 9.50%, 12/15/08 | 3,915,000 |

7,639,687

Conglomerates 2.1%

| | | | |
|-----|-------|------------------------------|-----------|
| | | General Electric Cap. Corp., | |
| AAA | 2,200 | 1.762%, 7/28/08 | 2,201,320 |
| AAA | 6,385 | 3.60%, 10/15/08 | 6,382,893 |

8,584,213

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Consumer Products 2.5%

| | | | | |
|------|-------|---|---|------------|
| A- | 465 | 3 | CVS Corp., 4.875%, 9/15/14 | 468,371 |
| A+ | 1,680 | | Diageo Cap. PLC, 3.375%, 3/20/08 (United Kingdom) | 1,677,917 |
| BBB+ | 1,010 | | General Mills, Inc., 5.125%, 2/15/07 | 1,052,824 |
| BBB+ | 990 | | Kellogg Co., Ser. B, 6.60%, 4/01/11 | 1,121,027 |
| A3 | 865 | | Kraft Foods, Inc., 5.625%, 11/01/11 | 920,637 |
| BBB | 650 | | Kroger Co., 6.80%, 4/01/11 | 734,137 |
| B- | 1,000 | | Pantry, Inc., The, 7.75%, 2/15/14 | 1,047,500 |
| B+ | 2,100 | | Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13 | 2,215,500 |
| B+ | 1,000 | | Stoneridge, Inc., 11.50%, 5/01/12 | 1,122,500 |
| | | | | 10,360,413 |

See Notes to Financial Statements.

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BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--|--------------|
| Containers & Glass 0.7% | | | |
| B | \$ 1,000 | Crown European Holdings SA, 10.875%, 3/01/13 (France) | \$ 1,190,000 |
| BB- | 1,500 | Owens-Brockway Glass Container, Inc., 8.75%, 11/15/12 | 1,680,000 |
| | | | 2,870,000 |
| Ecological Services & Equipment 0.7% | | | |
| B+ | 2,825 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 | 2,952,125 |
| Energy 7.8% | | | |
| BBB- | 1,650 | Amerada Hess Corp., 7.125%, 3/15/33 | 1,814,241 |
| BBB+ | 1,315 | Anadarko Finance Co., Ser. B, 7.50%, 5/01/31 (Canada) | 1,631,968 |
| CCC+ | 1,000 | Calpine Canada Energy Finance LLC, 8.50%, 5/01/08 (Canada) | 615,000 |
| BB | 1,250 | Chesapeake Energy Corp., 9.00%, 8/15/12 | 1,439,062 |
| BB | 1,000 | Compagnie Generale de Geophysique SA, 10.625%, 11/15/07 (France) | 1,058,000 |
| A- | 1,800 | Conoco Funding Co., 6.35%, 10/15/11 (Canada) | 2,021,760 |
| A- | 350 | ConocoPhillips Holding Co., 6.95%, 4/15/29 | 410,833 |
| BBB | 1,915 | Devon Energy Corp., 7.95%, 4/15/32 | 2,438,580 |
| BBB | 230 | Devon Financing Corp. LLC, 7.875%, 9/30/31 | 290,060 |
| BBB+ | 150 | Dominion Resources, Inc., 5.70%, 9/17/12 | 158,945 |
| B | 3,000 | Dresser, Inc., 9.375%, 4/15/11 | 3,345,000 |
| B | 1,875 | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 2,184,375 |
| | | El Paso Natural Gas Co., | |
| B1 | 850 | 7.625%, 8/01/10 | 921,187 |
| B1 | 265 | 8.625%, 1/15/22 | 298,125 |
| B- | 2,250 | El Paso Production Holding Co., 7.75%, 6/01/13 | 2,351,250 |

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| | | | |
|------|--------|--|------------|
| | | EnCana Corp., | |
| A- | 1,810 | 4.75%, 10/15/13 (Canada) | 1,812,407 |
| A- | 350 | 6.50%, 8/15/34 (Canada) | 381,231 |
| BBB+ | 305 | Exelon Corp., 6.75%, 5/01/11 | 342,341 |
| BBB- | 1,420 | FirstEnergy Corp., Ser. C, 7.375%, 11/15/31 | 1,617,962 |
| BBB+ | 360 | Occidental Petroleum Corp., 7.20%, 4/01/28 | 428,246 |
| AA | 835 | Ontario Electricity Financial Corp., 6.10%, 1/30/08 (Canada) | 908,346 |
| BBB+ | 790 | Peco Energy Cap. Trust IV, 5.75%, 6/15/33 | 744,098 |
| Baa1 | 1,650 | Petroleos Mexicanos, 9.375%, 12/02/08 (Mexico) | 1,947,000 |
| Aa1 | 2903 | SP PowerAssets Ltd., 5.00%, 10/22/13 (Singapore) | 296,490 |
| A- | 445 | Suncor Energy, Inc., 5.95%, 12/01/34 (Canada) | 463,852 |
| AA | 1,050 | Texaco Cap. Inc., 8.875%, 9/01/21 | 1,483,293 |
| A3 | 725 | Virginia Electric & Power Co., Ser. A, 5.75%, 3/31/06 | 753,536 |
| | | | 32,157,188 |
| | | Entertainment & Leisure \square 0.5% | |
| B+ | 1,000 | Circus & Eldorado Joint Venture, 10.125%, 3/01/12 | 1,085,000 |
| B | 1,000 | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 | 1,152,500 |
| | | | 2,237,500 |
| | | Financial Institutions \square 23.2% | |
| A- | 350 | ACE, Ltd., 6.00%, 4/01/07 (Cayman Island) | 369,446 |
| AA+ | 455 | Associates Corp. of North America, 6.95%, 11/01/18 | 536,404 |
| | | Bank of America Corp., | |
| Aa2 | 765 | 3.25%, 8/15/08 | 758,390 |
| Aa2 | 1,640 | 3.375%, 2/17/09 | 1,621,878 |
| Aa2 | 1,000 | 3.875%, 1/15/08 | 1,017,750 |
| Aa2 | 105 | 4.375%, 12/01/10 | 106,532 |
| Aa2 | 370 | 5.25%, 2/01/07 | 387,901 |
| Aa2 | 470 | 5.375%, 6/15/14 | 492,395 |
| Aa3 | 1,225 | 7.40%, 1/15/11 | 1,436,827 |
| | | Bank One Corp., | |
| Aa2 | 325 | 3.70%, 1/15/08 | 328,029 |
| Aa3 | 725 | 6.00%, 8/01/08 | 786,328 |
| Aa2 | 1,400 | BankBoston NA, 6.375%, 3/25/08 - 4/15/08 | 1,531,926 |
| Aa3 | 565 | Barclays Bank PLC, 8.55%, 9/29/49 (United Kingdom) | 695,825 |
| AAA | 1,2003 | Berkshire Hathaway Finance Corp., 3.40%, 7/02/07 | 1,205,364 |
| AA+ | 600 | CitiFinancial, 6.25%, 1/01/08 | 651,210 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

Rating¹ **Principal
Amount**

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| (unaudited) | (000) | Description | Value |
|--|----------|--|--------------|
| Financial Institutions (cont'd) | | | |
| Citigroup, Inc., | | | |
| Aa1 | \$ 1,960 | 4.25%, 7/29/09 | \$ 2,004,355 |
| AA | 5,0993 | 5.00%, 9/15/14 | 5,145,707 |
| AA | 185 | 6.00%, 10/31/33 | 191,436 |
| BB | 1,000 | Crum & Forster Holdings Corp., 10.375%, 6/15/13 | 1,070,000 |
| HBOS Treasury Services PLC, | | | |
| AA+ | 8553 | 3.60%, 8/15/07 (United Kingdom) | 862,344 |
| AA+ | 825 3 | 3.75%, 9/30/08 (United Kingdom) | 831,749 |
| Household Finance Corp., | | | |
| A+ | 1,760 | 6.375%, 8/01/10 - 11/27/12 | 1,956,417 |
| A+ | 2,325 | 6.75%, 5/15/11 | 2,641,991 |
| HSBC Bank USA, Inc., | | | |
| AA | 1,850 | 3.875%, 9/15/09 | 1,857,418 |
| AA- | 775 | 5.875%, 11/01/34 | 774,225 |
| JP Morgan Chase & Co., | | | |
| Aa3 | 540 | 3.625%, 5/01/08 | 543,003 |
| Aa3 | 1,600 | 5.25%, 5/30/07 | 1,682,736 |
| Aa3 | 600 | 5.35%, 3/01/07 | 630,030 |
| A1 | 325 | 6.625%, 3/15/12 | 366,977 |
| A1 | 1,155 | 6.75%, 2/01/11 | 1,308,349 |
| Marsh & McLennan Cos, Inc., | | | |
| BBB+ | 250 | 2.193%, 7/13/07 | 241,788 |
| BBB+ | 265 | 5.375%, 7/15/14 | 258,025 |
| AA | 1,415 3 | MetLife Global Funding I, 4.25%, 7/30/09 | 1,427,707 |
| AA+ | 450 3 | Monumental Global Funding II, 4.375%, 7/30/09 | 458,294 |
| A3 | 20,3003 | Morgan Stanley Tracers, 5.838%, 3/01/07 | 21,231,567 |
| National City Bank Cleveland Ohio, | | | |
| AA- | 800 | 2.09%, 6/29/09 | 800,104 |
| AA- | 1,200 | 3.375%, 10/15/07 | 1,203,756 |
| AA- | 2,1253 | Nationwide Building Society, 3.50%, 7/31/07 (United Kingdom) | 2,136,730 |
| AAA | 8503 | New York Life Global Funding, 3.875%, 1/15/09 | 854,760 |
| AA | 1,500 | Protective Life Secured Trust, 3.70%, 11/24/08 | 1,508,775 |
| A+ | 1,000 3 | Prudential Funding LLC, 6.60%, 5/15/08 | 1,098,390 |
| AA | 400 3 | Rabobank Cap. Fund II, 5.26%, 12/29/49 | 402,076 |
| Rainbow National Services LLC, | | | |
| B3 | 200 3 | 8.75%, 9/01/12 | 214,000 |
| CCC+ | 600 3 | 10.375%, 9/01/14 | 651,000 |
| SLM Corp., | | | |
| A+ | 4,220 | 3.625%, 3/17/08 | 4,241,522 |
| A+ | 1,350 | 5.00%, 10/01/13 | 1,373,125 |
| A+ | 450 | 5.375%, 1/15/13 | 470,088 |
| A+ | 90 | 5.625%, 4/10/07 | 94,977 |
| NR | 3,882 | Structured Asset Receivable Trust, 1.649%, 1/21/10 | 3,875,888 |
| AA | 1,265 | SunTrust Bank, Inc., 4.415%, 6/15/09 | 1,296,752 |
| AA- | 1,635 | SunTrust Banks, Inc., 3.625%, 10/15/07 | 1,650,434 |
| AAA | 225 3 | TIAA Global Markets, Inc., 3.875%, 1/22/08 | 228,645 |
| AA- | 375 | U.S. Bancorp, Ser. N, 3.95%, 8/23/07 | 382,853 |
| US Bank National Assoc., | | | |

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| | | | |
|-----|-------|--|------------|
| Aa2 | 1,380 | 2.87%, 2/01/07 | 1,382,650 |
| Aa3 | 2,790 | 6.50%, 2/01/08 | 3,055,775 |
| | | Wachovia Corp., | |
| Aa3 | 4,200 | 3.50%, 8/15/08 | 4,202,982 |
| Aa3 | 975 | 3.625%, 2/17/09 | 971,948 |
| | | Wells Fargo & Co., | |
| Aa1 | 2,040 | 1.98%, 9/15/09 | 2,039,306 |
| Aa1 | 650 | 2.03%, 9/28/07 | 649,428 |
| Aa1 | 1,031 | 3.12%, 8/15/08 | 1,029,330 |
| Aa1 | 1,975 | 4.00%, 8/15/08 | 2,011,459 |
| Aa1 | 200 | 7.80%, 6/15/10 | 206,197 |
| AA | 85 3 | Western & Southern Financial Group, Inc., 5.75%, 7/15/33 | 84,261 |
| | | | <hr/> |
| | | | 95,527,534 |

See Notes to Financial Statements.

15

BlackRock Core Bond Trust (BHK) (continued)

| Rating¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|---------------------------------------|---|--------------|
| Health Care 2.3% | | | |
| A | \$ 410 | Boston Scientific Corp., 5.45%, 6/15/14 | \$ 432,214 |
| A+ | 1,055 | Bristol Myers Squibb Co., 5.75%, 10/01/11 | 1,138,303 |
| NR | 2,000 | HealthSouth Corp., 7.625%, 6/01/12 | 1,940,000 |
| | | Tenet Healthcare Corp., | |
| B- | 380 | 6.375%, 12/01/11 | 346,750 |
| B- | 5 | 6.50%, 6/01/12 | 4,538 |
| B- | 865 3 | 9.875%, 7/01/14 | 906,087 |
| B | 2,000 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 2,295,000 |
| A | 1,210 | UnitedHealth Group, Inc., 3.375%, 8/15/07 | 1,206,854 |
| A | 1,025 | Wyeth, 6.50%, 2/01/34 | 1,061,643 |
| | | | <hr/> |
| | | | 9,331,389 |
| Industrials 0.7% | | | |
| BBB+ | 760 | Allegiance Corp., 7.00%, 10/15/26 | 791,175 |
| B | 2,000 | Terex Corp., 9.25%, 7/15/11 | 2,250,000 |
| | | | <hr/> |
| | | | 3,041,175 |
| Media 5.4% | | | |
| B1 | 4,000 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) AOL Time Warner, Inc., | 4,300,000 |

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| | | | |
|------|-------|---|------------|
| BBB+ | 80 | 6.125%, 4/15/06 | 83,613 |
| BBB+ | 90 | 6.625%, 5/15/29 | 94,531 |
| BBB+ | 4,155 | 7.57%, 2/01/24 | 4,788,014 |
| BBB+ | 205 | 7.625%, 4/15/31 | 242,375 |
| BBB+ | 275 | 9.15%, 2/01/23 | 360,968 |
| BBB | 580 | AT&T Broadband Corp., 8.375%, 3/15/13 | 711,503 |
| CCC+ | 750 | Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 780,000 |
| CCC+ | 3,250 | Charter Communications Holdings LLC, 10.75%, 10/01/09 Comcast Corp., | 2,746,250 |
| BBB | 4,405 | 5.50%, 3/15/11 | 4,645,954 |
| BBB | 80 | 7.05%, 3/15/33 News America Holdings, Inc., | 90,398 |
| BBB | 985 | 7.625%, 11/30/28 | 1,175,775 |
| BBB | 825 | 7.70%, 10/30/25 TCI Communications, Inc., | 985,396 |
| BBB | 200 | 7.125%, 2/15/28 | 222,826 |
| BBB | 865 | 7.875%, 8/01/13 - 2/15/26 | 1,035,551 |
| | | | 22,263,154 |

Real Estate 2.8%

| | | | |
|------|-------|---|------------|
| BB | 3,165 | American Real Estate Partners LP, 8.125%, 6/01/12 AvalonBay Communities, Inc., | 3,339,075 |
| BBB+ | 350 | 6.625%, 9/15/11 | 389,098 |
| BBB+ | 775 | 8.25%, 7/15/08 EOP Operating LP, | 892,591 |
| BBB+ | 1,150 | 4.65%, 10/01/10 | 1,157,003 |
| BBB+ | 950 | 4.75%, 3/15/14 | 930,183 |
| BBB+ | 450 | 7.00%, 7/15/11 ERP Operating LP, | 509,099 |
| A- | 1,950 | 5.20%, 4/01/13 | 1,991,028 |
| A- | 825 | 6.95%, 3/02/11 Rouse Co., | 935,913 |
| BBB- | 895 | 3.625%, 3/15/09 | 843,242 |
| BBB- | 340 | 5.375%, 11/26/13 | 325,724 |
| | | | 11,312,956 |

See Notes to Financial Statements.

BlackRock Core Bond Trust (BHK) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|--------------------------------|-------|
| | | Telecommunications 5.0% | |

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| | | | |
|------|----------|---|--------------|
| A | \$ 3,400 | BellSouth Corp., 5.20%, 9/15/14 | \$ 3,465,178 |
| A | 650 | British Telecommunications PLC, 8.875%, 12/15/30 (United Kingdom) | 869,050 |
| A- | 25 | Deutsche Telekom Intl. Finance BV, 8.75%, 6/15/30 (Netherlands) | 33,001 |
| BB+ | 2,000 | Nextel Communications, Inc., 9.375%, 11/15/09 | 2,097,500 |
| B+ | 1,750 3 | Qwest Communications Intl., 7.50%, 2/15/14 | 1,680,000 |
| BB | 200 3 | Qwest Corp., 7.875%, 9/01/11 | 212,500 |
| | | SBC Communications, Inc., | |
| A | 325 | 4.125%, 9/15/09 | 324,928 |
| A | 2,050 | 5.10%, 9/15/14 | 2,061,152 |
| A+ | 875 | 6.45%, 6/15/34 | 918,969 |
| BBB | 1,065 | Sprint Capital Corp., 6.875%, 11/15/28 | 1,144,162 |
| A- | 1,875 3 | Telecom Italia Capital, 6.00%, 9/30/34 (Luxembourg) | 1,841,213 |
| A | 725 | Telefonica Europe BV, 7.75%, 9/15/10 (Netherlands) | 860,089 |
| A+ | 75 | Verizon Global Funding Corp., 7.75%, 12/01/30 | 91,707 |
| Aa3 | 125 | Verizon Maryland, Inc., 5.125%, 6/15/33 | 109,936 |
| | | Verizon New Jersey, Inc., | |
| Aa3 | 230 | 7.85%, 11/15/29 | 281,591 |
| Aa3 | 335 | Ser. A, 5.875%, 1/17/12 | 360,681 |
| A | 3,439 | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 4,048,391 |
| | | | <hr/> |
| | | | 20,400,048 |
| | | | <hr/> |
| | | Transportation 0.8% | |
| BBB | 1,450 | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) | 1,606,571 |
| B | 1,635 | Sea Containers Ltd., 10.50%, 5/15/12 (Bermuda) | 1,696,313 |
| | | | <hr/> |
| | | | 3,302,884 |
| | | | <hr/> |
| | | Total Corporate Bonds | 252,155,810 |
| | | | <hr/> |
| | | Taxable Municipal Bonds 0.2% | |
| A2 | 650 | California Dept. of Wtr. Res. Pwr. Sply., 3.975%, 5/01/05 | 654,108 |
| AA | 350 | Ohana Military Cmnty. LLC, 6.193%, 4/01/49 | 364,350 |
| | | | <hr/> |
| | | Total Taxable Municipal Bonds | 1,018,458 |
| | | | <hr/> |
| | | Foreign Government Bonds 9.7% | |
| AAA | 4,855 | Canada Government, 5.00%, 6/01/14 CAD | 4,139,367 |
| NR | 4,600 | French Treasury Note, 3.50%, 1/12/09 EUR | 5,958,044 |
| AAA | 5,135 | Germany Federal Republic, 3.25%, 4/17/09 EUR | 6,578,758 |
| Aaa | 7,125 | Kingdom of Spain, 3.60%, 1/31/09 EUR | 9,262,565 |
| AAA | 33,885 | Kingdom of Sweden, 5.00%, 1/28/09 SEK | 5,043,499 |
| AA- | 2,000 | Quebec Province Canada, 5.00%, 7/17/09 USD | 2,110,480 |
| | | United Mexican States, | |
| Baa2 | 4,000 | 6.625%, 3/03/15 USD | 4,284,000 |
| Baa2 | 2,255 | 8.00%, 9/24/22 USD | 2,589,868 |
| | | | <hr/> |
| | | Total Foreign Government Bonds | 39,966,581 |
| | | | <hr/> |
| | | Total Long-Term Investments (cost \$543,718,526) | 560,047,955 |

| | | | |
|----|-----------|---|------------|
| | | SHORT-TERM INVESTMENTS 4.4% | |
| | | Corporate Bond 0.5% | |
| | | Financial Institutions 0.5% | |
| NR | 1,900 2,4 | HBOS Treasury Services PLC, 2.04%, 1/26/05 | 1,890,741 |
| | | U.S. Government and Agency Securities 3.9% | |
| | 400 | Federal Home Loan Bank, 1.69%, 11/01/04 | 400,000 |
| | 537 | U.S. Treasury Bonds, 1.55%, 11/05/04 | 536,625 |
| | 15,261 | 1.62%, 11/05/04 | 15,261,125 |
| | | Total U.S. Government and Agency Securities | 16,197,750 |
| | | Total Short-Term Investments (cost \$18,088,491) | 18,088,491 |

See Notes to Financial Statements.

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BlackRock Core Bond Trust (BHK) (continued)

| Rating¹ (unaudited) | Contracts/ Notional Amount (000) | Description | Value |
|---|---|--|--------------|
| | | OUTSTANDING OPTIONS PURCHASED 0.1% | |
| | | Interest Rate Swap, | |
| \$ | 23,000 | 4.365% over 3-month LIBOR, expires 1/28/05 | \$ 225,484 |
| | 16,000 | 4.60% over 3-month LIBOR, expires 11/19/04 | 26,848 |
| | 23,000 | 4.865% over 3-month LIBOR, expires 1/28/05 | 157,555 |
| | 12,000 | 6.25% over 3-month LIBOR, expires 11/19/04 | 12 |
| | | Total Outstanding Options Purchased (cost \$468,300) | 409,899 |
| | | Total investments before outstanding options written (cost \$562,275,317) | 578,546,345 |
| | | OUTSTANDING OPTIONS WRITTEN (0.3)% | |
| | | Interest Rate Swap, | |
| | (26,000) | 3.00% over 3-month LIBOR, expires 1/19/05 | (75,258) |
| | (23,000) | 4.375% over 3-month LIBOR, expires 10/28/05 | (434,286) |
| | (28,700) | 4.60% over 3-month LIBOR, expires 2/23/05 | (250,637) |
| | (39,000) | 5.75% over 3-month LIBOR, expires 9/23/05 | (91,650) |
| | (23,000) | 5.75% over 3-month LIBOR, expires 10/28/05 | (387,883) |
| | (12,000) | 6.05% over 3-month LIBOR, expires 2/23/05 | (5,040) |
| | (90) | U.S. Treasury Bond Futures, expires 11/26/04 | (92,812) |
| | (90) | U.S. Treasury Bond Futures, expires 11/26/04 | (1,406) |

| | |
|---|----------------|
| Total Outstanding Options Written (premium received \$2,196,443) | (1,338,972) |
| Total investments, net of outstanding options written 140.4% | \$ 577,207,373 |
| Liabilities in excess of other assets (40.4%) | (166,044,115) |
| Net Assets 100% | \$ 411,163,258 |

- Using the higher of S&P's, Moody's or Fitch's rating.
 - Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
 - 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, 2004, the Trust held 11.8% of its net assets, with a current market value of \$48,456,530, in securities restricted as to resale.
 - This bond is borrowed. The rate shown is the yield on the collateral deposited with the counterparty.
- Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

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

KEY TO ABBREVIATIONS

| | |
|-----|------------------------|
| CAD | Canadian Dollar |
| EUR | European Monetary Unit |
| SEK | Swedish Krona |
| USD | U.S. Dollar |

See Notes to Financial Statements.

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PORTFOLIO OF INVESTMENTS OCTOBER 31, 2004

BlackRock High Yield Trust (BHY)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|--|------------|
| LONG-TERM INVESTMENTS 134.4% | | | |
| Corporate Bonds 133.8% | | | |
| Aero & Defense 2.8% | | | |
| | | AAR Corp., | |
| BB- | \$ 435 | 6.875%, 12/15/07 | \$ 438,263 |
| NR | 100 | Ser. A2, 8.39%, 5/15/11 | 97,500 |
| B | 2502 | Argo Tech Corp., 9.25%, 6/01/11 | 272,500 |
| B+ | 500 | BE Aerospace, Inc., 8.50%, 10/01/10 | 548,125 |
| NR | 1,500 | 3,4,5 Condor Systems, Inc., Ser. B, 11.875%, 5/01/09 | 30,000 |
| B | 30 | Titan Corp., 8.00%, 5/15/11 | 31,800 |

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1,418,188

Automotive 2.4%

| | | | |
|-----|------|--|---------|
| BB+ | 325 | ArvinMeritor, Inc., 8.75%, 3/01/12 | 360,750 |
| B1 | 300 | Delco Remy Intl., Inc., 6.07%, 1/18/05 | 301,500 |
| B | 2802 | Metaldyne Corp., 10.00%, 11/01/13 | 267,400 |
| B | 2652 | Stanadyne Corp., 10.00%, 8/15/14 | 278,250 |

1,207,900

Basic Materials 18.2%

| | | | |
|------|--------|---|---------|
| B+ | 55 | Alaska Steel Corp., 7.75%, 6/15/12 | 55,688 |
| BB | 2502 | Arch Western Finance LLC, 6.75%, 7/01/13 | 265,375 |
| B- | 450 2 | BCP Caylux Holdings SCA, 9.625%, 6/15/14 (Luxembourg) | 504,000 |
| B- | 165 | Blount, Inc., 8.875%, 8/01/12 | 178,200 |
| | | Boise Cascade LLC, | |
| B+ | 502 | 5.005%, 1/15/05 | 51,375 |
| B+ | 1552 | 7.125%, 10/15/14 | 162,750 |
| BB | 215 | Bowater Canada Finance Corp., 7.95%, 11/15/11 (Canada) | 231,931 |
| B | 70 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 76,125 |
| BB+ | 175 | Cascades, Inc., 7.25%, 2/15/13 (Canada) | 188,125 |
| BB- | 3052 | Century Aluminum Co., 7.50%, 8/15/14 | 324,825 |
| B+ | 50 | Equistar Chemicals LP, 10.125%, 9/01/08 | 57,250 |
| B1 | 200 2 | Foundation Pennsylvania Coal Co., 7.25%, 8/01/14 | 212,000 |
| | | Georgia Pacific Corp., | |
| BB+ | 20 | 7.25%, 6/01/28 | 21,200 |
| BB+ | 550 | 8.00%, 1/15/24 | 638,000 |
| B2 | 188 | Gold Kist, Inc., 10.25%, 3/15/14 | 212,440 |
| CCC+ | 400 | Huntsman Intl. LLC, 10.125%, 7/01/09 | 420,500 |
| B | 100 | Huntsman LLC, 11.625%, 10/15/10 | 117,875 |
| BB | 680 | Intl. Steel Group, Inc., 6.50%, 4/15/14 | 724,200 |
| BB | 425 | Ipsco, Inc., 8.75%, 6/01/13 (Canada) | 487,688 |
| BB- | 470 | Ispat Inland ULC, 9.75%, 4/01/14 (Canada) | 568,700 |
| B | 175 | JSG Funding PLC, 9.625%, 10/01/12 (Ireland) | 199,500 |
| | | Lyondell Chemical Co., | |
| B- | 250 | 10.875%, 5/01/09 | 265,938 |
| B+ | 230 | Ser. A, 9.625%, 5/01/07 | 252,425 |
| B+ | 400 | Millar Western Forest Products Ltd., 7.75%, 11/15/13 (Canada) | 427,000 |
| BB- | 65 | Millennium America, Inc., 9.25%, 6/15/08 | 72,475 |
| | | Nalco Co., | |
| B2 | 50 | 7.75%, 11/15/11 | 53,500 |
| B- | 500 | 8.875%, 11/15/13 | 547,500 |
| BB | 125 | Norske Skog Canada Ltd., 7.375%, 3/01/14 (Canada) | 130,000 |
| BB+ | 335 | Nova Chemicals Corp., 6.50%, 1/15/12 (Canada) | 349,985 |
| CCC+ | 3002 | Polypore, Inc., 8.75%, 5/15/12 | 313,500 |
| | 2,0005 | Republic Technologies Intl. LLC, 13.75%, 7/15/09 | 0 |
| B3 | 385 | Rhodia, 10.25%, 6/01/10 (France) | 414,838 |
| BB- | 125 | Russel Metals, Inc., 6.375%, 3/01/14 (Canada) | 125,000 |
| BB- | 75 | Smurfit Captial Funding PLC, 7.50%, 11/20/25 (Ireland) | 75,000 |

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| | | | |
|---|-----|-------------------------------|-----------|
| B | 565 | Trimas Corp., 9.875%, 6/15/12 | 581,950 |
| | | | 9,306,858 |

See Notes to Financial Statements.

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BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|-----------|
| Building & Development 3.3% | | | |
| Ainsworth Lumber Co. Ltd., | | | |
| B+ | \$ 40 2 | 5.669%, 12/30/04 (Canada) | \$ 40,082 |
| B+ | 702 | 7.25%, 10/01/12 (Canada) | 70,525 |
| BBB- | 955 | D.R. Horton, Inc., 10.50%, 4/01/05 | 983,650 |
| BB+ | 250 | Hovnanian K Enterprises, Inc., 6.375%, 12/15/14 | 253,125 |
| BBB | 175 | NVR, Inc., 5.00%, 6/15/10 | 175,875 |
| Ba3 | 125 | WCI Communities, Inc., 7.875%, 10/01/13 | 132,813 |
| | | | 1,656,070 |
| Business Equipment & Services 0.4% | | | |
| Xerox Corp., | | | |
| BB | 85 | 6.875%, 8/15/11 | 90,525 |
| BB | 100 | 7.20%, 4/01/16 | 105,250 |
| | | | 195,775 |
| Consumer Products 6.5% | | | |
| B | 175 | B&G Foods, Inc., 8.00%, 10/01/11 | 184,625 |
| B2 | 250 | Chattem, Inc., 7.00%, 3/01/14 | 255,625 |
| BB+ | 365 | JC Penney Co., Inc., 7.95%, 4/01/17 | 424,313 |
| BB | 2502 | K2, Inc., 7.375%, 7/01/14 | 272,388 |
| B- | 3152 | Lazy Days RV Center, Inc., 11.75%, 5/15/12 | 331,538 |
| NR | 1,2004,5 | Nebco Evans Holding Co., 12.375%, 7/15/07 | 0 |
| B- | 375 | Pantry, Inc., The, 7.75%, 2/15/14 | 392,812 |
| B- | 130 | Petro Stopping Centers LP, 9.00%, 2/15/12 | 140,075 |
| B- | 350 | Rite Aid Corp., 6.875%, 8/15/13 | 313,250 |
| B- | 500 | St. John Knits Intl., Inc., 12.50%, 7/01/09 | 544,375 |
| B+ | 275 | Stoneridge, Inc., 11.50%, 5/01/12 | 308,687 |
| CCC+ | 150 | True Temper Sports, Inc., 8.375%, 9/15/11 | 136,500 |
| | | | 3,304,188 |
| Containers & Glass 2.7% | | | |

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| | | | |
|------|------|---|-----------|
| BB | 60 | Ball Corp., 6.875%, 12/15/12 | 64,950 |
| B | 690 | Crown Cork & Seal, Inc., 8.00%, 4/15/23 | 674,475 |
| B | 20 | Crown European Holdings SA, 10.875%, 3/01/13 (France) | 23,800 |
| | | Graham Packaging Co., Inc., | |
| CCC+ | 1802 | 8.50%, 10/15/12 | 188,550 |
| CCC+ | 1102 | 9.875%, 10/15/14 | 116,325 |
| B | 275 | Owens Brockway Glass Container, 8.25%, 5/15/13 | 299,750 |
| | | | 1,367,850 |

Ecological Services & Equipment 1.6%

Allied Waste NA, Inc.,

| | | | |
|-----|-----|-------------------------|---------|
| BB- | 80 | 8.50%, 12/01/08 | 84,000 |
| BB- | 110 | 8.875%, 4/01/08 | 116,600 |
| B+ | 564 | Ser. B, 10.00%, 8/01/09 | 589,380 |
| | | | 789,980 |

Energy 25.6%

| | | | |
|------|-------|--|-----------|
| B | 1,000 | AES Corp., 7.75%, 3/01/14 | 1,091,250 |
| B+ | 237 | AES Red Oak LLC, Ser. A, 8.54%, 12/01/19 | 260,704 |
| B- | 40 2 | Belden & Blake Corp., 8.75%, 7/15/12 | 42,800 |
| CCC+ | 775 | Calpine Canada Energy Finance LLC, 8.50%, 5/01/08 (Canada) | 476,625 |
| BB- | 3752 | Calpine Corp., 9.625%, 9/30/14 | 358,125 |
| Ba1 | 244 | CE Generation LLC, 7.416%, 12/15/18 | 256,564 |
| BB- | 250 | Chesapeake Energy Corp., 7.00%, 8/15/14 | 272,188 |
| CCC+ | 150 | Coastal Corp., 7.75%, 6/15/10 | 155,063 |
| B | 300 | Compton Petroleum Corp., Ser. A, 9.90%, 5/15/09 (Canada) | 333,000 |
| B | 250 | Dresser, Inc., 9.375%, 4/15/11 | 278,750 |
| B1 | 345 | Edison Mission Energy, 10.00%, 8/15/08 | 402,788 |
| CCC+ | 190 | El Paso Corporation, 7.875%, 6/15/12 | 198,313 |
| B1 | 65 | El Paso Natural Gas Co., 7.625%, 8/01/10 | 70,444 |
| B- | 700 | El Paso Production Holding Co., 7.75%, 6/01/13 | 731,500 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|--|------------|
| Energy (cont'd) | | | |
| Ba2 | \$ 736 | Elwood Energy LLC, 8.159%, 7/05/26 | \$ 780,253 |
| B | 250 | Exco Resources, Inc., 7.25%, 1/15/11 | 270,625 |
| B+ | 1602 | Frontier Oil Corp., 6.625%, 10/01/11 | 163,200 |
| B | 500 | Hanover Compressor Co., 8.625%, 12/15/10 | 550,000 |

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| | | | |
|-----|------|---|---------|
| B | 1402 | Hilcorp Energy I LP, 10.50%, 9/01/10 | 157,850 |
| B- | 180 | KCS Energy, Inc., 7.125%, 4/01/12 | 186,300 |
| BB | 375 | Massey Energy Co., 6.625%, 11/15/10 | 395,625 |
| | | Midwest Generation LLC, | |
| B1 | 45 | 8.56%, 1/02/16 | 49,950 |
| B1 | 325 | 8.75%, 5/01/34 | 369,687 |
| B- | 200 | Mission Energy Holdings Co., 13.50%, 7/15/08 | 253,500 |
| B | 400 | North America Energy Partners, Inc., 8.75%, 12/01/11 (Canada) | 387,000 |
| B+ | 4752 | NRG Energy, Inc., 8.00%, 12/15/13 | 524,875 |
| B2 | 500 | Orion Power Holdings, Inc., 12.00%, 5/01/10 | 631,250 |
| Ba2 | 125 | Plains Exploration & Production Co., 7.125%, 6/15/14 | 138,750 |
| BB | 325 | Premcor Refining Group, Inc., 6.75%, 5/01/14 | 341,250 |
| Ba2 | 2502 | Pride Intl., Inc., 7.375%, 7/15/14 | 281,562 |
| B | 185 | Range Resources Corp., 7.375%, 7/15/13 | 196,562 |
| B+ | 345 | Reliant Energy, Inc., 9.25%, 7/15/10 | 381,225 |
| B | 400 | Roseton Danskammer, Ser.A, 7.27%, 11/08/10 | 404,000 |
| BB- | 300 | Swift Energy Co., 7.625%, 7/15/11 | 324,750 |
| B1 | 160 | Tennessee Gas Pipeline Co., 8.375%, 6/15/32 | 174,800 |
| BB | 400 | Transcontinental Gas Pipe Line Corp., Ser. B, 8.875%, 7/15/12 | 493,000 |
| B2 | 155 | Whiting Petroleum Corp., 7.25%, 5/01/12 | 161,587 |
| B+ | 425 | Williams Cos, Inc., 7.625%, 7/15/19 | 479,187 |

13,024,902

Entertainment & Leisure 4.2%

| | | | |
|-----|------|--|---------|
| B | 3502 | American Casino & Entertainment Properties LLC, 7.85%, 2/01/12 | 373,625 |
| B | 100 | Hammons John Q. Hotels LP, Ser. B, 8.875%, 5/15/12 | 115,000 |
| Ba3 | 116 | Host Marriot Corp., Ser. B, 7.875%, 8/01/08 | 119,190 |
| BB+ | 175 | ITT Corp., 7.375%, 11/15/15 | 197,313 |
| | | MGM Mirage, | |
| BB+ | 475 | 5.875%, 2/27/14 | 467,875 |
| BB+ | 2452 | 6.00%, 10/01/09 | 252,656 |
| BB+ | 1102 | 6.75%, 9/01/12 | 116,325 |
| Ba3 | 1202 | Mohegan Tribal Gaming Auth., 7.125%, 8/15/14 | 128,100 |
| B2 | 375 | Worldspan LP, 9.625%, 6/15/11 | 356,250 |

2,126,334

Financial Institutions 20.2%

| | | | |
|-----|--------|--|-----------|
| NR | 5002,5 | Ameriserve Finance Capital Corp., 12.00%, 9/15/06 | 25,000 |
| B- | 755 | Athena Neurosciences Finance LLC, 7.25%, 2/21/08 | 784,256 |
| | | Capital Guardian High Yield CBO Ltd., Ser. 1A, 11.45%, 5/24/13 (Cayman | |
| Ba2 | 1,0002 | Island) | 983,100 |
| BB | 200 | Crum & Forster Holdings Corp., 10.375%, 6/15/13 | 214,000 |
| | | Dow Jones CDX NA HY, | |
| B+ | 1,0002 | Ser. 1, 7.75%, 12/29/09 | 1,028,750 |
| BB | 5002 | Ser. 2, 6.375%, 12/29/09 | 516,250 |
| B | 1,5002 | Ser. 3, 8.00%, 12/29/09 | 1,530,000 |
| B+ | 602 | E*Trade Financial Corp., 8.00%, 6/15/11 | 63,300 |
| | | Fairfax Financial Holdings, Ltd., | |
| BB | 50 | 6.875%, 4/15/08 (Canada) | 49,875 |

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| | | | |
|------|--------|---|-----------|
| BB | 355 | 7.75%, 4/26/12 (Canada) | 335,475 |
| Ba3 | 2,5002 | First Dominion Funding II, Ser. 1A, 11.61%, 4/25/14 (Cayman Island) | 2,235,250 |
| B- | 135 | Global Cash Access, Inc., 8.75%, 3/15/12 | 146,475 |
| B- | 1852 | Kraton Polymers LLC, 8.125%, 1/15/14 | 185,000 |
| B | 1902 | New ASAT Finance Ltd., 9.25%, 2/01/11 (Cayman Island) | 166,250 |
| | | Rainbow National Services LLC, | |
| B3 | 2852 | 8.75%, 9/01/12 | 304,950 |
| CCC+ | 3002 | 10.375%, 9/01/14 | 325,500 |
| B | 3002 | Refco Finance Holdings LLC, 9.00%, 8/01/12 | 323,694 |

See Notes to Financial Statements.

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BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|------------|
| Financial Institutions (cont'd) | | | |
| B- | \$ 3202 | Riddell Bell Holdings, Inc., 8.375%, 10/01/12 | \$ 330,400 |
| B- | 2752 | Standard Aero Holdings, Inc., 8.25%, 9/01/14 | 290,125 |
| CCC+ | 1852 | Vanguard Health Holding Co. II LLC, 9.00%, 10/01/14 | 191,475 |
| C | 2,4292 | Zais Investment Grade Ltd., Class C, Pay-in-Kind, 9.95%, 9/23/14 (Cayman Island) | 242,870 |
| | | | 10,271,995 |
| Health Care 5.2% | | | |
| NR | 500 | HealthSouth Corp., 7.625%, 6/01/12 | 485,000 |
| B- | 2252 | IASIS Healthcare Corp., 8.75%, 6/15/14 | 241,875 |
| B3 | 50 | Insight Health Services Corp., Ser. B, 9.875%, 11/01/11 | 50,000 |
| B- | 135 | Norcross Safety Products LLC, 9.875%, 8/15/11 | 147,150 |
| B- | 600 | Province Healthcare Co., 7.50%, 6/01/13 | 678,000 |
| | | Tenet Healthcare Corp., | |
| B- | 205 | 6.375%, 12/01/11 | 187,063 |
| B- | 5 | 6.50%, 6/01/12 | 4,537 |
| B- | 1202 | 9.875%, 7/01/14 | 125,700 |
| B+ | 180 | Triad Hospitals, Inc., 7.00%, 11/15/13 | 184,500 |
| B- | 275 | Universal Hospital Services, Inc., 10.125%, 11/01/11 | 280,500 |
| | | US Oncology, Inc., | |
| B2 | 1402 | 9.00%, 8/15/12 | 148,050 |
| B- | 1252 | 10.75%, 8/15/14 | 133,437 |
| | | | 2,665,812 |
| Industrials 5.4% | | | |

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| | | | |
|------|------|---|-----------|
| B | 265 | Cenveo Corp., 7.875%, 12/01/13 | 256,387 |
| B- | 2252 | Concentra Operating Corp., 9.125%, 6/01/12 | 249,187 |
| B- | 1402 | Dresser Rand Group, Inc., 7.375%, 11/01/14 | 146,300 |
| B- | 570 | ERICO Intl. Corp., 8.875%, 3/01/12 | 595,650 |
| B | 250 | JLG Industries, Inc., 8.375%, 6/15/12 | 263,750 |
| | | United Rentals NA, Inc., | |
| B+ | 750 | 7.00%, 2/15/14 | 691,875 |
| B+ | 80 | 7.75%, 11/15/13 | 77,600 |
| B- | 500 | Williams Scotsman, Inc., 9.875%, 6/01/07 | 480,000 |
| | | | 2,760,749 |
| | | Media 12.0% | |
| B- | 150 | Affinity Group, Inc., 9.00%, 2/15/12 | 160,500 |
| B1 | 750 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) | 806,250 |
| CCC+ | 550 | Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 572,000 |
| | | Charter Communications Holdings LLC, | |
| CCC+ | 400 | 10.75%, 10/01/09 | 338,000 |
| CCC+ | 200 | 11.125%, 1/15/11 | 168,000 |
| | | CSC Holdings, Inc., | |
| BB- | 5252 | 6.75%, 4/15/12 | 543,375 |
| BB- | 90 | 7.875%, 2/15/18 | 96,525 |
| BB- | 45 | Ser. B, 7.625%, 4/01/11 | 48,937 |
| | | Echostar DBS Corp., | |
| BB- | 150 | 6.375%, 10/01/11 | 155,062 |
| BB- | 1752 | 6.625%, 10/01/14 | 178,937 |
| B2 | 902 | Fisher Communications, Inc., 8.625%, 9/15/14 | 94,950 |
| B3 | 250 | Granite Broadcasting Corp., 9.75%, 12/01/10 | 230,625 |
| B- | 425 | Nexstar Finance, Inc., 7.00%, 1/15/14 | 416,500 |
| B- | 180 | Pinnacle Entertainment, Inc., 8.75%, 10/01/13 | 189,450 |
| B | 300 | Primedia, Inc., 7.625%, 4/01/08 | 302,250 |
| | | Vertis, Inc., | |
| B- | 150 | 10.875%, 6/15/09 | 163,500 |
| | 2952 | 13.50%, 12/07/09 | 307,905 |
| CCC | 250 | WRC Media, Inc., 12.75%, 11/15/09 | 235,000 |
| CCC+ | 980 | XM Satellite Radio, Inc., 14.00%, 3/15/10 | 1,082,900 |
| | | | 6,090,666 |

See Notes to Financial Statements.

BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|-------------|-------|
|------------------------------------|------------------------------|-------------|-------|

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Real Estate 0.6%

| | | | | |
|----|--------|---|---|------------|
| BB | \$ 300 | 2 | American Real Estate Partners LP, 8.125%, 6/01/12 | \$ 316,500 |
|----|--------|---|---|------------|

Technology 2.9%

| | | | | |
|------|------|--|---|---------|
| Ba3 | 500 | | Celestica, Inc., 7.875%, 7/01/11 (Canada) | 532,500 |
| B- | 1002 | | Coleman Cable, Inc., 9.875%, 10/01/12 | 103,250 |
| | | | Freescall Semiconductor, Inc., | |
| BB+ | 1002 | | 4.82%, 1/18/05 | 103,250 |
| BB+ | 502 | | 6.875%, 7/15/11 | 53,000 |
| B | 275 | | General Cable Corp., 9.50%, 11/15/10 | 309,375 |
| B | 201 | | ON Semiconductor Corp., 12.00%, 3/15/10 | 235,672 |
| CCC+ | 135 | | Viasystems, Inc., 10.50%, 1/15/11 | 132,975 |

1,470,022

Telecommunications 14.9%

| | | | | |
|-----|-------|-----|---|---------|
| CCC | 575 | | Alamosa Delaware, Inc., 8.50%, 1/31/12 | 608,063 |
| NR | 2,000 | 4,5 | Asia Global Crossing Ltd., 13.375%, 10/15/10 (Bermuda) | 160,000 |
| | | | AT&T Corp., | |
| BB+ | 685 | | 8.05%, 11/15/04 | 784,969 |
| BB+ | 70 | | 8.75%, 11/15/04 | 81,083 |
| CCC | 3202 | | Centennial Communications Corp., 8.625%, 2/01/14 | 320,000 |
| B | 500 | | Cincinnati Bell, Inc., 8.375%, 1/15/14 | 477,500 |
| | | | Dobson Cellular Systems, Inc., | |
| B2 | 2102 | | 8.375%, 11/01/11 | 216,563 |
| B3 | 2752 | | 9.875%, 11/01/12 | 274,313 |
| | | | Lucent Technologies, Inc., | |
| B | 20 | | 5.50%, 11/15/08 | 20,550 |
| B | 80 | | 6.45%, 3/15/29 | 68,400 |
| B | 120 | | 6.50%, 1/15/28 | 102,600 |
| B | 200 | | MCI, Inc., 5.908%, 5/01/07 | 200,250 |
| B- | 1802 | | New Skies Satellites NV, 9.125%, 11/01/12 (Netherlands) | 184,500 |
| BB+ | 550 | | Nextel Communications, Inc., 5.95%, 3/15/14 | 561,000 |
| B- | 180 | | Nortel Networks Corp., 6.875%, 9/01/23 (Canada) | 166,500 |
| | | | PanAmSat Corp., | |
| BB+ | 210 | | 6.875%, 1/15/28 | 181,650 |
| B+ | 2152 | | 9.00%, 8/15/14 | 226,825 |
| NR | 6002 | 4,5 | PF. Net Communications, Inc., 13.75%, 5/15/10 | 60 |
| B+ | 2052 | | Qwest Communications Intl., 7.50%, 2/15/14 | 196,800 |
| | | | Qwest Corp., | |
| BB | 6002 | | 7.875%, 9/01/11 | 637,500 |
| BB | 4252 | | 9.125%, 3/15/12 | 479,187 |
| CCC | 300 | | Rural Cellular Corp., 9.875%, 2/01/10 | 303,750 |
| CCC | 7452 | | UbiquiTel Operating Co., 9.875%, 3/01/11 | 806,462 |
| CCC | 510 | | Western Wireless Corp., 9.25%, 7/15/13 | 543,150 |

7,601,675

Transportation 4.9%

| | | | | |
|----|------|--|------------------------------------|---------|
| B- | 5002 | | Horizon Lines LLC, 9.00%, 11/01/12 | 541,250 |
|----|------|--|------------------------------------|---------|

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| | | | |
|----|-----|---|------------|
| B+ | 350 | OMI Corp., 7.625%, 12/01/13 (Marshall Islands) | 369,250 |
| BB | 505 | Overseas Shipholding Group, Inc., 7.50%, 2/15/24 | 507,525 |
| B | 500 | Sea Containers Ltd., Ser. B, 10.75%, 10/15/06 (Bermuda) | 518,750 |
| B+ | 500 | TFM SA de CV, 12.50%, 6/15/12 (Mexico) | 565,000 |
| | | | 2,501,775 |
| | | Total Corporate Bonds | 68,077,239 |

See Notes to Financial Statements.

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BlackRock High Yield Trust (BHY) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|---------------|
| | | Bank Loans 0.4% | |
| | \$ 217 | Rockwood Specialties Group, Inc., Term Loan, LIBOR + 8.00%, 11/29/04 | \$ 216,957 |
| | | Shares | |
| | | Preferred Stock 0.0% | |
| | | Media 0.0% | |
| | 1,098 ^{4,5} | Adelphia Business Solutions, Ser. B, 12.875% | 0 |
| | | Common Stock 0.2% | |
| | 82,4 | Mattress Discounters Corp., | 0 |
| | 543 | Neon Communications, Inc., | 120,650 |
| | | Total Common Stock | 120,650 |
| | | Units | |
| | | Warrants 0.0% | |
| | | Mattress Discounters Corp., Expires 7/15/07, Strike price \$0.01, 4.85 shares | |
| | 12,3 | for 1 warrant | 1 |
| | 543 | Neon Communications, Inc., Expires 12/02/12 | 1 |
| | 13 | PF. Net Communications, Inc., Expires 5/15/10, Strike price \$0.01, 36.87243 shares for 1 warrant | 0 |
| | | Total Warrants | 2 |
| | | Total Long-Term Investments (cost \$75,643,790) | \$ 68,414,848 |

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| | |
|---|----------------------|
| Liabilities in excess of other assets (34.4)% | (17,500,808) |
| Net Assets 100% | \$ 50,914,040 |

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2004, the Trust held 42.1% of its net assets, with a current market value of \$21,441,592, in securities restricted as to resale.
- 3 Illiquid securities representing 0.3% of net assets.
- 4 Security is fair valued.
- 5 Issuer is technically in default and/or bankruptcy.

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.

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**PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004**

BlackRock Income Opportunity Trust (BNA)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|---------------|
| LONG-TERM INVESTMENTS 133.9% | | | |
| Mortgage Pass-Through Securities 18.5% | | | |
| | | Federal National Mortgage Assoc., | |
| | \$ 61,515 | 2 5.50%, 12/01/13 - 9/01/17 | \$ 63,571,282 |
| | 14,347 | 6.00%, 3/01/27 - 11/01/34 | 15,024,680 |
| | 361 | 7.00%, 2/01/24 - 1/01/29 | 384,473 |
| | | Government National Assoc., | |
| | 145 | 8.00%, 4/15/24 - 11/15/25 | 158,770 |
| | | Total Mortgage Pass-Through Securities | 79,139,205 |
| Federal Housing Administration 1.3% | | | |
| | | GMAC Projects, | |
| | 589 | Ser. 37, 7.43%, 5/01/22 | 626,333 |
| | 207 | Ser. 44, 7.43%, 8/01/22 | 220,335 |
| | | Merrill Projects, | |
| | 195 | Ser. 29, 7.43%, 10/01/20 | 207,615 |
| | 238 | Ser. 42, 7.43%, 9/01/22 | 252,836 |
| | 1,927 | Reilly Project, Ser. B-11, 7.40%, 4/01/21 | 2,046,694 |
| | 1,950 | Westmore Project, 7.25%, 4/01/21 | 2,059,776 |
| | | Total Federal Housing Administration | 5,413,589 |

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| | | | |
|-----|--------|--|------------|
| | | Agency Multiple Class Mortgage Pass-Through Securities \square 1.4% | |
| | 3,750 | Federal Home Loan Mortgage Corp., Ser. 82, Class HJ, 9/25/32 | 3,898,828 |
| | 1,958 | Government National Assoc., 6.00%, 6/20/15 | 2,068,291 |
| | | | <hr/> |
| | | Total Agency Multiple Class Mortgage Pass-Through Securities | 5,967,119 |
| | | | <hr/> |
| | | Non-Agency Multiple Class Mortgage Pass-Through Securities \square 2.4% | |
| AAA | 9,144 | Residential Funding Securities Corp., Ser. RM2, Class AI5, 5/25/33 | 10,173,199 |
| AAA | 39 3 | Summit Mortgage Trust, Ser. 1, Class B1, 6.079%, 12/28/12 | 38,571 |
| | | | <hr/> |
| | | Total Non-Agency Multiple Class Mortgage Pass-Through Securities | 10,211,770 |
| | | | <hr/> |
| | | Adjustable Rate Mortgage Securities \square 0.0% | |
| | 19 | Federal National Mortgage Assoc., Ser. 256, Class F, 3.344%, 11/25/23 | 16,744 |
| | | | <hr/> |
| | | Inverse Floating Rate Mortgage Securities \square 0.7% | |
| | 1,000 | Federal Home Loan Mortgage Corp., Ser. 1611, Class JC, 10.00%, 8/15/23 | 1,082,140 |
| | | Federal National Mortgage Assoc., | |
| | 36 | Ser. 7, Class S, 3/25/21 | 5,294 |
| | 1,808 | Ser. 23, Class PS, 10.303%, 4/25/23 | 1,938,604 |
| | 17 | Ser. 46, Class S, 20.968%, 5/25/21 | 4,819 |
| | 21 | Ser. 49, Class S, 8.431%, 12/25/21 | 2,110 |
| | 108 | Ser. 87, Class S, 21.797%, 8/25/21 | 128,412 |
| | 22 | Ser. 145, Class S, 29.597%, 10/25/06 | 24,565 |
| | | | <hr/> |
| | | Total Inverse Floating Rate Mortgage Securities | 3,185,944 |
| | | | <hr/> |
| | | Interest Only Asset-Backed Securities \square 1.5% | |
| | | Sterling Coofs Trust, | |
| | 42,564 | Ser. 1, 4/15/29 | 3,780,245 |
| | 32,945 | Ser. 2, 3/30/30 | 2,625,305 |
| | | | <hr/> |
| | | Total Interest Only Asset-Backed Securities | 6,405,550 |
| | | | <hr/> |
| | | Interest Only Mortgage-Backed Securities \square 2.2% | |
| | | Federal Home Loan Mortgage Corp., | |
| | 5 | Ser. 176, Class M, 7/15/21 | 70 |
| | 1 | Ser. 192, Class U, 2/15/22 | 77 |
| | 16 | Ser. 1043, Class H, 2/15/21 | 22,546 |
| | 2 | Ser. 1054, Class I, 3/15/21 | 403 |
| | 16 | Ser. 1056, Class KD, 3/15/21 | 2,028 |
| | 19 | Ser. 1057, Class J, 3/15/21 | 4,093 |
| | 54 | Ser. 1148, Class E, 10/15/21 | 1,106 |
| | 14 | Ser. 1179, Class O, 11/15/21 | 243 |
| | 13 | Ser. 1221 Class H, 3/15/07 | 233 |
| | 373 | Ser. 1254, Class Z, 4/15/22 | 16,069 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|-----------|
| Interest Only Mortgage-Backed Securities (cont'd) | | | |
| Federal Home Loan Mortgage Corp. (cont'd) | | | |
| \$ 765 | | Ser. 1831, Class PG, 3/15/11 | \$ 82,934 |
| 9,079 | | Ser. 2611, Class QI, 9/15/32 | 1,717,898 |
| Federal National Mortgage Assoc., | | | |
| 103 | | Ser. 10, Class S, 5/25/21 | 12,507 |
| 82 | | Ser. 12, Class S, 5/25/21 | 15,930 |
| 53 | | Ser. 17, Class S, 6/25/21 | 7,755 |
| 168 | | Ser. 5, Class H, 1/25/22 | 24,241 |
| 12 | | Ser. 7, Class 2, 4/1/17 | 2,189 |
| 1 | | Ser. 20, Class H, 3/25/06 | 23 |
| 72 | | Ser. 33, Class PV, 10/25/21 | 16,416 |
| 7 | | Ser. 38, Class N, 4/25/21 | 735 |
| 821 | | Ser. 46, Class H, 12/25/09 | 144,338 |
| 749 | | Ser. 50, Class SI, 4/25/23 | 17,314 |
| 1 | | Ser. 54, Class H, 5/25/05 | 39 |
| 15,480 | | Ser. 64, Class QI, 1/25/33 | 2,990,683 |
| 6 | | Ser. 84, Class H, 8/25/06 | 377 |
| 21 | | Ser. 89, Class 2, 6/1/18 | 3,479 |
| 37,000 | | Ser. 90, Class JH, 12/31/49 | 3,948,594 |
| 6 | | Ser. 94, Class 2, 8/1/21 | 1,228 |
| 26 | | Ser. 99, Class L, 8/25/21 | 3,675 |
| 5 | | Ser. 123, Class M, 10/25/20 | 708 |
| 37 | | Ser. 136, Class S, 11/25/20 | 39,635 |
| 42 | | Ser. 139, Class PT, 10/25/21 | 4,338 |
| 21 | | Ser. 141, Class SA, 8/25/07 | 4,154 |
| 9,6963 | | Goldman Sachs Mortgage Securities Corp., Ser. 5, 2/19/25 | 204,913 |
| 4,907 ³ | | Hanover Grantor Trust, Ser. A, Class 1, 8/1/27 | 23,553 |
| 2,6173 | | Morgan Stanley Capital I, Inc., Ser. HF1, Class X, 6/15/17 | 67,719 |
| Morgan Stanley Mortgage Trust, | | | |
| 56 | | Ser. 38, Class 2, 11/20/21 | 10,121 |
| 60 | | Ser. 39, Class 2, 12/20/21 | 10,732 |
| 104 | | Residential Asset Securitization Trust, Ser. A3, Class X, 5/25/29 | 1,598 |
| 6,645 | | Salomon Brothers Mortgage Securities VII, Inc., Ser. 1, Class IO, 3/25/22 | 48,376 |
| Total Interest Only Mortgage-Backed Securities | | | 9,453,070 |
| Principal Only Mortgage-Backed Securities 0.5% | | | |
| 2202 | | Federal Home Loan Mortgage Corp., Ser. 1739, Class B, 2/15/24 | 193,228 |
| Federal National Mortgage Assoc., | | | |
| 72 | | Ser. 51, Class E, 2/25/23 | 58,570 |
| 25 | | Ser. 70, Class A, 5/25/23 | 22,587 |

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| | | |
|--|---|-------------|
| 33 | Ser. 167, Class D, 10/25/17 | 31,830 |
| 44 | Ser. 203, Class 1, 2/1/23 | 39,767 |
| 32 | Ser. 228, Class 1, 5/1/23 | 28,033 |
| 6,055 | Resolution Funding Corp., Ser. B, 4/15/30 | 1,585,804 |
| Total Principal Only Mortgage-Backed Securities | | 1,959,819 |
| U.S. Government and Agency Securities 43.4% | | |
| 18,826 | Overseas Private Investment Corp., zero coupon-7.35%, 5/29/12 | 19,595,874 |
| 1,754 | Small Business Administration, Ser. 20K-1, 6.95%, 11/01/16 | 1,882,643 |
| U.S. Treasury Bonds, | | |
| 24,2052 | 5.375%, 2/15/31 | 26,300,185 |
| 6,350 | 5.50%, 8/15/28 | 6,920,484 |
| 32,0002 | 6.00%, 2/15/26 | 36,933,760 |
| 450 | 6.125%, 11/15/27 | 529,143 |
| U.S. Treasury Notes, | | |
| 1,985 | 2.00%, 7/15/14 | 2,054,364 |
| 8,0202 | 2.50%, 5/31/06 - 9/30/06 | 8,014,078 |
| 63,595 | 4.25%, 8/15/14 | 64,697,738 |
| 15,180 2 | 4.75%, 5/15/14 | 16,052,850 |
| 2,200 | 4.875%, 2/15/12 | 2,358,818 |
| Total U.S. Government and Agency Securities | | 185,339,937 |

See Notes to Financial Statements.

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BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|------------------------------|--------|
| Collateralized Mortgage Obligation Residuals 0.0% | | | |
| Collateralized Mortgage Obligation Trust, | | | |
| \$ | 3 | Ser. 40, Class R, 4/01/18 | \$ 309 |
| | 57 | Ser. 42, Class R, 10/01/14 | 7,755 |
| Federal Home Loan Mortgage Corp., | | | |
| | 20 | Ser. 19, Class R, 3/15/20 | 2,316 |
| | 0 | Ser. 75, Class R, 1/15/21 | 5 |
| | 0 | Ser. 75, Class RS, 1/15/21 | 5 |
| | 0 | Ser. 173, Class R, 11/15/21 | 22 |
| | 0 | Ser. 173, Class RS, 11/15/21 | 22 |
| | 28 | Ser. 200, Class R, 12/15/22 | 511 |
| Total Collateralized Mortgage Obligation Residuals | | | 10,945 |

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Corporate Bonds 61.2%

Aero & Defense 2.2%

| | | | |
|------|-------|--|-----------|
| B- | 1,235 | BE Aerospace, Inc., 9.50%, 11/01/08 | 1,273,594 |
| BB- | 1,500 | L-3 Communications Corp., 7.625%, 6/15/12 | 1,657,500 |
| BBB+ | 1,250 | Lockheed Martin Corp., 8.50%, 12/01/29 | 1,672,200 |
| BBB | 1,000 | Northrop Grumman Corp., 7.125%, 2/15/11 Raytheon Co., | 1,153,090 |
| BBB- | 1,200 | 6.15%, 11/01/08 | 1,303,068 |
| NR | 2,000 | 7.00%, 5/15/06 | 2,111,928 |
| | | | <hr/> |
| | | | 9,171,380 |

Automotive 2.0%

| | | | |
|------|-------|---|-----------|
| BBB- | 2,000 | Briggs & Stratton Corp., 8.875%, 3/15/11 | 2,375,000 |
| B1 | 2,340 | Dura Operating Corp., Ser. B, 8.625%, 4/15/12 | 2,316,600 |
| A3 | 3,000 | Ford Motor Credit Co., 6.875%, 2/01/06 | 3,123,720 |
| BBB | 500 | General Motors Corp., 8.375%, 7/15/33 | 545,152 |
| | | | <hr/> |
| | | | 8,360,472 |

Basic Materials 3.4%

| | | | |
|-----|-------|---|------------|
| A | 2,000 | Alcoa, Inc., 7.375%, 8/01/10 | 2,336,400 |
| B | 2,000 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 2,175,000 |
| B+ | 3,000 | Lyondell Chemical Co., 11.125%, 7/15/12 | 3,536,250 |
| B | 1,000 | Oregon Steel Mills, Inc., 10.00%, 7/15/09 | 1,105,000 |
| BB- | 2,500 | Tembec Industries, Inc., 8.50%, 2/01/11 (Canada) Weyerhaeuser Co., | 2,556,250 |
| BBB | 1,550 | 5.95%, 11/01/08 | 1,686,121 |
| BBB | 1,000 | 6.75%, 3/15/12 | 1,128,910 |
| | | | <hr/> |
| | | | 14,523,931 |

Building & Development 0.6%

| | | | |
|------|-------|------------------------------------|-----------|
| BBB- | 2,500 | D.R. Horton, Inc., 10.50%, 4/01/05 | 2,575,000 |
| | | | <hr/> |

Conglomerates 0.9%

| | | | |
|-----|-------|--------------------------------------|-----------|
| AAA | 3,650 | General Electric Co., 5.00%, 2/01/13 | 3,776,546 |
| | | | <hr/> |

Consumer Products 5.7%

| | | | |
|------|-------|--|-----------|
| B- | 1,475 | American Seafoods Group LLC, 10.125%, 4/15/10 | 1,578,250 |
| BBB- | 1,500 | Autonation, Inc., 9.00%, 8/01/08 | 1,728,750 |
| B3 | 2,000 | Buffets, Inc., 11.25%, 7/15/10 General Mills, Inc., | 2,120,000 |
| BBB+ | 550 | 5.125%, 2/15/07 | 573,320 |
| BBB+ | 1,700 | 6.00%, 2/15/12 | 1,847,798 |
| BBB+ | 2,000 | Kellogg Co., Ser. B, 6.60%, 4/01/11 | 2,264,700 |
| A3 | 935 | Kraft Foods, Inc., 5.625%, 11/01/11 | 995,139 |
| BBB | 1,000 | Kroger Co., 5.50%, 2/01/13 | 1,043,580 |
| AA- | 3,000 | Procter & Gamble Co., 6.875%, 9/15/09 | 3,422,310 |
| BBB | 2,495 | Safeway, Inc., 6.50%, 3/01/11 | 2,756,261 |

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| | | | |
|------|-------|--|------------|
| A+ | 2,000 | Unilever Capital Corp., 7.125%, 11/01/10 | 2,324,580 |
| BBB- | 3,000 | Yum! Brands, Inc., 8.875%, 4/15/11 | 3,744,276 |
| | | | 24,398,964 |

See Notes to Financial Statements.

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BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|--------------|
| Containers & Glass 1.3% | | | |
| B+ | \$ 1,500 | Crown European Holdings SA, 9.50%, 3/01/11 (France) | \$ 1,717,500 |
| BB- | 2,250 | Owens-Brockway Glass Container, Inc., 8.875%, 2/15/09 | 2,458,125 |
| B+ | 1,240 | Stone Container Corp., 9.25%, 2/01/08 | 1,391,900 |
| | | | 5,567,525 |
| Ecological Services & Equipment 1.0% | | | |
| B+ | 1,695 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 | 1,771,275 |
| B | 2,250 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 2,497,500 |
| | | | 4,268,775 |
| Energy 6.8% | | | |
| BB | 2,500 | Chesapeake Energy Corp., 9.00%, 8/15/12 | 2,878,125 |
| A- | 3,000 | Conoco Funding Co., 6.35%, 10/15/11 (Canada) | 3,369,600 |
| BBB+ | 2,000 | Dominion Resources, Inc., 5.70%, 9/17/12 | 2,119,260 |
| B | 2,500 | Dresser, Inc., 9.375%, 4/15/11 | 2,787,500 |
| BBB | 1,500 | DTE Energy Co., 7.05%, 6/01/11 | 1,712,760 |
| B | 1,500 | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 1,747,500 |
| B1 | 1,000 | El Paso Natural Gas Co., 7.625%, 8/01/10 | 1,083,750 |
| B- | 1,500 | El Paso Production Holding Co., 7.75%, 6/01/13 | 1,567,500 |
| BBB+ | 640 | Exelon Corp., 6.75%, 5/01/11 | 718,355 |
| | | FirstEnergy Corp., | |
| BBB- | 480 | Ser. B, 6.45%, 11/15/11 | 525,859 |
| BBB- | 1,500 | Ser. C, 7.375%, 11/15/31 | 1,709,115 |
| BBB+ | 1,250 | Kinder Morgan Energy Partners LP, 7.30%, 8/15/33 | 1,447,975 |
| BBB | 1,000 | Kinder Morgan, Inc., 6.50%, 9/01/12 | 1,108,300 |
| BBB+ | 1,800 | Occidental Petroleum Corp., 6.75%, 1/15/12 | 2,054,736 |
| | | Progress Energy, Inc., | |
| Baa2 | 1,800 | 6.75%, 3/01/06 | 1,888,326 |

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| | | | |
|--|--------|--|------------|
| Baa2 | 2,000 | 7.10%, 3/01/11 | 2,267,980 |
| | | | 28,986,641 |
| Entertainment & Leisure □2.7% | | | |
| B+ | 2,000 | Boyd Gaming Corp., 8.75%, 4/15/12 | 2,250,000 |
| B | 1,700 | Hammons John Q. Hotels LP, Ser. B, 8.875%, 5/15/12 | 1,955,000 |
| Ba3 | 382 | Host Marriot Corp., Ser. B, 7.875%, 8/01/08 | 392,505 |
| Ba2 | 1,000 | MGM Mirage, 9.75%, 6/01/07 | 1,125,000 |
| Ba2 | 2,000 | Park Place Entertainment Corp., 8.875%, 9/15/08 | 2,302,500 |
| BB+ | 3,000 | Starwood Hotels & Resorts Worldwide, Inc., 7.875%, 5/01/12 | 3,506,250 |
| | | | 11,531,255 |
| Financial Institutions □17.0% | | | |
| Aa3 | 2,450 | Bank of America Corp., 7.80%, 2/15/10 | 2,892,494 |
| Aa3 | 1,4002 | Bank One Corp., 6.50%, 2/01/06 | 1,466,192 |
| Aa3 | 2,0003 | Barclays Bank PLC, 6.86%, 9/29/49 (United Kingdom) | 2,237,850 |
| A+ | 500 | Bear Stearns Co., Inc., 6.50%, 5/01/06 | 526,890 |
| | | Citigroup, Inc., | |
| AA+ | 450 | 2.00%, 6/09/09 | 451,048 |
| AA | 849 3 | 5.00%, 9/15/14 | 856,777 |
| AA | 6,000 | 5.625%, 8/27/12 | 6,480,780 |
| | | Credit Suisse First Boston USA, Inc., | |
| AA- | 7002 | 6.125%, 11/15/11 | 770,077 |
| AA- | 1,000 | 7.125%, 7/15/32 | 1,184,270 |
| BB | 1,000 | Crum & Forster Holdings Corp., 10.375%, 6/15/13 | 1,070,000 |
| AAA | 4,0002 | Federal Home Loan Mortgage Corp., 6.875%, 9/15/10 | 4,628,320 |
| | | Federal National Mortgage Assoc., | |
| AAA | 4,000 | 4.375%, 9/15/12 | 4,032,680 |
| AAA | 1,805 | 7.125%, 6/15/10 | 2,105,280 |
| AAA | 3,000 | General Electric Capital Corp., Ser. A, 6.75%, 3/15/32 | 3,497,760 |
| | | General Motors Acceptance Corp., | |
| Baa1 | 700 | 6.75%, 1/15/06 | 726,082 |
| Baa1 | 4,000 | 6.875%, 8/28/12 | 4,142,000 |
| Aa3 | 1,000 | Goldman Sachs Group, Inc., 6.60%, 1/15/12 | 1,119,940 |
| A+ | 3,650 | Household Finance Corp., 6.375%, 10/15/11 - 11/27/12 | 4,073,468 |

See Notes to Financial Statements.

BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|-------------|-------|
| Financial Institutions □(cont'd) | | | |

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| | | | |
|------|----------|---|--------------|
| | | HSBC Bank USA, Inc., | |
| AA | \$ 2,525 | 3.875%, 9/15/09 | \$ 2,535,125 |
| AA- | 850 | 5.875%, 11/01/34 | 849,150 |
| | | JP Morgan Chase & Co., | |
| Aa3 | 2,100 | 5.25%, 5/30/07 | 2,208,591 |
| A1 | 1,000 | 6.75%, 2/01/11 | 1,132,770 |
| AAA | 3,000 | KFW Intl. Finance, Inc., 5.25%, 6/28/06 | 3,124,710 |
| A+ | 1,500 | Lehman Brothers Holdings, Inc., 6.625%, 1/18/12 | 1,696,095 |
| | | Marsh & McLennan Cos, Inc., | |
| BBB+ | 275 | 2.193%, 7/13/07 | 265,966 |
| BBB+ | 285 | 5.375%, 7/15/14 | 277,499 |
| AA- | 600 | Morgan Stanley, 5.80%, 4/01/07 | 637,590 |
| AA- | 1,200 | National City Bank Cleveland Ohio, 3.375%, 10/15/07 | 1,203,756 |
| A+ | 2,000 | Northern Trust Co., 6.30%, 3/07/11 | 2,240,940 |
| | | Rainbow National Services LLC, | |
| B3 | 225 | 8.75%, 9/01/12 | 240,750 |
| CCC+ | 675 | 10.375%, 9/01/14 | 732,375 |
| Aa2 | 3,025 | U.S. Bank NA, 2.036%, 10/01/07 | 3,022,429 |
| AA | 2,000 | UBS Preferred Funding Trust I, 8.622%, 10/29/49 | 2,453,878 |
| Aa3 | 1,450 | Wachovia Bank NA, 4.80%, 11/01/14 | 1,442,996 |
| Aa1 | 3,780 | Wells Fargo & Co., 1.98%, 9/15/09 | 3,778,715 |
| Aa1 | 2,000 | Wells Fargo Bank, 7.55%, 6/21/10 | 2,362,420 |
| | | | <hr/> |
| | | | 72,467,663 |
| | | | <hr/> |
| | | Health Care 1.6% | |
| A+ | 1,000 | Bristol Myers Squibb Co., 5.75%, 10/01/11 | 1,078,960 |
| NR | 3,000 | HealthSouth Corp., 7.00%, 6/15/08 | 2,985,000 |
| BB+ | 1,500 | Omnicare, Inc., Ser. B, 8.125%, 3/15/11 | 1,627,500 |
| A | 1,310 | UnitedHealth Group, Inc., 3.375%, 8/15/07 | 1,306,594 |
| | | | <hr/> |
| | | | 6,998,054 |
| | | | <hr/> |
| | | Industrials 0.7% | |
| BBB+ | 825 | Allegiance Corp., 7.00%, 10/15/26 | 858,841 |
| B | 2,010 | Manitowoc, Inc., 10.50%, 8/01/12 | 2,319,037 |
| | | | <hr/> |
| | | | 3,177,878 |
| | | | <hr/> |
| | | Media 4.5% | |
| B1 | 2,000 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) | 2,150,000 |
| | | AOL Time Warner, Inc., | |
| BBB+ | 2,410 | 7.57%, 2/01/24 | 2,777,163 |
| BBB+ | 3,000 | 9.125%, 1/15/13 | 3,784,200 |
| BBB | 1,860 | AT&T Broadband Corp., 8.375%, 3/15/13 | 2,281,718 |
| CCC+ | 675 | Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 702,000 |
| CCC+ | 2,425 | Charter Communications Holdings LLC, 10.75%, 10/01/09 | 2,049,125 |
| BBB | 1,000 | Comcast Cable Communications, Inc., 6.75%, 1/30/11 | 1,117,070 |
| BBB | 325 | Comcast Corp., 7.05%, 3/15/33 | 367,243 |
| B | 1,000 | Quebecor Media, Inc., 11.125%, 7/15/11 (Canada) | 1,157,500 |

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| | | | |
|------|--------|---|------------|
| CCC | 3,000 | WRC Media, Inc., 12.75%, 11/15/09 | 2,820,000 |
| | | | <hr/> |
| | | | 19,206,019 |
| | | | <hr/> |
| | 16,320 | Other 4.3% | |
| A3 | 3 | Targeted Return Index Securities Trust, Inc., Ser. 10-2002, 6.896%, 1/15/12 | 18,465,264 |
| | | | <hr/> |
| | | Real Estate 1.2% | |
| BBB+ | 1,000 | AvalonBay Communities, Inc., 6.625%, 9/15/11 | 1,111,710 |
| | | EOP Operating LP, | |
| BBB+ | 2,285 | 4.65%, 10/01/10 | 2,298,916 |
| BBB+ | 800 | 7.00%, 7/15/11 | 905,064 |
| BBB- | 725 | Rouse Co., 3.625%, 3/15/09 | 683,073 |
| | | | <hr/> |
| | | | 4,998,763 |
| | | | <hr/> |
| | | Technology 0.5% | |
| BB+ | 2,000 | Seagate Technology Holdings, 8.00%, 5/15/09 (Cayman Island) | 2,160,000 |
| | | | <hr/> |

See Notes to Financial Statements.

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BlackRock Income Opportunity Trust (BNA) (continued)

| Rating ¹ (unaudited) | Principal/Notional Amount (000) | Description | Value |
|------------------------------------|---------------------------------------|--|--------------|
| | | Telecommunications 3.4% | |
| A | \$ 3,675 | BellSouth Corp., 5.20%, 9/15/14 | \$ 3,745,450 |
| BB | 250 3 | Qwest Corp., 7.875%, 9/01/11 | 265,625 |
| | | SBC Communications, Inc., | |
| A | 350 | 4.125%, 9/15/09 | 349,923 |
| A | 3,125 | 5.10%, 9/15/14 | 3,141,999 |
| A+ | 1,000 | 6.25%, 3/15/11 | 1,102,790 |
| A+ | 575 | Verizon Global Funding Corp., 7.75%, 6/15/32 | 704,289 |
| Aa3 | 540 | Verizon Maryland, Inc., 5.125%, 6/15/33 | 474,925 |
| Aa3 | 3,000 | Verizon Pennsylvania, Inc., Ser. A, 5.65%, 11/15/11 | 3,194,580 |
| A | 1,000 | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 1,177,200 |
| | | | <hr/> |
| | | | 14,156,781 |
| | | | <hr/> |
| | | Transportation 1.4% | |
| BBB+ | 1,000 | Burlington Northern Santa Fe Corp., 5.90%, 7/01/12 | 1,078,510 |
| BBB+ | 1,000 | Canadian National Railway Co., 6.375%, 10/15/11 (Canada) | 1,118,527 |
| BBB | 1,475 | Canadian Pacific Railway Ltd., 6.25%, 10/15/11 (Canada) | 1,634,270 |

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| | | | |
|------|----------|---|--------------|
| BBB+ | 2,000 | Union Pacific Corp., 6.125%, 1/15/12 | 2,177,160 |
| | | | <hr/> |
| | | | 6,008,467 |
| | | | <hr/> |
| | | Total Corporate Bonds | 260,799,378 |
| | | | <hr/> |
| | | Foreign Government Bonds 0.8% | |
| Baa2 | 3,000 | United Mexican States, 8.00%, 9/24/22 | 3,445,500 |
| | | | <hr/> |
| | | Total Long-Term Investments (cost \$549,598,840) | 571,348,570 |
| | | | <hr/> |
| | | SHORT-TERM INVESTMENTS 0.7% | |
| NR | 2,100 | HBOS Treasury Services PLC, 2.04%, 1/26/05 | 2,089,766 |
| NR | 1,200 | Santander Hispano, 2.01%, 1/14/05 | 1,195,042 |
| | | | <hr/> |
| | | Total Short-Term Investments (cost \$3,284,808) | 3,284,808 |
| | | | <hr/> |
| | | OUTSTANDING OPTIONS PURCHASED 0.1% | |
| | | Interest Rate Swap, | |
| | 24,800 | 4.365% over 3-month LIBOR, expires 1/28/05 | 243,131 |
| | 17,500 | 4.60% over 3-month LIBOR, expires 11/19/04 | 29,365 |
| | 24,800 | 4.865% over 3-month LIBOR, expires 1/28/08 | 169,885 |
| | 13,100 | 6.25% over 3-month LIBOR, expires 11/19/04 | 13 |
| | | | <hr/> |
| | | Total Outstanding Options Purchased (cost \$505,980) | 442,394 |
| | | | <hr/> |
| | | Total investments before investments sold short and outstanding options written (cost \$553,389,628) | 575,075,772 |
| | | | <hr/> |
| | | INVESTMENT SOLD SHORT (10.7%) | |
| | (45,000) | Federal National Mortgage Assoc., 5.50%, TBA (proceeds \$45,796,477) | (45,815,760) |
| | | | <hr/> |

**Contracts/Notional
Amount
(000)**

| | | | |
|--|----------|---|-----------|
| | | OUTSTANDING OPTIONS WRITTEN 0.3% | |
| | | Interest Rate Swap, | |
| | (28,400) | 3.00% over 3-month LIBOR, expires 1/19/05 | (82,205) |
| | (24,800) | 4.375% over 3-month LIBOR, expires 10/28/05 | (468,273) |
| | (31,300) | 4.60% over 3-month LIBOR, expires 2/23/05 | (273,343) |
| | (24,800) | 5.375% over 3-month LIBOR, expires 10/28/05 | (418,239) |
| | (55,000) | 5.75% over 3-month LIBOR, expires 9/23/05 | (129,250) |
| | (13,100) | 6.05% over 3-month LIBOR, expires 2/23/05 | (5,502) |
| | (25) | U.S. Treasury Notes Futures, expires 11/26/04 | (25,781) |
| | (25) | U.S. Treasury Notes Futures, expires 11/26/04 | (391) |
| | | | <hr/> |

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| | |
|---|-----------------------|
| Total Outstanding Options Written (premium received \$2,557,620) | (1,402,984) |
| Total investments net of investments sold short and outstanding options written 123.7% | \$ 527,857,109 |
| Liabilities in excess of other assets (23.7)% | (101,213,660) |
| Net Assets 100% | \$ 426,643,449 |

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
- 3 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2004, the Trust held 5.8% of its net assets, with a current market value of \$24,880,897 in securities restricted as to resale.

Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

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.

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**PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004
BlackRock Income Trust Inc. (BKT)**

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|--------------------------------------|---------------|
| LONG-TERM INVESTMENTS 148.9% | | | |
| Mortgage Pass-Through Securities 33.5% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | \$ 15,4142 | 5.50%, 10/01/16 - 5/01/17 | \$ 15,979,706 |
| | 87 | 6.50%, 5/01/29 - 5/01/30 | 91,840 |
| | 24 | 7.50%, 2/01/23 | 25,580 |
| | 136 | 8.00%, 11/01/15 | 144,486 |
| | 90 | 8.50%, 10/01/06 - 3/01/08 | 93,510 |
| | 270 | 9.00%, 9/01/20 | 302,589 |
| | | Federal National Mortgage Assoc., | |
| | 25,176 ² | 5.00%, 6/01/33 - 7/01/34 | 25,145,474 |
| | 67,492 ² | 5.50%, 12/01/13 - 8/01/34 | 69,544,223 |
| | 11,587 ² | 6.00%, 11/01/31 - 10/01/32 | 12,026,278 |
| | 5,991 | 6.50%, 2/01/26 - 5/01/31 | 6,310,412 |
| | 9,872 ² | 7.00%, 6/01/26 - 2/01/32 | 10,479,209 |
| | 5,208 | 7.50%, 11/01/14 - 9/01/23 | 5,622,041 |
| | 546 | 8.00%, 5/01/08 - 5/01/22 | 577,390 |
| | 12 | 9.50%, 1/01/19 - 9/01/19 | 13,955 |
| | | Government National Mortgage Assoc., | |

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| | | |
|-----|---------------------------|---------|
| 148 | 7.00%, 10/15/17 | 158,872 |
| 838 | 7.50%, 8/15/21 - 12/15/23 | 908,965 |
| 596 | 8.00%, 10/15/22 - 2/15/29 | 651,415 |
| 56 | 9.00%, 6/15/18 - 9/15/21 | 63,011 |

Total Mortgage Pass-Through Securities 148,138,956

Federal Housing Administration 2.4%

GMAC Projects,

| | | |
|-------|---|-----------|
| 649 | Ser. 51, 7.43%, 2/01/23 | 689,419 |
| 1,067 | Ser. 56, 7.43%, 11/01/22 | 1,135,307 |
| 54 | Merrill Projects, Ser. 54, 7.43%, 5/15/23 | 57,795 |
| 872 | Reilly Project, Ser. 41, 8.28%, 3/01/20 | 914,091 |

USGI Projects,

| | | |
|-------|--------------------------------------|-----------|
| 206 | Ser. 87, 7.43%, 12/01/22 | 219,098 |
| 963 | Ser. 99, 7.43%, 10/01/23 | 1,024,230 |
| 6,047 | Yorkville, Ser. 6094, 7.43%, 6/01/21 | 6,429,203 |

Total Federal Housing Administration 10,469,143

Agency Multiple Class Mortgage Pass-Through Securities 17.7%

Federal Home Loan Mortgage Corp.,

| | | |
|--------|-------------------------------------|------------|
| 6,960 | Ser. 11, Class A9, 5.00%, 1/25/28 | 6,232,320 |
| 447 | Ser. 19, Class F, 8.50%, 3/15/20 | 447,376 |
| 3,000 | Ser. 1598, Class J, 6.50%, 10/15/08 | 3,205,740 |
| 2,375 | Ser. 2534, Class NG, 4.50%, 3/15/22 | 2,378,835 |
| 12,751 | Ser. 2758, Class KV, 5.50%, 5/15/23 | 13,211,499 |
| 2,240 | Ser. 2765, Class UA, 4.00%, 3/15/11 | 2,171,638 |

Federal National Mortgage Assoc.,

| | | |
|--------|------------------------------------|------------|
| 9,551 | Ser. 28, Class PB, 6.00%, 8/25/28 | 10,055,154 |
| 3,419 | Ser. 29, Class HC, 7.50%, 7/25/30 | 3,700,068 |
| 1,903 | Ser. 31, Class ZG, 7.50%, 5/25/34 | 2,205,517 |
| 9,133 | Ser. 32, Class VT, 6.00%, 9/25/15 | 9,456,453 |
| 430 | Ser. 43, Class E, 7.50%, 4/25/22 | 448,772 |
| 1,749 | Ser. 60, Class PA, 5.50%, 4/25/34 | 1,821,056 |
| 5,000 | Ser. 81, Class BR, 5.25%, 4/25/25 | 5,101,050 |
| 12,264 | Ser. 135, Class PB, 6.00%, 1/25/34 | 12,796,626 |

Government National Mortgage Assoc.,

| | | |
|-------|-----------------------------------|-----------|
| 2,216 | Ser. 5, Class Z, 7.00%, 5/16/26 | 2,360,047 |
| 2,500 | Ser. 33, Class PB, 6.50%, 7/20/31 | 2,604,274 |

Total Agency Multiple Class Mortgage Pass-Through Securities 78,196,425

Non-Agency Multiple Class Mortgage Pass-Through Securities 0.0%

| | | | |
|-----|------|---|---------|
| AAA | 2123 | Summit Mortgage Trust, Ser. 1, Class B1, 5.904%, 12/28/12 | 212,141 |
|-----|------|---|---------|

See Notes to Financial Statements.

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BlackRock Income Trust Inc. (BKT) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|---|------------------------------|---|------------|
| Adjustable Rate Mortgage Securities-0.1% | | | |
| | | Federal National Mortgage Assoc., | |
| | \$ 184 | Ser. 38, Class F, 8.325%, 4/25/21 | \$ 202,245 |
| | 43 | Ser. 256, Class F, 3.438%, 11/25/23 | 37,674 |
| | | Total Adjustable Rate Mortgage Securities | 239,919 |
| Inverse Floating Rate Mortgage Securities 3.7% | | | |
| | | Federal Home Loan Mortgage Corp., | |
| | 70 | Ser. 1160, Class F, 32.194%, 10/15/21 | 81,632 |
| | 753 | 2 Ser. 1616, Class SB, 8.50%, 11/15/08 | 771,944 |
| | 2,524 | Ser. 1688, Class S, 10.303%, 12/15/13 | 2,671,560 |
| | 3,626 | Ser. 2664, Class SR, 8.854, 8/15/33 | 3,227,524 |
| | 1,456 | Ser. 2752, Class SV, 15.428%, 9/15/33 | 1,490,316 |
| | | Federal National Mortgage Assoc., | |
| | 78 | Ser. 7, Class S, 3/25/21 | 11,366 |
| | 186 | Ser. 38, Class SA, 10.186%, 4/25/21 | 196,538 |
| | 38 | Ser. 46, Class S, 20.753%, 5/25/21 | 10,348 |
| | 45 | Ser. 49, Class S, 8.431%, 12/25/21 | 4,531 |
| | 1,239 | Ser. 72, Class S, 8.75%, 5/25/08 | 1,283,992 |
| | 237 | Ser. 87, Class S, 21.797%, 8/25/21 | 280,580 |
| | 549 | Ser. 93, Class S, 8.50%, 5/25/08 | 566,640 |
| | 44 | Ser. 145, Class S, 29.269%, 10/25/06 | 49,997 |
| | 284 | Ser. 170, Class SC, 9.00%, 9/25/08 | 292,484 |
| | 2,162 | Ser. 196, Class SC, 8.973%, 10/25/08 | 2,265,555 |
| | 755 | Ser. 214, Class SH, 13.569%, 12/25/08 | 795,440 |
| | 1,936 | Ser. 247, Class SN, 10.00%, 12/25/23 | 1,985,787 |
| AAA | 404 | Kidder Peabody Acceptance Corp., Ser. 1, Class A6, 13.032%, 8/25/23 | 412,683 |
| | | Total Inverse Floating Rate Mortgage Securities | 16,398,917 |
| Interest Only Asset-Backed Securities 1.6% | | | |
| | | Sterling Coofs Trust, | |
| | 51,687 | Ser. 1, 4/15/29 | 4,590,415 |
| | 33,705 | Ser. 2, 3/30/30 | 2,685,867 |
| | | Total Interest Only Asset-Backed Securities | 7,276,282 |
| Interest Only Mortgage-Backed Securities 15.5% | | | |

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| | | |
|----------|--|-----------|
| 11,325 | ABN Amro Mortgage Corp., Ser. IV, Class A2, 3/25/33 | 497,167 |
| | American Housing Trust, | |
| 320 | Ser. III, Class 4, 3/25/19 | 4,999 |
| 76 | Ser. VII, Class 2, 11/25/20 | 180,000 |
| 100,158 | Commercial Mortgage Acceptance Corp., Ser. ML1, 12/15/30 | 2,208,879 |
| | Credit Suisse First Boston Mortgage Securities Corp., Ser. C1, Class AX, | |
| 30,590 3 | 6/20/29 | 1,415,706 |
| | Federal Home Loan Mortgage Corp., | |
| 16,455 | Ser. 60, Class HS, 4/25/24 | 532,975 |
| 11 | Ser. 176, Class M, 7/15/21 | 150 |
| 1 | Ser. 192, Class U, 2/15/22 | 164 |
| 3,824 | Ser. 204, 5/1/29 | 706,218 |
| 35 | Ser. 1043, Class H, 2/15/21 | 48,406 |
| 5 | Ser. 1054, Class I, 3/15/21 | 865 |
| 33 | Ser. 1056, Class KD, 3/15/21 | 4,354 |
| 41 | Ser. 1057, Class J, 3/15/21 | 8,788 |
| 115 | Ser. 1148, Class E, 10/15/21 | 2,375 |
| 30 | Ser. 1179, Class O, 11/15/21 | 522 |
| 29 | Ser. 1221 Class H, 3/15/07 | 501 |
| 900 | Ser. 1706, Class IA, 10/15/23 | 75,519 |
| 289 | Ser. 1720, Class PK, 1/15/24 | 28,041 |
| 8,498 | Ser. 1914, Class PC, 12/15/11 | 100,696 |
| 10,672 | Ser. 2002, Class HJ, 10/15/08 | 251,590 |
| 211 | Ser. 2099, Class JB, 9/15/22 | 11,483 |
| 1,911 | Ser. 2296, Class SA, 3/15/16 | 153,816 |
| 1,425 | Ser. 2444, Class ST, 9/15/29 | 110,784 |
| 1,319 | Ser. 2513, Class BI, 12/15/15 | 67,217 |
| 2,615 | Ser. 2542, Class MX, 5/15/22 | 297,603 |
| 2,385 | Ser. 2543, Class IM, 9/15/12 | 109,552 |
| 5,658 | Ser. 2545, Class NI, 3/15/22 | 639,129 |
| 38,385 | Ser. 2559, Class IO, 8/15/30 | 161,936 |
| 9,087 | Ser. 2561, Class EW, 9/15/16 | 845,953 |

See Notes to Financial Statements.

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BlackRock Income Trust Inc. (BKT) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|--------------|
| Interest Only Mortgage-Backed Securities (cont'd) | | | |
| | | Federal Home Loan Mortgage Corp. (cont'd), | |
| | \$ 16,571 | Ser. 2611, Class QI, 9/15/32 | \$ 3,135,398 |
| | 26,066 | Ser. 2633, Class PI, 3/15/12 | 1,371,849 |
| | 6,145 | Ser. 2653, Class MI, 4/15/26 | 898,100 |
| | 11,549 | Ser. 2658, Class PI, 6/15/13 | 1,000,178 |
| | 5,662 | Ser. 2672, Class TQ, 3/15/23 | 664,475 |
| | 12,324 | Ser. 2676, Class JI, 8/15/13 | 746,487 |

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| | | |
|--------|------------------------------------|-----------|
| 3,633 | Ser. 2687, Class IL, 9/15/18 | 663,702 |
| 26,076 | Ser. 2687, Class IQ, 9/15/22 | 1,993,021 |
| 6,533 | Ser. 2693, Class IB, 6/15/13 | 673,848 |
| 4,841 | Ser. 2694, Class LI, 7/15/19 | 564,144 |
| 2,050 | Ser. 2750, Class TC, 2/15/34 | 2,043,461 |
| 9,253 | Ser. 2773, Class OX, 2/15/18 | 1,162,347 |
| 20,215 | Ser. 2779, Class YS, 1/15/33 | 2,027,805 |
| 28,207 | Ser. 2780, Class SM, 4/15/34 | 1,530,023 |
| 22,898 | Ser. 2786, Class PI, 10/15/10 | 1,244,265 |
| 3,571 | Ser. 2791, Class KS, 5/15/34 | 3,687,652 |
| | Federal National Mortgage Assoc., | |
| 433 | Ser. 5, Class H, 1/25/22 | 62,334 |
| 26 | Ser. 7, Class 2, 4/1/17 | 4,699 |
| 222 | Ser. 10, Class S, 5/25/21 | 26,853 |
| 175 | Ser. 12, Class S, 5/21/21 | 34,201 |
| 114 | Ser. 17, Class S, 6/25/21 | 16,650 |
| 6,455 | Ser. 11, Class PI, 1/25/19 | 157,507 |
| 111 | Ser. 12, Class C, 2/25/22 | 19,683 |
| 12,037 | Ser. 13, Class IG, 10/25/22 | 1,133,633 |
| 23,150 | Ser. 16, Class PI, 11/25/12 | 1,228,826 |
| 1 | Ser. 20, Class H, 3/25/06 | 49 |
| 154 | Ser. 33, Class PV, 10/25/21 | 35,241 |
| 4,907 | Ser. 33, Class SG, 3/25/09 | 290,121 |
| 2,504 | Ser. 37, Class SE, 10/25/22 | 14,768 |
| 14 | Ser. 38, Class N, 4/25/21 | 1,578 |
| 126 | Ser. 50, Class G, 12/25/21 | 17,674 |
| 1,497 | Ser. 50, Class SI, 4/25/23 | 34,627 |
| 7,372 | Ser. 51, Class IE, 4/25/26 | 902,203 |
| 2 | Ser. 54, Class H, 5/25/05 | 84 |
| 6,044 | Ser. 55, Class GI, 7/25/19 | 1,049,839 |
| 1,254 | Ser. 60, Class SB, 10/25/22 | 29,087 |
| 1,782 | Ser. 62, Class IC, 7/25/15 | 96,704 |
| 1,837 | Ser. 62, Class IL, 3/25/24 | 57,708 |
| 23,489 | Ser. 64, Class QI, 1/25/33 | 4,537,986 |
| 8,384 | Ser. 66, Class CI, 7/25/33 | 1,680,842 |
| 5,725 | Ser. 68, Class SC, 1/25/24 | 532,825 |
| 6,814 | Ser. 71, Class EI, 8/25/33 | 1,328,203 |
| 6,530 | Ser. 82, Class IR, 9/25/12 | 320,375 |
| 13 | Ser. 84, Class H, 8/25/06 | 809 |
| 29,836 | Ser. 88, Class TI, 11/25/13 | 1,593,545 |
| 46 | Ser. 89, Class 2, 6/1/18 | 7,470 |
| 46,000 | Ser. 90, Class JH, 6.00%, 12/31/49 | 4,909,063 |
| 23,742 | Ser. 90, Class M, 1/25/28 | 3,634,731 |
| 13 | Ser. 94, Class 2, 8/1/21 | 2,636 |
| 56 | Ser. 99, Class L, 8/25/21 | 7,890 |
| 6,639 | Ser. 122, Class IA, 9/25/09 | 241,184 |
| 3,741 | Ser. 122, Class IC, 9/25/18 | 733,499 |
| 10 | Ser. 123, Class M, 10/25/20 | 1,521 |
| 79 | Ser. 136, Class S, 11/25/20 | 85,096 |
| 90 | Ser. 139, Class PT, 10/25/21 | 9,314 |
| 45 | Ser. 141, Class SA, 8/25/07 | 8,919 |

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| | | |
|-------|------------------------------|-----------|
| 4,554 | Ser. 199, Class SB, 10/25/23 | 344,679 |
| 4,043 | Ser. 302, Class 2, 6/1/29 | 759,439 |
| 7,958 | Ser. 602, Class BI, 10/25/22 | 1,017,977 |
| 1,326 | Ser. W4, 12/25/28 | 210,051 |

See Notes to Financial Statements.

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BlackRock Income Trust Inc. (BKT) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|-------------------|
| Interest Only Mortgage-Backed Securities (cont'd) | | | |
| | \$ 155 | First Boston Mortgage Securities Corp., Ser. C, Class I, 4/25/17 | \$ 27,895 |
| | 30,435 | GMAC Commercial Mortgage Securities, Inc., Ser. C1, Class X, 7/15/27 | 1,372,249 |
| | 19,2763 | Goldman Sachs Mortgage Securities Corp., Ser. 5, 2/19/25 | 407,352 |
| | | Government National Mortgage Assoc., | |
| | 6,124 | Ser. 39, Class ID, 5.00%, 5/20/33 | 685,942 |
| | 4,087 | Ser. 58, Class IT, 5.50%, 7/20/33 | 651,105 |
| | 9,341 3 | Hanover Grantor Trust, Ser. A, Class 1, 8/1/27 | 44,838 |
| | 140 | Kidder Peabody Acceptance Corp., Ser. B, Class A2, 4/22/18 | 27,254 |
| | 3,019 | MASTR Alternative Loan Trust, Ser. 9, Class 15X2, 1/25/19 | 350,062 |
| | 135,942 | MLCC Mortgage Investors, Inc., Ser. A, Class XA, 3/25/28 | 4,333,155 |
| | | Morgan Stanley Mortgage Trust, | |
| | 121 | Ser. 38, Class 2, 11/20/21 | 21,731 |
| | 128 | Ser. 39, Class 2, 12/20/21 | 23,042 |
| | 4,275 | Merrill Lynch Mortgage Investors, Inc., Ser. C2, 6/15/21 | 74,823 |
| | 3,077 | Morgan Stanley Cap. Trust I, Ser. 3, Class 1AX, 5/25/19 | 369,256 |
| | 8,6983 | Morgan Stanley Capital I, Inc., Ser. HF1, Class X, , 6/15/17 | 225,073 |
| | 2,812 | Residential Accredit Loans, Inc., Ser. QS7, Class A1, 4/25/33 | 487,150 |
| | 19,955 | Small Business Administration, Ser. 1, 4/1/15 | 149,665 |
| | 168,425 | Vendee Mortgage Trust, Ser. 2, Class 1, 5/15/29 | 247,583 |
| | | Total Interest Only Mortgage-Backed Securities | 68,552,441 |
| Principal Only Mortgage-Backed Securities 8.7% | | | |
| AAA | 136 | Collateralized Mortgage Obligation Trust, Ser. 29, Class A, 5/23/17 | 123,002 |
| | | Countrywide Home Loans, Inc., | |
| AAA | 8,202 | Ser. 26, 8/25/33 | 5,197,917 |
| AAA | 1,504 | Ser. J4, 6/25/33 | 1,177,651 |
| AAA | 2,084 | Ser. J5, 7/25/33 | 1,320,685 |
| AAA | 1,531 | Ser. J8, 9/25/23 | 944,081 |
| | | Drexel Burnham Lambert, Inc., | |
| AAA | 60 | Ser. K, Class 1, 9/23/17 | 53,370 |
| AAA | 614 | Ser. V, Class 1, 9/1/18 | 566,390 |

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| | | | |
|-----|----------|--|------------|
| | | Federal Home Loan Mortgage Corp., | |
| | 495 | Ser. 8, Class A10, 11/15/28 | 420,211 |
| | 321 | Ser. 1418, Class M, 11/15/22 | 278,885 |
| | 775 | Ser. 1571, Class G, 8/15/23 | 566,075 |
| | 4,311 | Ser. 1691, Class B, 3/15/24 | 3,849,534 |
| | 494 | Ser. 1739, Class B, 2/15/24 | 433,020 |
| | | Federal National Mortgage Assoc., | |
| | 643 | Ser. 2, Class KB, 1/25/23 | 536,116 |
| | 83 | Ser. 7, Class J, 2/25/21 | 70,475 |
| | 1,993 | Ser. 13, Class PR, 3/25/32 | 1,636,862 |
| | 154 | Ser. 51, Class E, 2/25/23 | 125,749 |
| | 54 | Ser. 70, Class A, 5/25/23 | 48,493 |
| | 71 | Ser. 167, Class D, 10/25/17 | 68,337 |
| | 95 | Ser. 203, Class 1, 2/1/23 | 85,378 |
| | 68 | Ser. 228, Class 1, 5/1/23 | 60,186 |
| | 3,286 | Ser. 249, Class B, 11/25/23 | 2,861,463 |
| | 526 | Ser. 273, Class 1, 7/1/26 | 471,798 |
| | 9,444 | Ser. 328, Class 1, 11/1/32 | 8,006,596 |
| | 6,216 | Ser. 338, Class 1, 6/1/33 | 5,054,189 |
| | 657 | Ser. W4, 2/25/29 | 509,093 |
| AAA | 92 | First Union Residential Securitization Trust, Ser. A, Class 1APO, 3/25/15 | 90,877 |
| AAA | 700 | MASTR Asset Securitization Trust, Ser. 3, Class 4A15, 3/25/34 | 348,270 |
| AAA | 45 | Structured Mortgage Asset Residential Trust, Ser. 3C, Class CX, 4/25/24 | 41,270 |
| NR | 13,0002 | Resolution Funding Corp., Ser. B, 4/15/30 | 3,404,700 |
| | | | <hr/> |
| | | Total Principal Only Mortgage-Backed Securities | 38,350,673 |
| | | | <hr/> |
| | | Commercial Mortgage-Backed Securities 2.8% | |
| AAA | 10,250 3 | New York City Mortgage Loan Trust, Multi-Family, Class A2, 6.75%, 6/25/11 | 11,002,893 |
| Aaa | 1,278 | Banc of America Alternative Loan Trust, Ser. 11, Class 5A1, 5.50%, 1/25/19 | 1,284,181 |
| | | | <hr/> |
| | | Total Commercial Mortgage-Backed Securities | 12,287,074 |
| | | | <hr/> |
| | | Collateralized Mortgage Obligations 14.7% | |
| | | Federal Home Loan Mortgage Corp., | |
| | 1,185 | Ser. 1961, Class H, 5/15/12 | 1,248,754 |
| | 7,372 | Ser. 2218, Class Z, 3/15/30 | 8,580,066 |
| | 13,884 | Ser. 2461, Class Z, 6/15/32 | 14,985,160 |
| | | See Notes to Financial Statements. | |

BlackRock Income Trust Inc. (BKT) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|-------|
| | | Collateralized Mortgage Obligations (cont'd) | |
| | | GSR Mortgage Loan Trust, | |

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| | | |
|----------|--|--------------|
| \$ 6,264 | Ser. 10, Class 2A1, 10/25/33 | \$ 6,164,374 |
| 6,051 | Ser. 13, Class 1A1, 10/25/33 | 6,014,792 |
| 2,966 | MASTR Alternative Loan Trust, Ser. 7, Class 4A3, 11/25/18 | 3,279,923 |
| 9,966 | MASTR Asset Securitization Trust, Ser. 12, Class 3A5, 10/25/14 | 10,003,320 |
| 13,717 | Residential Funding Securities Corp., Ser. RM2, Class A15, 5/25/33 | 15,259,798 |

| | |
|---|------------|
| Total Collateralized Mortgage Obligations | 65,536,187 |
|---|------------|

Collateralized Mortgage Obligation Residuals 0.1%

Collateralized Mortgage Obligation Trust,

| | | |
|------|--|---------|
| 7 | Ser. 40, Class R, 4/01/18 | 664 |
| 122 | Ser. 42, Class R, 10/01/14 | 16,647 |
| 1 | FBC Mortgage Securities Trust 16, Ser. A, Class 1, 7/01/17 | 283,265 |
| | Federal Home Loan Mortgage Corp., | |
| 42 | Ser. 19, Class R, 3/15/20 | 4,975 |
| 0 | Ser. 75, Class R, 1/15/21 | 11 |
| 0 | Ser. 75, Class RS, 1/15/21 | 11 |
| 0 | Ser. 173, Class R, 11/15/21 | 49 |
| 0 | Ser. 173, Class RS, 11/15/21 | 49 |
| 59 | Ser. 200, Class R, 12/15/22 | 1,096 |
| 13 4 | PaineWebber Trust, Ser. 88 M, Class 6, 9/01/18 | 0 |

| | |
|--|---------|
| Total Collateralized Mortgage Obligation Residuals | 306,767 |
|--|---------|

U.S. Government and Agency Securities 47.1%

| | | |
|----------|---|------------|
| 17,115 | Overseas Private Investment Corp., zero coupon-7.35%, 5/29/12 | 17,814,428 |
| | Small Business Administration, | |
| 1,230 | Ser. 20C-1, 7.15%, 3/01/17 | 1,331,001 |
| 1,681 | Ser. 20E-1, 7.60%, 5/01/16 | 1,816,220 |
| 2,316 | Ser. 20F-1, 7.55%, 6/01/16 | 2,503,396 |
| 1,419 | Ser. 20G-1, 7.70%, 7/01/16 | 1,538,859 |
| 1,954 | Ser. 20H-1, 7.25%, 8/01/16 | 2,106,439 |
| 3,321 | Ser. 20K-1, 6.95%, 11/01/16 | 3,564,648 |
| 1,805 | Small Business Investment Companies, Ser. P10A, Class 1, 6.12%, 2/01/08 | 1,918,298 |
| | U.S. Treasury Bonds, | |
| 129,000 | | |
| 2 | zero coupon, 11/15/24 | 46,657,107 |
| 550 | 6.125%, 11/15/27 | 646,730 |
| | U.S. Treasury Notes, | |
| 50,0002 | 1.50%, 3/31/06 | 49,414,000 |
| 42,600 2 | 2.50%, 5/31/06 | 42,640,044 |
| 3,000 | 3.875%, 2/15/13 | 3,000,936 |
| 745 | 4.00%, 2/15/14 | 745,231 |
| 9,000 2 | 4.25%, 11/15/13 | 9,185,670 |
| 20,200 2 | 4.25%, 8/15/14 | 20,553,500 |
| 3,250 2 | 4.375%, 8/15/12 | 3,372,883 |

| | |
|---|-------------|
| Total U.S. Government and Agency Securities | 208,809,390 |
|---|-------------|

Corporate Bonds 1.0%

Financial Institutions 1.0%

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| | | | |
|----|--------|--|-------------|
| NR | 4,380 | 2,5 Structured Asset Receivable Trust, 1.649%, 1/21/10 | 4,372,797 |
| | | Total Long-Term Investments (cost \$667,477,527) | 659,147,112 |
| | | SHORT-TERM INVESTMENT 2.6% | |
| | | U.S Government and Agency Security 2.6% | |
| | 11,534 | U.S. Treasury Bonds, 1.57%, 11/03/04 (cost \$11,533,550) | 11,533,550 |

See Notes to Financial Statements.

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BlackRock Income Trust Inc. (BKT) (continued)

| Rating ¹ (unaudited) | Principal/ Notional Amount (000) | Description | Value |
|------------------------------------|---|--|----------------|
| | | OUTSTANDING OPTIONS PURCHASED 0.1% | |
| | | Interest Rate Swap, | |
| \$ | 24,800 | 4.365% over 3-month LIBOR, expires 1/28/05 | \$ 243,131 |
| | 18,000 | 4.60% over 3-month LIBOR, expires 11/19/04 | 30,204 |
| | 24,800 | 4.865% over 3-month LIBOR, expires 1/28/08 | 169,885 |
| | 13,500 | 6.25% over 3-month LIBOR, expires 11/19/04 | 14 |
| | | Total Outstanding Options Purchased (cost \$508,240) | 443,234 |
| | | Total investments before investments sold short and outstanding options written (cost \$679,519,317) | 671,123,896 |
| | | INVESTMENTS SOLD SHORT (3.0%) | |
| (1,500) | | Federal National Mortgage Assoc., 5.50%, TBA | (1,527,187) |
| (10,630) | | U.S. Treasury Bonds, 5.375%, 2/15/31 | (11,550,133) |
| | | Total Investments Sold Short (proceeds \$12,897,590) | (13,077,320) |
| | | OUTSTANDING OPTIONS WRITTEN (0.3%) | |
| | | Interest Rate Swap, | |
| (29,200) | | 3.00% over 3-month LIBOR, expires 1/19/05 | (84,520) |
| (24,800) | | 4.375% over 3-month LIBOR, expires 10/28/05 | (468,273) |
| (13,500) | | 5.05% over 3-month LIBOR, expires 2/23/05 | (383,535) |
| (24,800) | | 5.375% over 3-month LIBOR, expires 10/28/05 | (418,240) |
| (77,000) | | 5.75% over 3-month LIBOR, expires 9/23/05 | (180,950) |
| (13,500) | | 6.05% over 3-month LIBOR, expires 2/23/05 | (5,670) |
| | | Total Outstanding Options Written (premium received \$2,915,166) | (1,541,188) |
| | | Total investments net of investments sold short and outstanding options written 148.3% | \$ 656,505,388 |

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| | | |
|---------------------------------------|-------------|-----------------------|
| Liabilities in excess of other assets | (48.3)% | (213,870,772) |
| Net Assets | 100% | \$ 442,634,616 |

- 1 Using the higher of S&P's, Moody's or Fitch's rating.
- 2 Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
- 3 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2004, the Trust held 3.3% of its net assets, with a current market value of \$14,485,164, in securities restricted as to resale.
- 4 Security is fair valued.
- 5 This bond is borrowed. The rate shown is the yield on the collateral deposited with the counterparty.

Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

See Notes to Financial Statements.

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**PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004**

BlackRock Limited Duration Income Trust (BLW)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|-------------------------------------|------------------------------|---|------------|
| LONG-TERM INVESTMENTS 136.6% | | | |
| Corporate Bonds 58.2% | | | |
| Aero & Defense 2.3% | | | |
| NR | \$ 1,000 | AAR Corp., Ser. 20001A2, 8.39%, 5/15/11 | \$ 975,000 |
| NR | 4,000 | Raytheon Co., 7.00%, 5/15/06 | 4,223,856 |
| BB- | 5,000 | Sequa Corp., Ser. B, 8.875%, 4/01/08 | 5,431,250 |
| B- | 5,881 | Transdigm, Inc., 8.375%, 7/15/11 | 6,326,375 |
| | | | 16,956,481 |
| Automotive 4.7% | | | |
| B2 | 2,750 | Collins & Aikman Products Co., 10.75%, 12/31/11 | 2,750,000 |
| A3 | 7,500 | DaimlerChrysler NA Holding Corp., 4.05%, 6/04/08 | 7,532,475 |
| B1 | 3,000 | Dura Operating Corp., Ser. B, 8.625%, 4/15/12 | 2,970,000 |
| A3 | 7,500 | Ford Motor Credit Co., 7.375%, 2/01/11 | 8,135,963 |
| Baa1 | 7,500 | General Motors Acceptance Corp., 6.875%, 8/28/12 | 7,766,250 |
| BB- | 4,640 | TRW Automotive, Inc., 9.375%, 2/15/13 | 5,336,000 |
| | | | 34,490,688 |
| Basic Materials 6.9% | | | |
| B- | 2,820 | BCP Caylux Holdings SCA, 9.625%, 6/15/14 (Luxembourg) | 3,158,400 |
| B | 4,000 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 4,350,000 |

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| | | | |
|------|---------|---|------------|
| BB+ | 5,685 | Georgia Pacific Corp., 8.875%, 2/01/10 | 6,708,300 |
| B2 | 1,300 | Gold Kist, Inc., 10.25%, 3/15/14 | 1,469,000 |
| B | 2,5003 | Huntsman Advanced Materials LLC, 11.00%, 7/15/10 | 2,900,000 |
| B | 3,000 | Huntsman LLC, 11.625%, 10/15/10 | 3,536,250 |
| BB | 5,000 | Ipsco, Inc., 8.75%, 6/01/13 (Canada) | 5,737,500 |
| B+ | 5,000 | Lyondell Chemical Co., 11.125%, 7/15/12 | 5,893,750 |
| B- | 5,000 | Rockwood Specialties Group, Inc., 10.625%, 5/15/11 | 5,550,000 |
| Ba2 | 3,250 | United States Steel LLC, 10.75%, 8/01/08 | 3,851,250 |
| BBB | 7,500 2 | Weyerhaeuser Co., 5.25%, 12/15/09 | 7,907,655 |
| | | | 51,062,105 |
| | | Building & Development 0.4% | |
| BBB- | 3,000 | DR Horton, Inc., 5.875%, 7/01/13 | 3,007,500 |
| | | Conglomerates 1.5% | |
| B | 3,000 | Trimas Corp., 9.875%, 6/15/12 | 3,090,000 |
| BBB+ | 7,5002 | Tyco Intl. Group SA, 6.125%, 11/01/08 (Luxembourg) | 8,145,375 |
| | | | 11,235,375 |
| | | Consumer Products 2.7% | |
| B+ | 5,000 | Group 1 Automotive, Inc., 8.25%, 8/15/13 | 5,300,000 |
| BB+ | 5,000 | JC Penney Co., Inc., 8.00%, 3/01/10 | 5,737,500 |
| B+ | 5,000 | Rite Aid Corp., 8.125%, 5/01/10 | 5,325,000 |
| B+ | 3,500 | Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13 | 3,692,500 |
| | | | 20,055,000 |
| | | Containers & Glass 1.6% | |
| | | Graham Packaging Co., Inc., | |
| CCC+ | 7853 | 8.50%, 10/15/12 | 822,288 |
| CCC+ | 1,1003 | 9.875%, 10/15/14 | 1,163,250 |
| B- | 5,000 | Graphic Packaging Intl., Inc., 9.50%, 8/15/13 | 5,762,500 |
| B+ | 4,000 | Silgan Holdings, Inc., 6.75%, 11/15/13 | 4,120,000 |
| | | | 11,868,038 |
| | | Ecological Services & Equipment 2.0% | |
| B+ | 5,5482 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 | 5,797,660 |
| B | 2,000 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 2,220,000 |
| B- | 6,2502 | National Waterworks, Inc., Ser. B, 10.50%, 12/01/12 | 7,000,000 |
| | | | 15,017,660 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|---|---------------------------------------|---|--------------|
| Energy 7.4% | | | |
| BB | \$ 5,500 ^{2,3} | AES Corp., The, 8.75%, 5/15/13 | \$ 6,331,874 |
| BB | 5,290 | Chesapeake Energy Corp., 7.50%, 9/15/13 | 5,911,574 |
| BB | 2,000 | Compagnie Generale de Geophysique SA, 10.625%, 11/15/07 (France) | 2,116,000 |
| B | 5,000 | Dresser, Inc., 9.375%, 4/15/11 | 5,575,000 |
| B | 4,475 ^{2,3} | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 5,213,374 |
| B- | 4,000 | El Paso Production Holding Co., 7.75%, 6/01/13 | 4,180,000 |
| BB- | 2,160 ³ | Gazprom, 9.625%, 3/01/13 (Russia) | 2,484,000 |
| B+ | 2,950 | Hanover Equipment Trust, Ser. B, 8.75%, 9/01/11 | 3,245,000 |
| B | 5,000 ³ | Hilcorp Energy I LP, 10.50%, 9/01/10 | 5,637,500 |
| A- | 2,000 | Massey Energy Corp., 6.95%, 3/01/07 | 2,100,000 |
| B1 | 5,000 | Midwest Generation LLC, Ser. A, 8.30%, 7/02/09 | 5,400,000 |
| B | 5,000 | Swift Energy Co., 9.375%, 5/01/12 | 5,600,000 |
| B+ | 1,000 | Williams Cos, Inc., 8.125%, 3/15/12 | 1,175,000 |
| | | | 54,969,322 |
| Entertainment & Leisure 1.9% | | | |
| B | 2,000 | Hammons John Q. Hotels LP, Ser. B, 8.875%, 5/15/12 | 2,300,000 |
| Ba3 | 1,271 | Host Marriot Corp., Ser. B, 7.875%, 8/01/08 | 1,305,953 |
| Ba2 | 5,425 | MGM Mirage, 9.75%, 6/01/07 | 6,103,125 |
| BB+ | 3,500 | Royal Caribbean Cruises Ltd., 8.00%, 5/15/10 (Liberia) | 3,990,000 |
| | | | 13,699,078 |
| Financial Institutions 7.6% | | | |
| BB | 3,000 | Crum & Forster Holdings Corp., 10.375%, 6/15/13 JP Morgan HYDIB, | 3,210,000 |
| BB | 10,000 ^{2,3} | 6.40%, 6/20/08 | 10,150,000 |
| B- | 9,815 ^{2,3} | 9.00%, 6/20/08 | 10,305,555 |
| Baa2 | 5,000 ³ | Kazkommerts Intl. BV, 10.125%, 5/08/07 (Netherlands) | 5,462,500 |
| BBB+ | 200 | Marsh & McLennan Cos, Inc., 2.193%, 7/13/07 Rainbow National Services LLC, | 193,430 |
| B3 | 925 ³ | 8.75%, 9/01/12 | 989,750 |
| CCC+ | 2,850 ³ | 10.375%, 9/01/14 | 3,092,250 |
| B1 | 4,500 ³ | Sheridan Acquisition Corp., 10.25%, 8/15/11 | 4,882,500 |
| B+ | 5,000 | Southern Star Central Corp., 8.50%, 8/01/10 | 5,525,000 |
| NR | 7,888 ² | Structured Asset Receivable Trust, 1.649%, 1/21/10 | 7,876,003 |
| BB- | 4,215 | Western Financial Bank, 9.625%, 5/15/12 | 4,805,100 |
| | | | 56,492,088 |
| Health Care 3.6% | | | |

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| | | | |
|------|--------|---|------------|
| BBB- | 5,000 | Amerisourcebergen Corp., 8.125%, 9/01/08 | 5,487,500 |
| B- | 5,0002 | Concentra Operating Corp., 9.50%, 8/15/10 | 5,537,500 |
| B3 | 2,610 | Insight Health Services Corp., Ser. B, 9.875%, 11/01/11 | 2,610,000 |
| B- | 3,000 | Norcross Safety Products LLC, 9.875%, 8/15/11 | 3,270,000 |
| | | Tenet Healthcare Corp., | |
| B- | 1,875 | 6.375%, 12/01/11 | 1,710,938 |
| B- | 25 | 6.50%, 6/01/12 | 22,688 |
| B- | 3,0053 | 9.875%, 7/01/14 | 3,147,738 |
| B | 4,500 | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 5,163,750 |
| | | | <hr/> |
| | | | 26,950,114 |
| | | | <hr/> |

Industrials 1.8%

| | | | |
|----|--------|--|------------|
| B- | 4,0003 | Fasten Tech, Inc., 11.50%, 5/01/11 | 4,520,000 |
| B | 4,900 | Hexcel Corp., 9.875%, 10/01/08 | 5,537,000 |
| B- | 3,000 | Williams Scotsman, Inc., 9.875%, 6/01/07 | 2,880,000 |
| | | | <hr/> |
| | | | 12,937,000 |
| | | | <hr/> |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|------------------------|------------------------------|---|--------------|
| | | Media 6.4% | |
| B1 | \$ 2,500 | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) | \$ 2,687,500 |
| CCC+ | 3,500 | CBD Media Inc., 8.625%, 6/01/11 | 3,648,750 |
| BB- | 5,000 | Cenveo Corp., 9.625%, 3/15/12 | 5,575,000 |
| BBB | 6,685 | Comcast Cable Communications, Inc., 6.875%, 6/15/09 | 7,478,530 |
| BB- | 6,0002 | CSC Holdings, Inc., 7.875%, 12/15/07 | 6,450,000 |
| B | 1,300 | Dex Media East, LLC, 12.125%, 11/15/12 | 1,615,250 |
| BB- | 2,000 | Echostar DBS Corp., 5.75%, 10/01/08 | 2,040,000 |
| B- | 5,000 | Houghton Mifflin Co., 9.875%, 2/01/13 | 5,425,000 |
| B- | 3,250 | Nextmedia Operating, Inc., 10.75%, 7/01/11 | 3,656,250 |
| B1 | 2,5003 | Paxson Communications Corp., 4.82%, 1/18/05 | 2,515,625 |
| B- | 4,650 | Salem Communications Corp., 7.75%, 12/15/10 | 4,963,875 |
| CCC | 1,375 | WRC Media, Inc., 12.75%, 11/15/09 | 1,292,500 |
| | | | <hr/> |
| | | | 47,348,280 |
| | | | <hr/> |
| | | Real Estate 1.1% | |
| BB | 5,8603 | American Real Estate Partners LP, 8.125%, 6/01/12 | 6,182,300 |
| BBB- | 2,000 | Rouse Co., 5.375%, 11/26/13 | 1,903,057 |
| | | | <hr/> |

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| | | | |
|------|-------|---|-------------|
| | | | 8,085,357 |
| | | | |
| | | Technology 1.4% | |
| B | 2,708 | Amkor Tech. Inc., 7.75%, 5/15/13 | 2,342,420 |
| BB+ | 3,972 | Flextronics Intl. Ltd., 6.50%, 5/15/13 (Singapore) | 4,170,600 |
| BBB- | 3,500 | Unisys Corp., 6.875%, 3/15/10 | 3,718,750 |
| | | | 10,231,770 |
| | | | |
| | | Telecommunications 4.2% | |
| B- | 3,000 | ACC Escrow Corp., Ser. B, 10.00%, 8/01/11 | 2,520,000 |
| A- | 5,000 | Deutsche Telekom Intl. Finance BV, 8.50%, 6/15/10 (Netherlands) | 6,018,050 |
| B- | 490 | 3 New Skies Satellites NV, 9.125%, 11/01/12 (Netherlands) | 502,250 |
| BB+ | 5,000 | Nextel Communications, Inc., 7.375%, 8/01/15 | 5,562,500 |
| B+ | 4,210 | 3 PanAmSat Corp., 9.00%, 8/15/14 | 4,441,550 |
| B+ | 4,000 | 3 Qwest Communications Intl., Inc., 5.211%, 11/15/04 | 3,900,000 |
| | | Qwest Corp., | |
| BB | 1,000 | 3 7.875%, 9/01/11 | 1,062,500 |
| BB | 6,000 | 2,3 9.125%, 3/15/12 | 6,765,000 |
| | | | 30,771,850 |
| | | | |
| | | Transportation 0.7% | |
| BB+ | 1,650 | Overseas Shipholding Group, Inc., 8.75%, 12/01/13 | 1,839,750 |
| B | 3,015 | Sea Containers Ltd., 10.50%, 5/15/12 (Bermuda) | 3,128,063 |
| | | | 4,967,813 |
| | | | |
| | | Total Corporate Bonds | 430,145,519 |
| | | | |
| | | Bank Loans 42.3% | |
| | | Aero & Defense 0.2% | |
| | 1,475 | Transdigm, Inc., Term Loan, LIBOR + 2.25%, 11/08/04 | 1,497,638 |
| | | | |
| | | Automotive 1.2% | |
| | 498 | CSK Automotive, Inc., Term Loan C, LIBOR + 2.00%, 12/31/04 - 1/12/05 | 502,682 |
| | 1,247 | Dayco Products, LLC, Term Loan B, LIBOR + 3.00%, 12/29/04 - 3/29/05 | 1,262,461 |
| | 2,852 | EaglePicher Industries, Term Loan B, LIBOR + 3.00%, 11/30/04 - 12/10/04 | 2,858,754 |
| | | Tenneco Automotive, Inc. | |
| | 445 | Term Loan B, LIBOR + 3.00%, 12/16/04 | 452,144 |
| | 1,002 | Term Loan B1, LIBOR + 3.00%, 11/30/10 | 1,018,837 |
| | 2,769 | TRW Automotive Aquisitions Corp., Term Loan D1, LIBOR + 2.25%, 1/14/05 | 2,808,496 |
| | | | 8,903,374 |
| | | | |
| | | Basic Materials 4.7% | |
| | 4,000 | Boise, Term Loan, LIBOR + 2.25%, 10/31/10 - 10/31/11 | 4,048,594 |
| | | Celanese AG, | |
| | 1,000 | Term Loan, LIBOR + 2.50%, 12/31/04 | 3,046,251 |
| | 3,000 | Term Loan C, LIBOR + 3.50%, 12/31/04 | 1,016,170 |

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| | | |
|-------|---|-----------|
| 3,000 | Cognis, Term Loan, LIBOR + 4.75%, 11/15/04 | 3,101,250 |
| 1,750 | Huntsman Intl LLC, Term Loan B, LIBOR + 3.25%, 11/15/04 | 1,778,000 |
| 2,000 | Huntsman LLC, Term Loan, LIBOR + 3.50%, 11/22/04 | 2,025,000 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|------------|
| Basic Materials (cont'd) | | | |
| \$ 931 | | INEOS Group Holdings PLC, Term Loan C, LIBOR + 3.50%, 12/31/04 MDCP Acquisitions, | \$ 943,033 |
| | 4,000 | Term Loan B3, LIBOR + 2.75%, 1/10/05 | 4,005,000 |
| | 4,000 | Term Loan C3, LIBOR + 3.25%, 1/10/05 | 4,000,000 |
| | 2,497 | Nalco Chemical Co., Term Loan B, LIBOR + 2.50%, 11/23/04 - 1/24/05 | 2,539,597 |
| | 1,274 | RLC Industries Co., Term Loan B, LIBOR + 2.00%, 11/30/04 Rockwood Specialties Group, Inc. | 1,279,244 |
| | 1,926 | Term Loan LIBOR + 8.00%, 11/26/04 | 1,925,864 |
| | 1,000 | Term Loan B LIBOR + 2.50%, 1/27/05 | 1,009,531 |
| | 487 | SGL Carbon LLC, Term Loan, LIBOR + 3.00%, 11/30/04 - 2/09/05 SP Newsprint Co., Term Loan B, | 489,419 |
| | 1,611 | LIBOR, 11/15/04 | 1,631,250 |
| | 870 | LIBOR + 3.00%, 11/26/04 | 881,016 |
| | 988 | USI Holdings Corp., Term Loan B, LIBOR + 2.50%, 1/31/05 | 991,820 |
| | | | 34,711,039 |
| Building & Development 0.9% | | | |
| | 1,474 | Associated Materials, Inc., Term Loan, LIBOR + 2.75%, 11/12/04 - 3/14/05 | 1,329,770 |
| | 1,547 | PRIME + 1.75%, 12/31/04 | 159,572 |
| | 995 | Builders Firstsource, Inc., Term Loan A, LIBOR + 3.00%, 12/31/04 Goodman Global Holdings, Inc., Term Loan B, LIBOR + 2.00%, 12/31/04 - | 1,001,219 |
| | 830 | 1/31/05 Landsource Communities Development, LLC, Term Loan B, LIBOR + 2.50%, | 836,225 |
| | 1,000 | 11/26/04 Nortek, Inc., Term Loan, | 1,015,000 |
| | 500 | LIBOR + 2.75%, 8/24/11 | 470,670 |
| | 4,985 | PRIME + 1.50%, 1/06/10 Ply Gem Industries, Inc., | 36,205 |
| | 75 | CAD Term Loan, LIBOR + 2.50%, 12/31/04 | 75,467 |
| | 1,423 | Term Loan, LIBOR + 2.50%, 12/31/04 | 1,436,397 |
| | 500 | Term Loan B, LIBOR + 2.50%, 3/31/05 | 504,375 |
| | | | 6,864,900 |

| Conglomerates 2.4% | | |
|-------------------------------|--|------------|
| Colfax Corp., | | |
| 3,625 | Term Loan B, LIBOR + 3.00%, 11/01/04 | 3,634,062 |
| 1,250 | Term Loan C, LIBOR + 6.25%, 12/31/04 | 1,260,938 |
| 1,496 | Honeywell Security Group, Term Loan B, LIBOR + 4.00%, 12/06/05 | 1,496,250 |
| Invesys Intl. Holdings Ltd., | | |
| 4,250 | Term Loan, LIBOR + 4.75%, 1/07/05 | 4,372,188 |
| 1,977 | Term Loan B1, LIBOR + 3.50%, 1/07/05 | 2,001,872 |
| 746 | Precise Technology, Inc., Term Loan, LIBOR + 3.00%, 12/31/04 | 749,048 |
| 2,475 | Quintiles Transnational Corp., Term Loan B, LIBOR + 4.25%, 12/31/04 | 2,499,750 |
| 1,980 | Trimas Corp., Term Loan B, LIBOR + 3.50%, 12/31/04 - 1/13/05 | 1,994,611 |
| | | 18,008,719 |
| Consumer Products 6.6% | | |
| 1,063 | Alimentation Couche Tard, Inc., Term Loan, LIBOR + 1.75%, 11/18/04 - 11/30/04 | 1,074,027 |
| 500 | Buffets, Inc., Term Loan LC, LIBOR + 3.6%, 12/31/04 | 500,834 |
| 1,344 | CKE Restaurants, Term Loan, LIBOR + 3.00%, 11/08/04 | 1,371,226 |
| 499 | Coinstar, Inc., Term Loan, LIBOR + 2.25%, 12/31/04 - 1/07/05 | 506,231 |
| 1,000 | Denny's Corp., Term Loan, LIBOR, 11/22/04 | 1,021,875 |
| 987 | Dole Food Co., Inc., Term Loan D, LIBOR + 2.25%, 11/12/04 - 1/03/05 | 999,640 |
| 3,186 | Dr. Pepper Bottling Co. of Texas, Term Loan B, LIBOR + 2.25%, 11/22/04 - 4/22/05 | 3,226,701 |
| 869 | DS Waters Enterprises LP, Term Loan, LIBOR + 2.75%, 12/31/04 - 3/30/05 | 843,137 |
| 500 | Harbor Freight Tools, Term Loan B, LIBOR + 2.75%, 11/16/04 - 11/17/04 | 503,750 |
| 1,980 | Jarden Corp., Term Loan B, LIBOR + 2.25%, 12/31/04 | 1,981,238 |
| 983 | Keystone Foods Holdings, LLC, Term Loan, LIBOR + 2.50%, 11/29/04 - 3/31/05 | 991,817 |
| 1,000 | Knoll, Inc., Term Loan, LIBOR + 3.00%, 11/05/04 | 1,011,250 |
| 2,750 | KOSA B.V., Term Loan B1, LIBOR + 2.75%, 12/31/04 | 2,798,125 |
| 987 | Language Line, Inc., Term Loan B, LIBOR + 4.25%, 11/22/04 | 996,094 |
| 1,670 | Le Nature, Inc., Term Loan B, LIBOR + 4.00%, 11/26/04 - 2/25/05 | 1,688,968 |
| 1,504 | Meow Mix Co., Term Loan, LIBOR + 4.25%, 12/26/04 - 1/03/05 | 1,466,395 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|-----------------------------------|------------------------------|---|--------------|
| Consumer Products (cont'd) | | | |
| \$ 2,978 | | Michael Foods, Inc., Term Loan, LIBOR + 2.25%, 11/22/04 - 11/26/04 | \$ 3,014,719 |
| 1,000 | | Nice Pak Products, Inc., Term Loan, LIBOR + 3.50%, 12/31/04 - 3/10/05 | 1,010,000 |
| | | Olympus Cable Holdings, LLC, | |
| 2,000 | | Term Loan A, Prime + 1.25%, 12/31/04 | 1,958,750 |
| 3,500 | | Term Loan B, Prime + 2.00%, 12/31/04 | 3,442,033 |

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| | | |
|-------|--|------------|
| 2,781 | Oriental Trading Co., Inc., Term Loan B, LIBOR + 2.75%, 12/31/04 | 2,810,145 |
| 3,000 | OSI Group LLC, Term Loan B, LIBOR + 2.50%, 12/31/04 | 3,035,625 |
| 1,838 | Pantry, Inc., The, Term Loan B, LIBOR + 2.25%, 11/30/04 | 1,862,949 |
| 998 | Pierre Foods, Inc., Term Loan B, LIBOR + 2.75%, 12/03/04 - 3/04/05 | 1,003,733 |
| 1,493 | Prestige Brands Holdings, Inc., Term Loan B, LIBOR, 12/31/04 - 1/26/05 | 1,503,070 |
| 3,990 | R.H. Donnelley, Inc., Term Loan B2, LIBOR, 12/03/04 - 1/10/05 | 4,046,110 |
| 875 | Sealy Mattress Co., Term Loan C, LIBOR + 2.25%, 11/05/04 - 12/01/04 | 886,301 |
| 3,209 | Tempur Pedic, Inc., Term Loan B, LIBOR + 2.25%, 12/31/04 | 3,227,427 |
| | | 48,782,170 |

Containers & Glass □2.5%

| | | |
|-------|---|------------|
| 956 | Bway Corp., Term Loan, LIBOR, 11/12/04 Graham Packaging Co., Inc., Term Loan B, LIBOR, 12/31/04 - 1/08/05 | 968,097 |
| 2,000 | Term Loan C, PRIME + 3.25%, 12/31/04 | 2,027,188 |
| 2,000 | Graphic Packaging Intl., Inc., Term Loan C, LIBOR + 2.50%, 11/30/04 - 1/04/05 | 2,044,584 |
| 1,488 | Owens-Illinois Group, Inc., Term Loan A, LIBOR + 2.75%, 11/02/04 | 1,512,985 |
| 4,916 | Term Loan C1, LIBOR + 2.75%, 11/26/04 | 4,985,929 |
| 667 | Silgan Holdings, Inc., Term Loan B, PRIME + 0.75%, 12/31/04 | 677,150 |
| 2,970 | Smurfit Stone Container Corp., Term Loan, LIBOR + 2.00%, 11/15/10 | 2,999,624 |
| 568 | Sola International, Inc., Term Loan, LIBOR + 3.00%, 12/31/04 | 567,645 |
| 488 | Solo Cup, Inc., Term Loan, LIBOR + 2.50%, 11/01/04 - 12/30/04 | 492,984 |
| 1,990 | | 2,009,070 |
| | | 18,285,256 |

Ecological Services & Equipment □0.9%

| | | |
|-------|--|-----------|
| | Allied Waste NA, Inc., Term Loan A, LIBOR + 2.75%, 12/31/04 | 999,281 |
| 4,916 | Term Loan C, LIBOR + 2.75%, 12/15/04 - 12/15/04 | 3,969,629 |
| 667 | Envirosolutions, Inc., Term Loan, LIBOR + 2.00%, 12/31/04 | 55,316 |
| 2,273 | LIBOR + 4.50%, 12/31/04 | 1,939,684 |
| 684 | | 6,963,910 |

Energy □2.9%

| | | |
|-------|---|-----------|
| 429 | AES Corp., The, Term Loan, LIBOR + 2.25%, 11/02/04 - 2/02/05 | 434,866 |
| 1,975 | Calpine Corp., Term Loan, LIBOR + 5.75%, 1/18/05 | 1,654,063 |
| 6,924 | Centerpoint Energy, Inc., Term Loan, LIBOR + 3.50%, 11/08/04 | 6,941,635 |
| 1,967 | Getty Petroleum Marketing, Inc., Term Loan, LIBOR + 3.25%, 12/30/04 | 1,994,938 |
| 2,000 | La Grange Acquisition, LP, Term Loan, LIBOR + 3.00%, 11/29/04 | 2,028,750 |
| 1,375 | Mission Energy Holdings Co., Term Loan, LIBOR + 5.00%, 12/10/04 | 1,377,149 |
| | NRG Energy, Inc., Term Loan, 4.00%, 12/31/04 | 214,479 |
| 932 | LIBOR + 4.00%, 12/23/04 | 378,578 |
| 576 | Pike Electric, Inc., Term Loan B, LIBOR + 2.25%, 11/04/04 | 497,098 |
| 489 | Reliant Resources, Inc., Term Loan, LIBOR + 4.00%, 11/08/04 - 1/08/04 | 5,721,234 |
| 5,639 | | 5,721,234 |

| | | |
|-------|--|------------|
| | | 21,242,790 |
| | | |
| | Entertainment & Leisure | |
| | 1.2% | |
| 998 | Boyd Gaming Corp., Term Loan B, LIBOR + 1.75%, 12/31/04 - 3/31/05 | 1,009,221 |
| 1,977 | Greektown Casino, LLC, Term Loan D, LIBOR + 3.50%, 11/01/04 - 11/04/04 | 2,924,989 |
| 496 | Green Valley Ranch Gaming, LLC, Term Loan B, LIBOR, 12/31/04 | 502,453 |
| | Loews Cineplex Entertainment Corp., Term Loan B, LIBOR + 2.25%, 11/04/04 - | |
| 1,000 | 11/08/04 | 1,011,875 |
| 2,000 | Marina District Finance Co., Inc., Term Loan B, LIBOR + 4.50%, 3/31/05 | 2,012,500 |
| 1,239 | Wyndham Intl., Inc., Term Loan II, LIBOR + 5.75%, 11/10/04 | 1,240,811 |
| | | 8,701,849 |
| | | |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|------------------------|--|-------------------------------|------------|
| | | Financial Institutions | |
| | | 1.1% | |
| 958 | CCC Information Services, Inc., Term Loan, LIBOR + 3.00%, 11/29/04 | | \$ 960,459 |
| 998 | Conseco, Inc., Term Loan, LIBOR + 3.50%, 11/26/04 | | 1,015,787 |
| 1,950 | Global Cash Access, LLC, Term Loan, LIBOR + 2.75%, 11/30/04 | | 1,981,688 |
| 1,500 | Jostens, Inc., Term Loan B, LIBOR + 2.50%, 12/30/04 - 1/08/05 | | 1,521,563 |
| 1,995 | SBA Senior Finance, Inc., Term Loan, LIBOR + 3.50%, 12/30/04 - 3/31/05 | | 2,008,716 |
| 488 | Universal American Financial Corp., Term Loan, LIBOR + 2.25%, 12/31/04 | | 487,500 |
| | | | 7,975,713 |
| | | | |
| | | Health Care | |
| | | 3.5% | |
| 2,995 | Accredo Health, Inc., Term Loan B, LIBOR + 1.75%, 11/30/04 | | 3,009,975 |
| 211 | Ameripath, Inc., Term Loan, LIBOR + 3.00%, 11/26/04 | | 211,662 |
| 744 | Atrium Companies, Inc., Term Loan, LIBOR + 2.75%, 12/20/04 - 1/18/05 | | 754,921 |
| 1,251 | Colgate Medical, Ltd., Term Loan B, LIBOR, 12/29/04 - 12/31/04 | | 1,258,956 |
| 3,000 | Community Health Systems, Inc., Term Loan, LIBOR + 1.75%, 11/30/04 | | 3,008,037 |
| 2,743 | Concentra Operating Corp., Term Loan, LIBOR + 2.50%, 11/26/04 | | 2,767,127 |
| 2,700 | Connecticare, Inc., Term Loan, LIBOR + 3.75%, 12/31/04 | | 2,706,750 |
| 2,960 | Davita, Inc., Term Loan B, LIBOR + 2.00%, 11/23/04 - 3/30/05 | | 2,993,818 |
| 481 | DJ Orthopedics, LLC, Term Loan, LIBOR + 2.25%, 12/31/04 - 4/29/05 | | 485,461 |
| 499 | Fisher Scientific Intl., Inc., Term Loan B, LIBOR + 1.50%, 11/29/04 | | 502,335 |
| 998 | IASIS Healthcare Corp., Term Loan B, LIBOR + 2.50%, 12/31/04 - 1/04/05 | | 1,010,176 |
| 3,000 | Jean Coutu Group, Inc., Term Loan B, LIBOR + 2.25%, 11/30/04 - 1/31/05 | | 3,044,658 |
| 2,297 | Kinetic Concepts, Inc., Term Loan B1, LIBOR + 2.00%, 12/31/04 | | 2,322,869 |

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| | | |
|-------------------------|---|------------|
| | Medical Device Manufacturing, Inc., Term Loan, LIBOR + 3.00%, 11/30/04 - | |
| 499 | 1/31/05 | 501,244 |
| 998 | Wellcare Holdings, Inc., Term Loan, LIBOR + 4.00%, 11/15/04 | 997,500 |
| | | 25,575,489 |
| Industrials 2.6% | | |
| 373 | Alderwoods Group, Inc., Term Loan B1, LIBOR + 2.75%, 11/19/04 - 3/28/05 | 378,605 |
| 995 | Arinc, Inc., Term Loan B, LIBOR + 2.25%, 12/31/04 | 1,004,950 |
| 1,000 | Buhrmann U.S., Inc., Term Loan C1, LIBOR + 2.50%, 12/07/04 | 3,269,689 |
| 3,000 | Exide Technologies, Term Loan, LIBOR + 3.50%, 11/22/04 | 2,996,250 |
| 952 | Ionics, Inc., Term Loan, LIBOR + 2.75%, 12/31/04 | 962,304 |
| | New Flyer, Inc., | |
| 381 | Term Loan, LIBOR + 2.75%, 1/01/05 | 386,190 |
| 1,208 | Term Loan B, LIBOR + 2.75%, 11/30/04 | 1,222,008 |
| 2,887 | Roper Industries, Inc., Term Loan, LIBOR + 2.00%, 12/31/04 - 1/28/05 | 2,887,500 |
| | Sensus Metering Systems, Inc., Term Loan B1, LIBOR + 2.50%, 1/20/05 - | |
| 1,477 | 2/22/05 | 1,487,965 |
| 1,824 | United Rentals NA, Inc., Term Loan B, LIBOR + 2.25%, 11/29/04 - 11/30/04 | 1,842,864 |
| 1,888 | Williams Scotsman, Inc., Term Loan, LIBOR + 3.00%, 11/12/04 - 1/06/05 | 1,906,465 |
| 702 | Worldspan, LP, Term Loan, LIBOR + 3.75%, 12/31/04 - 1/10/05 | 704,045 |
| | | 19,048,835 |
| Media 6.6% | | |
| 499 | Adams Outdoor Advertising, LP, Term Loan, LIBOR + 2.25%, 12/20/04 - 1/20/05 | 504,569 |
| 2,376 | Dex Media East, LLC, Term Loan A, LIBOR + 2.00%, 11/08/04 - 11/30/04 | 2,399,290 |
| | Dex Media West, LLC, | |
| 4,317 | Term Loan A, LIBOR + 2.50%, 11/08/04 - 11/30/04 | 4,292,010 |
| 4,234 | Term Loan B, LIBOR + 2.25%, 11/08/04 - 11/30/04 | 1,962,223 |
| 3,717 | DirecTV Holdings, LLC, Term Loan B2, LIBOR + 2.00%, 11/15/04 - 12/13/04 | 3,765,878 |
| 4,500 | Echostar DBS Corp., Term Loan, LIBOR + 2.25%, 1/04/05 | 4,680,000 |
| 3,000 | Emmis Operating Co., Term Loan B, LIBOR, 11/08/04 | 3,025,500 |
| 1,750 | Freedom Communications, Inc., Term Loan, LIBOR, 11/29/04 - 12/01/04 | 1,775,813 |
| 970 | Insight Midwest Holdings LLC, Term Loan, LIBOR + 2.75%, 12/07/04 | 6,033,840 |
| 1,111 | Lions Gate Entertainment, Inc., Term Loan, LIBOR + 3.25%, 12/31/04 | 1,116,667 |
| | Mediacom Communications Corp., Term Loan B, LIBOR + 2.50%, 11/05/04 - | |
| 3,990 | 12/31/04 | 4,023,915 |
| 1,000 | Mediacom Illinois LLC, Term Loan B, LIBOR + 2.25%, 11/19/04 - 4/22/05 | 1,005,714 |
| 4,000 | MGM Studios, Inc., Term Loan B, LIBOR + 2.50%, 12/31/04 | 4,011,000 |
| 645 | Mission Broadcasting, Inc., Term Loan D, LIBOR + 1.75%, 12/31/04 | 644,385 |
| 352 | Nexstar Broadcasting, Inc., Term Loan D, LIBOR + 1.75%, 12/31/04 | 352,749 |
| 3,000 | NTL Investment Holding Ltd., Term Loan B, LIBOR + 3.00%, 4/14/05 | 3,024,999 |
| 2,500 | Raycom Media, Inc., Term Loan B, LIBOR + 1.75%, 11/08/05 | 2,509,375 |
| 1,539 | Relizon Company, The, Term Loan, LIBOR + 3.00%, 11/19/04 | 1,544,865 |
| 1,990 | Warner Music Group, Term Loan B, LIBOR, 11/24/04 - 4/22/05 | 2,015,942 |
| | | 48,688,734 |

See Notes to Financial Statements.

BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|------------------------|------------------------------|--|--------------------|
| | | Real Estate 0.2% | |
| | \$ 1,455 | Crescent Real Estate Equities LP, Term Loan, LIBOR + 2.25%, 11/01/04 - 11/15/05 | \$ 1,464,507 |
| | | Technology 0.7% | |
| | 3,235 | Knowles Electronics, Inc., Term Loan B2, LIBOR + 5.00%, 4/04/05 | 3,269,867 |
| | 499 | Network Communications, Inc., Term Loan B, LIBOR + 4.00%, 11/02/04 - 11/30/04 | 504,049 |
| | 1,496 | Verifone, Inc., Term Loan B, LIBOR + 2.50%, 1/31/05 | 1,516,823 |
| | | | <u>5,290,739</u> |
| | | Telecommunications 3.5% | |
| | 1,000 | Atlantic Broadband Finance, LLC, Term Loan B, LIBOR + 3.25%, 12/07/04 | 1,014,583 |
| | 1,495 | Centennial Cellular Operating Co., Term Loan B, LIBOR + 2.75%, 11/30/04 - 3/31/05 | 1,512,352 |
| | 3,491 | Charter Communications Operating, LLC, Term Loan B, LIBOR + 3.25%, 12/31/04 - 1/31/05 | 3,461,372 |
| | 1,495 | Consolidated Communications, Inc., Term Loan B, LIBOR + 2.75%, 11/16/04 - 12/31/04 | 1,506,213 |
| | 1,000 | FairPoint Communications, Inc., Term Loan, TBD, 5/18/12 | 1,015,000 |
| | 3,970 | Nextel Finance Co., Term Loan E, LIBOR + 2.25%, 12/17/04 | 3,980,751 |
| | 2,500 | Nextel Partners Operating Corp., Term Loan C, LIBOR + 2.50%, 12/01/04 | 2,537,500 |
| | 5,000 | Qwest Corp., Term Loan A, LIBOR + 4.75%, 12/09/04 | 5,190,180 |
| | 1,649 | Valor Telecommunication Enterprises II, LLC, Term Loan A, LIBOR + 2.50%, 11/10/04 - 11/12/04 | 1,645,153 |
| | 3,990 | Western Wireless Corp., Term Loan B, LIBOR + 3.00%, 11/05/04 - 1/28/05 | 4,048,426 |
| | | | <u>25,911,530</u> |
| | | Transportation 0.6% | |
| | 998 | Kenan Advantage Group, Inc., Term Loan, LIBOR + 3.50%, 12/31/04 | 1,006,228 |
| | 1,953 | Sirva Worldwide, Inc., Term Loan, LIBOR + 2.50%, 11/08/04 | 1,965,147 |
| | 725 | Transport Industries, LP, Term Loan B, LIBOR + 4.00%, 12/31/04 | 725,148 |
| | 998 | Transwestern Pipeline Co., Term Loan B, LIBOR + 2.25%, 11/08/04 | 1,001,657 |
| | | | <u>4,698,180</u> |
| | | Total Bank Loans | <u>312,615,372</u> |
| | | Mortgage Pass-Through Securities 22.3% | |
| | | Federal National Mortgage Assoc., | |

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| | | | |
|-----|---------|---|--------------------|
| | 5,714 | 4.423%, 11/01/04 | 5,853,736 |
| | 121,700 | 5.00%, TBA | 124,171,970 |
| | 17,0002 | 7.25%, 1/15/10 | 19,807,380 |
| | 14,8022 | 5.50%, 12/01/28 - 11/01/33 | 15,101,478 |
| | | Total Mortgage Pass-Through Securities | 164,934,564 |
| | | Interest Only Asset-Backed Securities 1.5% | |
| | | Sterling Coofs Trust, | |
| | 73,778 | Ser. 1, 4/15/29 | 6,552,424 |
| | 54,298 | Ser. 2, 3/30/30 | 4,326,850 |
| | | Total Interest Only Asset-Backed Securities | 10,879,274 |
| | | Interest Only Mortgage-Backed Securities 0.5% | |
| | 17,301 | Federal National Mortgage Assoc., Ser. 64, Class QI, 1/25/33 | 3,342,528 |
| | | Commercial Mortgage-Backed Securities 0.1% | |
| BB+ | 1,0003 | Bear Stearns Commercial Mortgage Secs., Inc., Class K, 4.368%, 11/15/04 | 994,900 |
| | | Asset-Backed Securities 1.9% | |
| AAA | 6,900 | DaimlerChrysler Auto Trust, Ser. B, Class A3, 2.25%, 11/01/04 | 6,877,309 |
| AAA | 7,125 | Honda Auto Receivables, Class A3, 2.30%, 10/18/07 | 7,097,742 |
| | | Total Asset-Backed Securities | 13,975,051 |

See Notes to Financial Statements.

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BlackRock Limited Duration Income Trust (BLW) (continued)

| Rating1 (unaudited) | Principal Amount (000) | Description | Value |
|--------------------------------|---------------------------------------|---|-------------------|
| | | Collateralized Mortgage Obligations 2.4% | |
| | | GSR Mortgage Loan Trust, | |
| | \$ 8,948 | Ser. 10, Class 2A1, 10/25/33 | \$ 8,806,248 |
| | 8,834 | Ser. 13, Class 1A1, 10/25/33 | 8,780,718 |
| | | Total Collateralized Mortgage Obligations | 17,586,966 |
| | | Foreign Government Bonds 2.5% | |
| NR | 1,667 | Bolivarian Republic of Venezuela, 2.75%, 12/20/04 | 1,658,272 |
| BB | 5,000 | Republic of Colombia, 9.75%, 4/23/09 | 5,662,500 |
| BB | 5,0002 | Republic of Peru, 9.125%, 2/21/12 | 5,600,000 |
| BB- | 5,000 | Republic of Turkey, 11.375%, 11/27/06 | 5,650,000 |

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| | | |
|---------|--|------------------|
| | Total Foreign Government Bonds | 18,570,772 |
| | | |
| | U.S. Government Securities \square 4.9% | |
| 765 | U.S. Treasury Bond, 5.25%, 11/15/28 | 806,692 |
| | U.S. Treasury Notes, | |
| 17,000 | | |
| 2 | 3.375%, 12/15/08 | 17,172,720 |
| 3,4252 | 3.375%, 9/15/09 | 3,438,906 |
| 6,000 2 | 3.875%, 5/15/09 | 6,167,820 |
| 8,6602 | 4.25%, 11/15/13 | 8,838,656 |
| | | |
| | Total U.S. Government Securities | 36,424,794 |
| | | |
| | Units | |
| | | |
| | Warrants \square 0.0% | |
| | Reliant Resources, Inc., Expires 8/25/08, Strike price \$.001, 1 share for 1 | |
| 104 | warrant | 0 |
| | | |
| | Total Long-Term Investments (cost \$977,574,292) | 1,009,469,740 |
| | | |
| | Principal Amount (000) | |
| | | |
| | SHORT-TERM INVESTMENT \square 0.0% | |
| | U.S. Government and Agency Zero Coupon Bond \square 0.0% | |
| 200 | Federal Home Loan Bank, zero coupon, 11/01/04 (cost \$200,000) | 200,000 |
| | | |
| | Total investments \square 136.6% (cost \$977,774,292) | \$ 1,009,669,740 |
| | Liabilities in excess of other assets \square (36.6)% | (270,444,346) |
| | | |
| | Net Assets \square 100% | \$ 739,225,394 |
| | | |

1 Using the higher of S&P's, Moody's or Fitch's rating.

2 Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.

3 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2004, the Trust held 13.1% of its net assets, with a current market value of \$96,625,104, in securities restricted as to resale.

4 Illiquid security.

Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

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

See Notes to Financial Statements.

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PORTFOLIO OF INVESTMENTS
OCTOBER 31, 2004

BlackRock Strategic Bond Trust (BHD)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|--|--------------|
| LONG-TERM INVESTMENTS 112.3% | | | |
| Corporate Bonds 106.5% | | | |
| Aero & Defense 4.7% | | | |
| B- | \$ 2,000 | BE Aerospace, Inc., 9.50%, 11/01/08 | \$ 2,062,500 |
| BBB+ | 1,000 | Lockheed Martin Corp., 8.20%, 12/01/09 | 1,192,530 |
| BBB- | 650 | Raytheon Co., 4.85%, 1/15/11 | 669,038 |
| A+ | 1,000 | United Technologies Corp., 6.35%, 3/01/11 | 1,125,080 |
| | | | 5,049,148 |
| Automotive 11.1% | | | |
| B2 | 2,000 | Collins & Aikman Products Co., 10.75%, 12/31/11 | 2,000,000 |
| A3 | 1,000 | DaimlerChrysler NA Holding Corp., 7.30%, 1/15/12 | 1,145,910 |
| BB | 2,000 | Dana Corp., 10.125%, 3/15/10 | 2,255,000 |
| B3 | 1,000 | Delco Remy Intl., Inc., 11.00%, 5/01/09 | 1,050,000 |
| | | Ford Motor Credit Co., | |
| A3 | 750 | 5.80%, 1/12/09 | 771,840 |
| A3 | 2,000 | 6.875%, 2/01/06 | 2,082,480 |
| | | General Motors Acceptance Corp., | |
| Baa1 | 250 | 6.75%, 1/15/06 | 259,315 |
| Baa1 | 900 | 6.875%, 9/15/11 | 935,442 |
| Baa1 | 300 | 8.00%, 11/01/31 | 309,750 |
| BB- | 892 | TRW Automotive, Inc., 9.375%, 2/15/13 | 1,025,800 |
| | | | 11,835,537 |
| Basic Materials 6.7% | | | |
| B | 2,000 | Caraustar Industries, Inc., 9.875%, 4/01/11 | 2,175,000 |
| B2 | 195 | Gold Kist, Inc., 10.25%, 3/15/14 | 220,350 |
| B | 1,500 | JSG Funding PLC, 9.625%, 10/01/12 (Ireland) | 1,710,000 |
| B+ | 1,800 | Lyondell Chemical Co., 9.50%, 12/15/08 | 1,957,500 |
| BBB | 1,000 | Weyerhaeuser Co., 6.125%, 3/15/07 | 1,068,810 |
| | | | 7,131,660 |
| Building & Development 3.1% | | | |

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| | | | |
|---|-------|---|-----------|
| BB+ | 1,000 | Beazer Homes USA, Inc., 8.625%, 5/15/11 | 1,095,000 |
| BBB- | 2,000 | Schuler Homes, Inc., 9.375%, 7/15/09 | 2,165,000 |
| | | | 3,260,000 |
| Conglomerates 2.4% | | | |
| A+ | 325 | Honeywell Intl., Inc., 7.50%, 3/01/10 | 380,354 |
| B | 1,000 | Trimas Corp., 9.875%, 6/15/12 | 1,030,000 |
| BBB+ | 1,132 | Tyco Intl. Group SA, 6.375%, 2/15/06 (Luxembourg) | 1,181,876 |
| | | | 2,592,230 |
| Consumer Products 5.6% | | | |
| BBB- | 2,000 | Autonation, Inc., 9.00%, 8/01/08 | 2,305,000 |
| BB+ | 1,000 | General Mills, Inc., 5.125%, 2/15/07 | 1,042,400 |
| BBB+ | 575 | Kellogg Co., Ser. B, 6.00%, 4/01/06 | 600,513 |
| B- | 500 | Pantry, Inc., The, 7.75%, 2/15/14 | 523,750 |
| B+ | 1,400 | Sonic Automotive, Inc., Ser. B, 8.625%, 8/15/13 | 1,477,000 |
| | | | 5,948,663 |
| Containers & Glass 1.1% | | | |
| B | 1,000 | Crown European Holdings SA, 10.875%, 3/01/13 (France) | 1,190,000 |
| Ecological Services & Equipment 2.7% | | | |
| B+ | 1,129 | Allied Waste NA, Inc., Ser. B, 10.00%, 8/01/09 | 1,179,805 |
| B | 1,500 | Casella Waste Systems, Inc., 9.75%, 2/01/13 | 1,665,000 |
| | | | 2,844,805 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|--|------------|
| Energy 14.3% | | | |
| BB- | \$ 750 | Calpine Corp., 9.625%, 9/30/14 | \$ 712,500 |
| BB | 2,000 | Compagnie Generale de Geophysique SA, 10.625%, 11/15/07 (France) | 2,116,000 |
| A- | 1,000 | ConocoPhillips Holding Co., 6.95%, 4/15/29 | 1,173,810 |
| B | 2,000 | Dresser, Inc., 9.375%, 4/15/11 | 2,230,000 |

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| | | | |
|------|-------|---|-----------|
| BBB | 250 | DTE Energy Co., 7.05%, 6/01/11 | 285,460 |
| B | 1,125 | Dynegy Holdings, Inc., 10.125%, 7/15/13 | 1,310,625 |
| | | El Paso Corp., | |
| CCC+ | 165 | 7.75%, 1/15/32 | 151,800 |
| CCC+ | 85 | 7.80%, 8/01/31 | 77,988 |
| B- | 1,750 | El Paso Production Holding Co., 7.75%, 6/01/13 | 1,828,750 |
| BBB+ | 105 | Exelon Corp., 6.75%, 5/01/11 | 117,855 |
| BBB- | 325 | FirstEnergy Corp., Ser. C, 7.375%, 11/15/31 | 370,308 |
| B+ | 2,000 | Hanover Equipment Trust, Ser. A, 8.50%, 9/01/08 | 2,155,000 |
| B1 | 1,000 | Midwest Generation LLC, 8.75%, 5/01/34 | 1,137,500 |
| BBB+ | 250 | Occidental Petroleum Corp., 6.75%, 1/15/12 | 285,380 |
| Baa2 | 1,000 | 2 Progress Energy, Inc., 6.75%, 3/01/06 | 1,049,070 |
| B+ | 200 | Reliant Energy, Inc., 9.25%, 7/15/10 | 220,000 |

15,222,046

Entertainment & Leisure 2.8%

| | | | |
|-----|-------|--|-----------|
| B | 1,000 | Resorts Intl. Hotel & Casino, Inc., 11.50%, 3/15/09 | 1,152,500 |
| BB+ | 1,500 | Royal Caribbean Cruises Ltd., 8.75%, 2/02/11 (Liberia) | 1,785,000 |

2,937,500

Financial Institutions 17.9%

| | | | |
|------|-------|--|-----------|
| AA | 185 | 3 Allstate Financial Global Funding LLC, 5.25%, 2/01/07 | 193,826 |
| Aa3 | 1,000 | 2 Bank One Corp., 6.50%, 2/01/06 | 1,047,280 |
| Aa3 | 650 | 3 Barclays Bank PLC, 8.55%, 9/29/49 (United Kingdom) | 800,506 |
| A+ | 325 | Bear Stearns Co., Inc., 6.50%, 5/01/06 | 342,479 |
| B1 | 2,000 | Bluewater Finance Ltd., 10.25%, 2/15/12 (United Kingdom) | 2,210,000 |
| AA+ | 3,000 | 2 Citigroup, Inc., 5.75%, 5/10/06 | 3,133,920 |
| BB | 500 | Crum & Forster Holdings Corp., 10.375%, 6/15/13 | 535,000 |
| AAA | 2,000 | 2 General Electric Cap. Corp., 3.45%, 7/16/07 | 2,013,680 |
| AA | 1,500 | 2 HSBC Bank USA, Inc., 3.875%, 9/15/09 | 1,506,015 |
| AAA | 850 | KFW Intl. Finance, Inc., 5.25%, 6/28/06 | 885,334 |
| A | 325 | MetLife, Inc., 6.125%, 12/01/11 | 355,024 |
| | | Rainbow National Services LLC, | |
| B3 | 210 | 3 8.75%, 9/01/12 | 224,700 |
| CCC+ | 1,650 | 3 10.375%, 9/01/14 | 1,790,250 |
| NR | 1,020 | Structured Asset Receivable Trust, 1.61%, 1/21/10 | 1,018,663 |
| AAA | 1,000 | 3 TIAA Global Markets, Inc., 3.875%, 1/22/08 | 1,016,200 |
| Aa1 | 2,000 | Wells Fargo & Co., 3.50%, 4/04/08 | 2,010,640 |

19,083,517

Health Care 7.3%

| | | | |
|-----|-------|---|-----------|
| NR | 2,000 | Healthsouth Corp., 7.375%, 10/01/06 | 2,025,000 |
| B3 | 1,945 | Insight Health Services Corp., Ser. B, 9.875%, 11/01/11 | 1,945,000 |
| AAA | 1,000 | Merck & Co., Inc., 4.375%, 2/15/13 | 994,030 |
| | | Tenet Healthcare Corp., | |
| B- | 405 | 6.375%, 12/01/11 | 369,562 |
| B- | 15 | 6.50%, 6/01/12 | 13,613 |

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| | | | | |
|----|-------|---|--|-----------|
| B- | 640 | 3 | 9.875%, 7/01/14 | 670,400 |
| B | 1,500 | | United Surgical Partners Intl., Inc., 10.00%, 12/15/11 | 1,721,250 |
| | | | | 7,738,855 |

Media 13.4%

| | | | | |
|------|-------|---|---|-----------|
| NR | 1,000 | 4 | Adelphia Communications Corp., Ser. B, 10.50%, 12/31/49 | 880,000 |
| B1 | 1,500 | | Alliance Atlantis Communications, Inc., 13.00%, 12/15/09 (Canada) | 1,612,500 |
| BBB+ | 1,000 | | AOL Time Warner, Inc., 7.70%, 5/01/32 | 1,196,500 |
| BB- | 2,000 | | Cenveo Corp., 9.625%, 3/15/12 | 2,230,000 |
| CCC+ | 325 | | Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 338,000 |
| CCC+ | 1,775 | | Charter Communications Holdings LLC, 11.125%, 1/15/11 | 1,491,000 |
| BBB | 1,000 | | Comcast Cable Communications, Inc., 6.875%, 6/15/09 | 1,118,703 |

See Notes to Financial Statements.

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BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|------------------------------------|------------------------------|---|--------------|
| Media (cont'd) | | | |
| B- | \$ 2,000 | Nextmedia Operating, Inc., 10.75%, 7/01/11 | \$ 2,250,000 |
| B | 775 | Primedia, Inc., 7.625%, 4/01/08 | 780,813 |
| B- | 750 | Vertis, Inc., 10.875%, 6/15/09 | 817,500 |
| A- | 85 | Viacom, Inc., 6.625%, 5/15/11 | 95,630 |
| CCC | 1,500 | WRC Media, Inc., 12.75%, 11/15/09 | 1,410,000 |
| | | | |
| 14,220,646 | | | |
| Real Estate 2.5% | | | |
| BB | 8603 | American Real Estate Partners LP, 8.125%, 6/01/12 | 907,300 |
| A- | 500 | ERP Operating LP, 6.95%, 3/02/11 | 567,220 |
| | | Felcore Lodging LP, | |
| B1 | 1,000 | 9.00%, 6/01/11 | 1,130,000 |
| B1 | 80 | 10.00%, 9/15/08 | 84,000 |
| | | | |
| 2,688,520 | | | |
| Technology 2.9% | | | |
| B | 1,000 | Amkor Technology, Inc., 9.25%, 2/15/08 | 960,000 |
| BBB- | 2,000 | Unisys Corp., 8.125%, 6/01/06 | 2,130,000 |
| | | | |
| 3,090,000 | | | |
| Telecommunications 7.0% | | | |

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| | | | |
|--|-------|--|-------------|
| B- | 750 | ACC Escrow Corp., Ser. B, 10.00%, 8/01/11 | 630,000 |
| A | 1,000 | Bellsouth Corp., 4.20%, 9/15/09 | 1,009,660 |
| B3 | 1,000 | Crown Castle Intl. Corp., 10.75%, 8/01/11 | 1,107,500 |
| | | MCI, Inc., | |
| B | 36 | 5.908%, 5/01/07 | 36,045 |
| B | 36 | 6.688%, 5/01/09 | 35,460 |
| B | 31 | 7.735%, 5/01/14 | 29,915 |
| BB | 2003 | Qwest Corp., 7.875%, 9/01/11 | 212,500 |
| A- | 1,000 | 3 Telecom Italia Capital, 4.95%, 9/30/14 (Luxembourg) | 992,160 |
| Aa3 | 2,000 | Verizon New England, Inc., 6.50%, 9/15/11 | 2,222,520 |
| A | 1,000 | Vodafone Group PLC, 7.75%, 2/15/10 (United Kingdom) | 1,177,200 |
| | | | 7,452,960 |
| Transportation \square 1.0% | | | |
| BBB+ | 500 | Canadian National Railway Co., 6.90%, 7/15/28 (Canada) | 570,880 |
| B | 440 | Sea Containers Ltd., 10.50%, 5/15/12 (Bermuda) | 456,500 |
| | | | 1,027,380 |
| Total Corporate Bonds | | | 113,313,467 |
| U.S. Government and Agency Securities \square 3.9% | | | |
| | 410 | 2 U.S. Treasury Bonds, 5.375%, 2/15/31 | 445,490 |
| | | U.S. Treasury Notes, | |
| | 1,010 | 2 2.50%, 5/31/06 | 1,010,949 |
| | 933 | 2 2.625%, 11/15/06 | 933,877 |
| | 1,000 | 2 4.25%, 8/15/13 | 1,022,340 |
| | 710 | 2 4.75%, 5/15/14 | 750,825 |
| | | | 4,163,481 |
| Total U.S. Government and Agency Securities | | | 4,163,481 |
| Foreign Government Bonds \square 1.1% | | | |
| Baa2 | 1,000 | United Mexican States, 8.125%, 12/30/19 | 1,171,000 |

See Notes to Financial Statements.

BlackRock Strategic Bond Trust (BHD) (continued)

| Rating ¹ (unaudited) | Principal Amount (000) | Description | Value |
|--|------------------------------|---|------------|
| Supranational \square 0.8% | | | |
| AAA | \$ 850 | European Investment Bank, 4.875%, 9/06/06 | \$ 883,277 |

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| | |
|--|-----------------------|
| Total Investments (cost \$113,309,408) | \$ 119,531,225 |
| Liabilities in excess of other assets [□] (12.3)% | (13,098,100) |
| | <hr/> |
| Net Assets[□]100% | \$ 106,433,125 |
| | <hr/> |

- 1 Using the higher of S&P[□]s, Moody[□]s or Fitch[□]s rating.
- 2 Entire or partial principal amount pledged as collateral for reverse repurchase agreements or financial futures contracts.
- 3 Security is not registered under the Securities Act of 1933. These securities may be resold in transactions in accordance with Rule 144A under that Act, to qualified institutional buyers. As of October 31, 2004, the Trust held 8.3% of its net assets, with a current market value of \$8,830,967, in securities restricted as to resale.
- 4 Issuer is technically in default and/or bankruptcy.

Details of open reverse repurchase agreements are disclosed in Note 4 in the Notes to Financial Statements.

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.

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STATEMENTS OF ASSETS AND LIABILITIES

October 31, 2004

| | Broad Investment Grade 2009 Term Trust Inc.1 (BCT) | Core Bond Trust (BHK) |
|--|---|--------------------------------------|
| | <hr/> | <hr/> |
| Assets | | |
| Investments at value ² | \$ 66,171,306 | \$ 578,546,345 |
| Cash | 45,939 | 47,177 |
| Foreign currency at value ³ | □ | 1,563 |
| Receivable from investments sold | □ | 92,655,368 |
| Variation margin receivable | 23,313 | 242,188 |
| Receivable for open forward foreign currency contracts | □ | 28,896,140 |
| Interest receivable | 690,461 | 7,932,844 |
| Unrealized appreciation on interest rate swaps | □ | 444,416 |
| Other assets | 16,904 | 70,665 |
| | <hr/> | <hr/> |
| | 66,947,923 | 708,836,706 |
| | <hr/> | <hr/> |
| Liabilities | | |

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| | | |
|--|----------------------|-----------------------|
| Reverse repurchase agreement | 19,262,500 | 102,473,974 |
| Payable to custodian | □ | □ |
| Payable for investments purchased | □ | 154,043,827 |
| Payable for dollar rolls | □ | 9,845,811 |
| Collateral due to broker | □ | □ |
| Variation margin payable | □ | □ |
| Loan payable | □ | □ |
| Investments sold short at value ⁴ | □ | □ |
| Outstanding options written at value ⁵ | □ | 1,338,972 |
| Interest payable | 12,176 | 380,262 |
| Unrealized depreciation on interest rate swaps | □ | □ |
| Interest rate floors at value ⁵ | □ | □ |
| Payable for open forward foreign currency contracts | □ | 29,192,235 |
| Investment advisory fee payable | 21,923 | 234,803 |
| Administration fee payable | 5,979 | □ |
| Deferred Directors□/Trustees□ fees | 13,875 | 46,229 |
| Other accrued expenses | 376,037 | 117,335 |
| | 19,692,490 | 297,673,448 |
| Net Assets | \$ 47,255,433 | \$ 411,163,258 |
| Composition of Net Assets: | | |
| Par value | \$ 29,571 | \$ 27,019 |
| Paid-in capital in excess of par | 38,787,677 | 386,197,188 |
| Cost of shares held in treasury ⁶ | □ | □ |
| Undistributed (distributions in excess of) net investment income | 7,945,414 | 2,267,985 |
| Accumulated net realized gain (loss) | (2,210,230) | 4,664,264 |
| Net unrealized appreciation (depreciation) | 2,703,001 | 18,006,802 |
| | \$ 47,255,433 | \$ 411,163,258 |
| Net assets, October 31, 2004 | \$ 47,255,433 | \$ 411,163,258 |
| Net asset value ⁷ | \$ 15.98 | \$ 15.22 |
| 1 Consolidated Statement of Assets and Liabilities | | |
| 2 Investments at cost | \$ 63,602,403 | \$ 562,275,317 |
| 3 Foreign currency at cost | □ | 1,569 |
| 4 Proceeds received | □ | □ |
| 5 Premium received | □ | 2,196,443 |
| 6 Shares held in treasury | □ | □ |
| 7 Common shares outstanding | 2,957,093 | 27,018,774 |

See Notes to Financial Statements.

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| Yield Trust (BHY) | Trust (BNA) | Trust Inc. (BKT) | Income Trust (BLW) | Bond Trust (BHD) |
|----------------------|--------------------|---------------------|-----------------------|---------------------|
| \$ 68,414,848 | \$ 575,075,772 | \$ 671,123,896 | \$ 1,009,669,740 | \$ 119,531,225 |
| 123,396 | | 406,123 | 320,608 | 159,456 |
| 1,851,793 | 165,321,199 | 16,812,288 | 10,623,166 | 691,470 |
| | 434,230 | | | |
| 1,580,281 | 7,800,964 | 6,781,264 | 14,229,589 | 2,578,853 |
| | 601,663 | | | |
| 23,915 | 132,395 | 194,224 | 139,368 | 15,615 |
| <u>71,994,233</u> | <u>749,366,223</u> | <u>695,317,795</u> | <u>1,034,982,471</u> | <u>122,976,619</u> |
| | 94,643,913 | 223,735,589 | 159,415,731 | 13,187,854 |
| | 4,061,767 | | | |
| 1,654,083 | 157,098,996 | 9,156,600 | 10,579,320 | 3,143,958 |
| | 17,775,500 | | 124,172,031 | |
| | 529,143 | 646,730 | 806,692 | |
| | | 442,536 | | |
| 19,250,000 | 45,815,760 | 13,077,320 | | |
| | 1,402,984 | 1,541,188 | | |
| 38,361 | 801,096 | 1,406,471 | 94,913 | 6,155 |
| | | 1,888,354 | | |
| | | 68,890 | | |
| 43,815 | 214,954 | 243,386 | 480,369 | 53,544 |
| 2,082 | 69,314 | 99,859 | | |
| 20,945 | 108,035 | 128,490 | 25,969 | 8,272 |
| 70,907 | 201,312 | 247,766 | 182,052 | 143,711 |
| <u>21,080,193</u> | <u>322,722,774</u> | <u>252,683,179</u> | <u>295,757,077</u> | <u>16,543,494</u> |
| \$ 50,914,040 | \$ 426,643,449 | \$ 442,634,616 | \$ 739,225,394 | \$ 106,433,125 |
| \$ 6,404 | \$ 344,497 | \$ 637,155 | \$ 36,727 | \$ 7,049 |
| 93,588,410 | 406,532,068 | 528,754,021 | 700,009,639 | 100,448,229 |
| | (17,377,850) | | | |
| (20,945) | 2,972,407 | 3,499,237 | 1,786,417 | 188,743 |
| (35,430,908) | 7,486,517 | (79,321,675) | 5,497,163 | (432,713) |
| (7,228,921) | 26,685,810 | (10,934,122) | 31,895,448 | 6,221,817 |
| <u>50,914,040</u> | <u>426,643,449</u> | <u>442,634,616</u> | <u>739,225,394</u> | <u>106,433,125</u> |

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| | \$7.95 | \$12.38 | \$6.95 | \$20.13 | \$15.10 |
|----|------------|----------------|----------------|----------------|----------------|
| \$ | 75,643,790 | \$ 553,389,628 | \$ 679,519,317 | \$ 977,774,292 | \$ 113,309,408 |
| | | 45,796,477 | 12,897,590 | | |
| | | 2,557,620 | 2,915,166 | | |
| | | 1,757,400 | | | |
| | 6,403,606 | 34,449,693 | 63,715,468 | 36,727,287 | 7,048,718 |

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STATEMENTS OF OPERATIONS

For the year ended October 31, 2004

| | Broad Investment Grade 2009 Term Trust Inc.1 (BCT) | Core Bond Trust (BHK) |
|--|--|-----------------------------|
| Investment Income | | |
| Interest income | \$ 2,977,991 | \$ 30,195,091 |
| Expenses | | |
| Investment advisory | 259,551 | 3,130,697 |
| Administration | 70,786 | |
| Transfer agent | 10,881 | 15,006 |
| Custodian | 63,546 | 191,332 |
| Reports to shareholders | 18,830 | 112,440 |
| Directors/Trustees | 12,960 | 58,194 |
| Registration | 1,721 | 21,882 |
| Independent accountants | 33,869 | 43,602 |
| Legal | 33,972 | 50,037 |
| Insurance | 4,966 | 39,993 |
| Miscellaneous | 11,048 | 50,770 |
| Total expenses excluding interest expense and excise tax | 522,130 | 3,713,953 |
| Interest expense | 263,911 | 1,604,092 |
| Excise tax | 384,842 | |
| Total expenses | 1,170,883 | 5,318,045 |
| Less fees waived by Advisor | | |

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| | | |
|---|---------------------|----------------------|
| Less fees paid indirectly | | (3,160) |
| Net expenses | 1,170,883 | 5,314,885 |
| Net investment income | 1,807,108 | 24,880,206 |
| Realized and Unrealized Gain (Loss) | | |
| Net realized gain (loss) on: | | |
| Investments | (1,393,010) | 6,965,518 |
| Foreign currency | | 1,381,532 |
| Futures | 738,035 | 7,218,852 |
| Interest rate swaps | | (4,631,178) |
| Options written | | 255,018 |
| Short sales | | 482,944 |
| | (654,975) | 11,672,686 |
| Net change in unrealized appreciation/depreciation on: | | |
| Investments | 1,547,410 | 4,369,084 |
| Foreign currency | | (269,102) |
| Futures | (163,998) | 359,386 |
| Interest rate floors | | |
| Interest rate swaps | | 637,592 |
| Options written | | 941,522 |
| Short sales | | 1,399 |
| | 1,383,412 | 6,039,881 |
| Net gain (loss) | 728,437 | 17,712,567 |
| Net Increase in Net Assets Resulting from Operations | \$ 2,535,545 | \$ 42,592,773 |

¹ Consolidated Statement of Operations.

See Notes to Financial Statements.

| High Yield Trust (BHY) | Income Opportunity Trust (BNA) | Income Trust Inc. (BKT) | Limited Duration Income Trust (BLW) | Strategic Bond Trust (BHD) |
|------------------------------|---|-------------------------------|--|----------------------------------|
| \$ 7,153,272 | \$ 30,732,704 | \$ 38,088,047 | \$ 62,767,611 | \$ 11,125,359 |

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| | | | | |
|-----------|-------------|-------------|------------|-----------|
| 708,081 | 2,490,784 | 2,911,895 | 5,802,236 | 1,008,133 |
| 67,437 | 415,131 | 671,976 | | |
| 16,104 | 33,438 | 86,402 | 17,934 | 15,006 |
| 38,318 | 149,194 | 175,922 | 274,426 | 57,068 |
| 30,705 | 98,514 | 145,872 | 150,699 | 29,278 |
| 12,391 | 59,775 | 78,324 | 80,154 | 13,908 |
| 14,646 | 25,108 | 44,652 | 36,948 | 17,927 |
| 34,655 | 83,649 | 73,818 | 43,082 | 35,955 |
| 12,203 | 49,388 | 62,251 | 82,970 | 15,503 |
| 4,040 | 37,442 | 42,500 | 85,340 | 10,314 |
| 10,470 | 71,499 | 71,437 | 45,666 | 16,772 |
| 949,050 | 3,513,922 | 4,365,049 | 6,619,455 | 1,219,864 |
| 346,573 | 1,105,431 | 1,780,431 | 2,585,301 | 368,468 |
| 1,295,623 | 4,619,353 | 6,145,480 | 9,204,756 | 1,588,332 |
| (2,840) | (11,694) | (4,268) | (46,186) | (9,122) |
| 1,292,783 | 4,607,659 | 6,141,212 | 9,158,570 | 1,310,374 |
| 5,860,489 | 26,125,045 | 31,946,835 | 53,609,041 | 9,814,985 |
| (316,410) | 2,845,405 | (5,931,592) | 5,420,385 | 1,061,047 |
| | 5,930,715 | (1,391,653) | | |
| | 1,619,198 | (2,651,215) | | |
| | 1,143,460 | 923,712 | 76,779 | |
| | (1,253,560) | 741,176 | | |
| (316,410) | 10,285,218 | (8,309,572) | 5,497,164 | 1,061,047 |
| 6,773,216 | 5,823,530 | (386,069) | 10,019,874 | 648,992 |
| | 2,440,701 | (2,462,726) | | |
| | (2,050,802) | 759,055 | | |
| | 1,304,689 | (2,819,850) | | |
| | 672,046 | 1,572,874 | 186 | |
| | | 1,609,585 | | |
| 6,773,216 | 8,190,164 | (1,727,131) | 10,020,060 | 648,992 |

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| | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 6,456,806 | 18,475,382 | (10,036,703) | 15,517,224 | 1,710,039 |
| \$ 12,317,295 | \$ 44,600,427 | \$ 21,910,132 | \$ 69,126,265 | \$ 11,525,024 |

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STATEMENTS OF CASH FLOWS
For the year ended October 31, 2004

| Reconciliation of Net Increase in Net Assets Resulting from Operations to Net Cash Flows Provided by (Used for) Operating Activities | Broad Investment Grade 2009 Term Trust Inc.1 (BCT) | Core Bond Trust (BHK) |
|---|---|-----------------------------|
| Net increase in net assets resulting from operations | \$ 2,535,545 | \$ 42,592,773 |
| Decrease (Increase) in investments | 202,833 | (16,769,060) |
| Net realized loss (gain) | 654,975 | (11,672,686) |
| Decrease (Increase) in unrealized appreciation (depreciation) | (1,383,412) | (6,039,881) |
| Increase (Decrease) in investments sold short | | (1,459,680) |
| Increase (Decrease) in outstanding options written | | (814,480) |
| Decrease (Increase) in interest rate floor | | |
| Decrease (Increase) in interest rate swaps | | (632,723) |
| Decrease (Increase) in receivable for investments sold | 1,144,618 | (47,475,502) |
| Decrease (Increase) in receivable for open forward foreign currency contracts | | (28,828,953) |
| Decrease (Increase) in variation margin receivable | 33,250 | (242,188) |
| Decrease (Increase) in interest receivable | 87,945 | 219,290 |
| Decrease (Increase) in other assets | (2,546) | (20,888) |
| Increase (Decrease) in payable for investments purchased | | 51,591,431 |
| Increase in payable for dollar rolls | | 9,845,811 |
| Increase in collateral due to broker | | |
| Increase (Decrease) in payable for open forward foreign currency contracts | | 29,192,235 |
| Increase (Decrease) in payable for closed forward foreign currency contracts, net | | (64,413) |
| Increase (Decrease) in variation margin payable | | (66,844) |
| Increase (Decrease) in interest payable | (1,245) | 199,421 |
| Increase (Decrease) in investment advisory fee payable | (474) | 23,352 |
| Increase (Decrease) in administration fee payable | (129) | |
| Increase (Decrease) in deferred Directors /Trustees fees | 2,695 | 20,017 |
| Increase (Decrease) in accrued expenses | 34,441 | 75,579 |
| Total adjustments | 772,951 | (22,920,162) |
| Net cash provided by (used for) operating activities | \$ 3,308,496 | \$ 19,672,611 |

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Increase (Decrease) in Cash and Foreign Currency

| | | |
|--|--------------|---------------|
| Net cash provided by (used for) operating activities | \$ 3,308,496 | \$ 19,672,611 |
| Cash provided by (used for) financing activities: | | |
| Capital contributions | | |
| Increase (Decrease) in reverse repurchase agreements | (690,125) | 10,805,505 |
| Cash dividends paid | (2,661,384) | (29,969,225) |
| Net cash provided by (used for) financing activities | (3,351,509) | (19,163,720) |
| Net increase (decrease) in cash | (43,013) | 508,891 |
| Cash and foreign currency at beginning of year | 88,952 | (460,151) |
| Cash and foreign currency at end of year | \$ 45,939 | \$ 48,740 |

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) |
|------------------------------|---|-------------------------------|--|----------------------------------|
| \$ 12,317,295 | \$ 44,600,427 | \$ 21,910,132 | \$ 69,126,265 | \$ 11,525,024 |
| (500,096) | 1,996,389 | 27,894,473 | 70,982,192 | 28,538,849 |
| 316,410 | (10,285,218) | 8,309,572 | (5,497,164) | (1,061,047) |
| (6,773,216) | (8,190,164) | 2,084,881 | (10,020,060) | (648,992) |
| | (7,924,587) | (123,271,331) | | |
| | (1,179,646) | (1,711,931) | | |
| | | (759,055) | | |
| | 2,267,698 | 2,819,850 | | |
| (1,448,102) | (162,584,862) | (10,269,936) | 1,011,833 | 1,468,072 |
| | (45,433) | 159,375 | | |
| 280,241 | 81,713 | (1,692,816) | (334,459) | 955,497 |
| 33,572 | (23,967) | (66,937) | (98,320) | (3,610) |
| 1,654,083 | 157,098,996 | 7,902,793 | (235,976,234) | 3,143,958 |
| | 17,775,500 | | 124,172,031 | |
| | 529,143 | 646,730 | 806,692 | |
| | | 442,536 | | |
| 11,619 | (193,958) | (546,708) | 65,758 | (18,464) |

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| | | | | |
|---------------------|-----------------------|------------------------|----------------------|----------------------|
| 5,786 | 5,801 | (9,607) | 4,990 | (17,679) |
| 551 | 966 | (2,218) | | |
| 4,117 | 23,863 | 26,973 | 24,469 | 3,134 |
| (45,235) | 64,183 | 75,988 | 56,129 | 10,632 |
| <u>(6,460,270)</u> | <u>(10,583,583)</u> | <u>(87,967,368)</u> | <u>(54,802,143)</u> | <u>32,370,350</u> |
| <u>\$ 5,857,025</u> | <u>\$ 34,016,844</u> | <u>\$ (66,057,236)</u> | <u>\$ 14,324,122</u> | <u>\$ 43,895,374</u> |
| <u>\$ 5,857,025</u> | <u>\$ 34,016,844</u> | <u>\$ (66,057,236)</u> | <u>\$ 14,324,122</u> | <u>\$ 43,895,374</u> |
| 210,485 | | 2,335,670 | 429,365 | 200,599 |
| | (8,734,112) | 101,968,776 | 40,422,256 | (32,683,740) |
| (6,051,794) | (28,937,742) | (38,921,208) | (55,077,640) | (11,337,469) |
| <u>(5,841,309)</u> | <u>(37,671,854)</u> | <u>65,383,238</u> | <u>(14,226,019)</u> | <u>(43,820,610)</u> |
| 15,716 | (3,655,010) | (673,998) | 98,103 | 74,764 |
| 107,680 | (406,757) | 1,080,121 | 222,505 | 84,692 |
| <u>\$ 123,396</u> | <u>\$ (4,061,767)</u> | <u>\$ 406,123</u> | <u>\$ 320,608</u> | <u>\$ 159,456</u> |

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STATEMENTS OF CHANGES IN NET ASSETS

For the years ended October 31, 2004 and 2003

| | Broad Investment Grade 2009 Term Trust Inc.1 (BCT) | | Core Bond Trust (BHK) | |
|---|--|------------------|--------------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Increase (Decrease) in Net Assets | | | | |
| Operations: | | | | |
| Net investment income | \$ 1,807,108 | \$ 3,760,612 | \$ 24,880,206 | \$ 22,380,605 |
| Net realized gain (loss) | (654,975) | (2,958,847) | 11,672,686 | 10,108,933 |
| Net change in unrealized appreciation/depreciation | 1,383,412 | (1,159,473) | 6,039,881 | 10,896,869 |
| Net increase (decrease) in net assets resulting from operations | <u>2,535,545</u> | <u>(357,708)</u> | <u>42,592,773</u> | <u>43,386,407</u> |
| Dividends and Distributions: | | | | |

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| | | | | |
|--|---------------|---------------|----------------|----------------|
| Net investment income | (2,661,384) | (3,504,653) | (23,226,362) | (27,108,407) |
| Net realized gain | | | (6,742,863) | (4,976,352) |
| Tax return of capital distributions | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total dividends and distributions | (2,661,384) | (3,504,653) | (29,969,225) | (32,084,759) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Capital Share Transactions: | | | | |
| Reinvestment of dividends | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total increase (decrease) | (125,839) | (3,862,361) | 12,623,548 | 11,301,648 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net Assets: | | | | |
| Beginning of year | 47,381,272 | 51,243,633 | 398,539,710 | 387,238,062 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| End of year | \$ 47,255,433 | \$ 47,381,272 | \$ 411,163,258 | \$ 398,539,710 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| End of year undistributed (distribution in excess of) net investment income | \$ 7,945,414 | \$ 8,349,474 | \$ 2,267,985 | \$ |

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) | |
|---------------------------|--------------|-----------------------------------|---------------|----------------------------|---------------|
| 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| \$ 5,860,489 | \$ 6,766,264 | \$ 26,125,045 | \$ 28,912,640 | \$ 31,946,835 | \$ 38,641,106 |
| (316,410) | (4,771,417) | 10,285,218 | (3,180,087) | (8,309,572) | (22,020,705) |
| 6,773,216 | 10,326,575 | 8,190,164 | 14,036,271 | (1,727,131) | (10,738,760) |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 12,317,295 | 12,321,422 | 44,600,427 | 39,768,824 | 21,910,132 | 5,881,641 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| (5,864,606) | (7,116,448) | (28,937,742) | (27,903,349) | (38,921,208) | (63,862,381) |
| (187,188) | | | (8,364,454) | | |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| (6,051,794) | (7,116,448) | (28,937,742) | (36,267,803) | (38,921,208) | (63,862,381) |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 210,485 | 280,376 | | | 2,335,670 | 3,905,622 |

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| | | | | | |
|---------------|---------------|----------------|----------------|----------------|----------------|
| 6,475,986 | 5,485,350 | 15,662,685 | 3,501,021 | (14,675,406) | (54,075,118) |
| 44,438,054 | 38,952,704 | 410,980,764 | 407,479,743 | 457,310,022 | 511,385,140 |
| \$ 50,914,040 | \$ 44,438,054 | \$ 426,643,449 | \$ 410,980,764 | \$ 442,634,616 | \$ 457,310,022 |
| \$ (20,945) | \$ | \$ 2,972,407 | \$ 5,785,104 | \$ 3,499,237 | \$ 10,115,860 |

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STATEMENTS OF CHANGES IN NET ASSETS

(continued)

For the years ended October 31, 2004 and 2003

| | Limited Duration Income Trust1 (BLW) | | Strategic Bond Trust (BHD) | |
|---|---|---------------|-------------------------------|---------------|
| | 2004 | 2003 | 2004 | 2003 |
| Increase (Decrease) in Net Assets | | | | |
| Operations: | | | | |
| Net investment income | \$ 53,609,041 | \$ 12,026,055 | \$ 9,814,985 | \$ 11,147,173 |
| Net realized gain (loss) | 5,497,164 | 390,465 | 1,061,047 | (1,177,052) |
| Net change in unrealized appreciation/depreciation | 10,020,060 | 21,875,388 | 648,992 | 17,670,059 |
| Net increase in net assets resulting from operations | 69,126,265 | 34,291,908 | 11,525,024 | 27,640,180 |
| Dividends and Distributions: | | | | |
| Net investment income | (54,687,174) | (9,176,505) | (11,337,469) | (10,466,535) |
| Net realized gain | (390,466) | | | |
| Total dividends and distributions | (55,077,640) | (9,176,505) | (11,337,469) | (10,466,535) |
| Capital Share Transactions: | | | | |
| Net proceeds from the issuance of common shares | | 653,888,001 | | |
| Net proceeds from the underwriters over-allotment option exercised | | 45,744,000 | | |
| Reinvestment of common dividends | 429,365 | | 200,599 | 277,020 |
| Net proceeds from capital share transactions | 429,365 | 699,632,001 | 200,599 | 277,020 |
| Total increase | 14,477,990 | 724,747,404 | 388,154 | 17,450,665 |
| Net Assets: | | | | |

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| | | | | |
|---|----------------|----------------|----------------|----------------|
| Beginning of period | 724,747,404 | | 106,044,971 | 88,594,306 |
| End of period | \$ 739,225,394 | \$ 724,747,404 | \$ 106,433,125 | \$ 106,044,971 |
| End of year undistributed net investment income | \$ 1,786,417 | \$ 2,864,550 | \$ 188,743 | \$ 1,711,227 |

1 Commencement of investment operations for Limited Duration was July 30, 2003. This information includes the initial investment by BlackRock Funding, Inc. The other Trust's statement is for a full year.

See Notes to Financial Statements.

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CONSOLIDATED FINANCIAL HIGHLIGHTS

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

| | Year Ended October 31, | | | | |
|--|-------------------------------|--------------|---------------|---------------|---------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 16.02 | \$ 17.33 | \$ 16.05 | \$ 13.64 | \$ 13.64 |
| Investment operations: | | | | | |
| Net investment income | 0.61 | 1.28 | 2.01 | 1.17 | 0.91 |
| Net realized and unrealized gain (loss) | 0.25 | (1.40) | 0.04 | 2.01 | (0.09) |
| Net increase (decrease) from investment operations | 0.86 | (0.12) | 2.05 | 3.18 | 0.82 |
| Dividends from net investment income | (0.90) | (1.19) | (0.77) | (0.77) | (0.82) |
| Net asset value, end of year | \$ 15.98 | \$ 16.02 | \$ 17.33 | \$ 16.05 | \$ 13.64 |
| Market price, end of year | \$ 15.80 | \$ 15.85 | \$ 16.18 | \$ 14.39 | \$ 11.94 |
| TOTAL INVESTMENT RETURN¹ | 5.45% | 5.32% | 18.34% | 27.66% | 12.11% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 2.48% | 2.43% | 2.50% | 3.52% | 4.36% |
| Net expenses | 2.48% | 2.43% | 2.50% | 3.52% | 4.36% |
| Net expenses excluding interest expense and excise tax | 1.11% | 1.18% | 1.16% | 1.16% | 1.31% |
| Net investment income | 3.83% | 7.54% | 12.22% | 7.93% | 6.83% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets (000) | \$ 47,191 | \$ 49,882 | \$ 48,731 | \$ 43,701 | \$ 39,425 |
| Portfolio turnover | 20% | 39% | 35% | 19% | 36% |
| Net assets, end of year (000) | \$ 47,255 | \$ 47,381 | \$ 51,244 | \$ 47,466 | \$ 40,321 |
| Reverse repurchase agreements outstanding, end of year (000) | \$ 19,263 | \$ 19,953 | \$ 23,669 | \$ 13,373 | \$ 18,850 |

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| | | | |
|---|-------|-------|--------------------|
| Net expenses excluding interest expense | 0.92% | 0.87% | 0.93% ⁴ |
| Net investment income | 6.20% | 5.58% | 7.67% ⁴ |

SUPPLEMENTAL DATA:

| | | | | | | | |
|--|----|---------|----|---------|----|---------|---------|
| Average net assets (000) | \$ | 401,212 | \$ | 401,049 | | \$ | 380,277 |
| Portfolio turnover | | 398% | | 161% | | | 73% |
| Net assets, end of period (000) | \$ | 411,163 | \$ | 398,540 | \$ | 387,238 | |
| Reverse repurchase agreements outstanding, end of period (000) | \$ | 102,474 | \$ | 91,668 | \$ | 165,215 | |
| Asset coverage, end of period ⁵ | \$ | 5,012 | \$ | 5,348 | \$ | 3,342 | |

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

The information in the above Financial Highlights represents the 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 common shares.

See Notes to Financial Statements.

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FINANCIAL HIGHLIGHTS

BlackRock High Yield Trust (BHY)

| | Year Ended October 31, | | | | |
|--|------------------------|---------|---------|----------|----------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 6.96 | \$ 6.13 | \$ 7.20 | \$ 10.60 | \$ 13.58 |
| Investment operations: | | | | | |
| Net investment income | 0.92 | 1.06 | 1.20 | 1.32 | 1.66 |
| Net realized and unrealized gain (loss) | 1.02 | 0.89 | (0.98) | (3.13) | (3.02) |
| Net increase (decrease) from investment operations | 1.94 | 1.95 | 0.22 | (1.81) | (1.36) |
| Dividends and distributions: | | | | | |
| Net investment income | (0.92) | (1.07) | (1.20) | (1.48) | (1.62) |
| Tax return of capital | (0.03) | (0.05) | (0.09) | (0.11) | |
| Total dividends and distributions | (0.95) | (1.12) | (1.29) | (1.59) | (1.62) |
| Net asset value, end of year | \$ 7.95 | \$ 6.96 | \$ 6.13 | \$ 7.20 | \$ 10.60 |

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| | | | | | |
|--|--------------|---------------|--------------|-----------------|--------------|
| Market price, end of year | \$ 9.30 | \$ 10.25 | \$ 8.68 | \$ 9.18 | \$ 11.88 |
| TOTAL INVESTMENT RETURN¹ | 0.28% | 32.87% | 7.97% | (11.31)% | 8.23% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 2.69% | 3.07% | 3.45% | 4.90% | 5.29% |
| Net expenses | 2.68% | 3.07% | 3.45% | 4.90% | 5.29% |
| Net expenses excluding interest expense | 1.96% | 2.22% | 2.20% | 2.03% | 1.99% |
| Net investment income | 12.16% | 16.37% | 16.29% | 14.23% | 13.12% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets (000) | \$ 48,186 | \$ 41,326 | \$ 46,751 | \$ 58,553 | \$ 79,602 |
| Portfolio turnover | 156% | 30% | 147% | 71% | 92% |
| Net assets, end of year (000) | \$ 50,914 | \$ 44,438 | \$ 38,953 | \$ 45,520 | \$ 66,867 |
| Loan outstanding, end of year (000) | \$ 19,250 | \$ 19,250 | \$ 19,250 | \$ 23,000 | \$ 33,000 |
| Asset coverage, end of year ² | \$ 3,645 | \$ 3,308 | \$ 3,024 | \$ 2,983 | \$ 3,032 |

- 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 period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Trust's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. 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 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.

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FINANCIAL HIGHLIGHTS

BlackRock Income Opportunity Trust (BNA)

| | Year Ended October 31, | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 11.93 | \$ 11.83 | \$ 11.47 | \$ 11.03 | \$ 11.45 |
| Investment operations: | | | | | |
| Net investment income | 0.76 | 0.84 | 1.15 | 0.87 | 0.70 |
| Net realized and unrealized gain (loss) | 0.53 | 0.31 | (0.05) | 0.34 | (0.31) |
| Net increase from investment operations | 1.29 | 1.15 | 1.10 | 1.21 | 0.39 |
| Dividends and distributions: | | | | | |
| Net investment income | (0.84) | (0.81) | (0.75) | (0.23) | (0.39) |
| Net realized gains | | (0.24) | | | (0.04) |
| Tax return of capital | | | | (0.54) | (0.41) |

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| | | | | | |
|--|---------------|---------------|--------------|---------------|--------------|
| Total dividends and distributions | (0.84) | (1.05) | (0.75) | (0.77) | (0.84) |
| Increase resulting from Trust shares repurchased | | | 0.01 | | 0.03 |
| Net asset value, end of year | \$ 12.38 | \$ 11.93 | \$ 11.83 | \$ 11.47 | \$ 11.03 |
| Market price, end of year | \$ 11.38 | \$ 10.95 | \$ 10.50 | \$ 10.41 | \$ 9.75 |
| TOTAL INVESTMENT RETURN¹ | 12.04% | 14.71% | 8.44% | 15.09% | 9.82% |
| RATIOS TO AVERAGE NET ASSETS: | | | | | |
| Total expenses | 1.11% | 1.29% | 1.40% | 3.62% | 3.76% |
| Net expenses | 1.11% | 1.29% | 1.40% | 3.62% | 3.76% |
| Net expenses excluding interest expense | 0.84% | 0.89% | 0.93% | 1.01% | 0.88% |
| Net investment income | 6.29% | 6.99% | 10.04% | 7.76% | 6.14% |
| SUPPLEMENTAL DATA: | | | | | |
| Average net assets (000) | \$ 415,131 | \$ 413,543 | \$ 394,495 | \$ 388,478 | \$ 396,157 |
| Portfolio turnover | 300% | 46% | 153% | 83% | 82% |
| Net assets, end of year (000) | \$ 426,643 | \$ 410,981 | \$ 407,480 | \$ 397,756 | \$ 383,651 |
| Reverse repurchase agreements outstanding, end of year (000) . | \$ 94,644 | \$ 103,378 | \$ 85,704 | \$ 136,385 | \$ 178,033 |
| Asset coverage, end of year ² | \$ 5,508 | \$ 4,976 | \$ 5,755 | \$ 3,916 | \$ 3,155 |

- 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 return does 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 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,

| | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---------|---------|---------|---------|---------|
| PER SHARE OPERATING PERFORMANCE: | | | | | |
| Net asset value, beginning of year | \$ 7.21 | \$ 8.13 | \$ 8.06 | \$ 7.23 | \$ 7.31 |
| Investment operations: | | | | | |
| Net investment income | 0.51 | 0.61 | 0.99 | 0.56 | 0.50 |
| Net realized and unrealized gain (loss) | (0.16) | (0.52) | (0.35) | 0.83 | (0.02) |

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| | | | | | |
|--|--------------|---------------|---------------|---------------|---------------|
| Net increase from investment operations | 0.35 | 0.09 | 0.64 | 1.39 | 0.48 |
| Dividends from net investment income | (0.61) | (1.01) | (0.57) | (0.56) | (0.56) |
| Net asset value, end of year | \$ 6.95 | \$ 7.21 | \$ 8.13 | \$ 8.06 | \$ 7.23 |
| Market price, end of year | \$ 7.50 | \$ 7.71 | \$ 8.07 | \$ 7.26 | \$ 6.38 |
| TOTAL INVESTMENT RETURN¹ | 5.97% | 15.41% | 15.35% | 23.23% | 14.01% |

RATIOS TO AVERAGE NET ASSETS:

| | | | | | |
|---|-------|-------|--------|-------|-------|
| Total expense | 1.37% | 1.36% | 2.05% | 2.54% | 2.78% |
| Net expenses | 1.37% | 1.36% | 2.05% | 2.54% | 2.78% |
| Net expenses excluding interest expense | 0.97% | 1.02% | 1.03% | 1.03% | 1.05% |
| Net investment income | 7.13% | 8.18% | 12.28% | 7.43% | 7.11% |

SUPPLEMENTAL DATA:

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Average net assets (000) | \$ 447,984 | \$ 472,676 | \$ 506,533 | \$ 470,185 | \$ 448,027 |
| Portfolio turnover | 120% | 64% | 125% | 32% | 114% |
| Net assets, end of year (000) | \$ 442,635 | \$ 457,301 | \$ 511,385 | \$ 506,764 | \$ 454,510 |
| Reverse repurchase agreements outstanding, end of year (000) | \$ 223,736 | \$ 121,767 | \$ 205,792 | \$ 118,634 | \$ 64,460 |
| Asset coverage, end of year ² | \$ 2.978 | \$ 4,756 | \$ 3,485 | \$ 5,272 | \$ 8,095 |

- 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 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 Limited Duration Income Trust (BLW)

| | Year Ended October 31, 2004 | For the period July 30, 20031 through October 31, 2003 |
|---|--|---|
| PER SHARE OPERATING PERFORMANCE: | | |
| Net asset value, beginning of period | \$ 19.74 | \$ 19.102 |
| Investment operations: | | |
| Net investment income | 1.46 | 0.33 |
| Net realized and unrealized gain | 0.43 | 0.60 |

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| | | |
|--|---------------|--------------------|
| Net increase from investment operations | 1.89 | 0.93 |
| | <hr/> | <hr/> |
| Dividends and Distributions: | | |
| Net investment income | (1.49) | (0.25) |
| Net realized gain | (0.01) | |
| | <hr/> | <hr/> |
| Total dividends and distributions | (1.50) | (0.25) |
| | <hr/> | <hr/> |
| Capital charges with respect to issuance of shares | | (0.04) |
| | <hr/> | <hr/> |
| Net asset value, end of period | \$ 20.13 | \$ 19.74 |
| | <hr/> | <hr/> |
| Market price, end of period | \$ 19.95 | \$ 18.80 |
| | <hr/> | <hr/> |
| TOTAL INVESTMENT RETURN³ | 14.64% | (4.77)% |
| | <hr/> | <hr/> |
| RATIOS TO AVERAGE NET ASSETS: | | |
| Total expenses | 1.26% | 0.82% ⁴ |
| Net expenses | 1.25% | 0.82% ⁴ |
| Net expenses excluding interest expense | 0.90% | 0.79% ⁴ |
| Net investment income | 7.34% | 6.87% ⁴ |
| SUPPLEMENTAL DATA: | | |
| Average net assets (000) | \$ 730,369 | \$ 686,655 |
| Portfolio turnover | 215% | 127% |
| Net assets, end of period (000) | \$ 739,225 | \$ 724,747 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 159,416 | \$ 118,993 |
| Asset coverage, end of period ⁵ | \$ 5,637 | \$ 7,091 |

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 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 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 common shares.

FINANCIAL HIGHLIGHTS

BlackRock Strategic Bond Trust (BHD)

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| | Year Ended October 31, | | For the period February 28, 20021 |
|--|------------------------|---------------|---|
| | 2004 | 2003 | through October 31, 2002 |
| PER SHARE OPERATING PERFORMANCE: | | | |
| Net asset value, beginning of period | \$ 15.07 | \$ 12.63 | \$ 14.332 |
| Investment operations: | | | |
| Net investment income | 1.39 | 1.59 | 0.98 |
| Net realized and unrealized gain (loss) | 0.25 | 2.34 | (1.77) |
| Net increase (decrease) from investment operations | 1.64 | 3.93 | (0.79) |
| Dividends from net investment income | (1.61) | (1.49) | (0.84) |
| Capital charges with respect to issuance of shares | | | (0.07) |
| Net asset value, end of period | \$ 15.10 | \$ 15.07 | \$ 12.63 |
| Market price, end of period | \$ 16.70 | \$ 15.27 | \$ 12.35 |
| TOTAL INVESTMENT RETURN³ | 21.54% | 37.36% | (12.34)% |
| RATIOS TO AVERAGE NET ASSETS: | | | |
| Total expenses | 1.49% | 2.01% | 2.57% ⁴ |
| Net expenses | 1.23% | 1.71% | 2.26% ⁴ |
| Net expenses excluding interest expense | 0.89% | 1.01% | 1.25% ⁴ |
| Net investment income | 9.23% | 11.32% | 10.68% ⁴ |
| SUPPLEMENTAL DATA: | | | |
| Average net assets (000) | \$ 106,330 | \$ 98,498 | \$ 95,675 |
| Portfolio turnover | 31% | 32% | 22% |
| Net assets, end of period (000) | \$ 106,433 | \$ 106,045 | \$ 88,594 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 13,188 | \$ 45,872 | \$ 44,223 |
| Asset coverage, end of period ⁵ | \$ 9,071 | \$ 3,312 | \$ 3,003 |

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

Past performance is not a guarantee of future results.

4 Annualized.

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

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The information in the above Financial Highlights represents the 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 common shares.

See Notes to Financial Statements.

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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. 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 regulated investment company subsidiary called BCT Subsidiary, Inc. The financial statements and these notes to the financial statements for Broad Investment Grade are consolidated and include the operations of both Broad Investment Grade and its wholly owned subsidiary after elimination of all intercompany transactions and balances.

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

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. 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 and ratified by the Board of Trustees.

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 arms-length transaction. Fair value determinations shall be based upon all available factors that BlackRock Advisors deems relevant.

Investment Transactions and Investment Income: Investment transactions are recorded on trade date. Realized and unrealized gains and losses are calculated on the identified cost basis. Each Trust records interest income on an accrual basis and amortizes premium and/or accretes discount on securities purchased using the interest method. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed. These dividends are recorded as soon as the Trust is informed of the ex-dividend date. Dividend income on foreign securities is recorded net of any withholding tax.

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

Bank Loans: In the process of buying, selling and holding bank loans, a Trust may receive and/or pay certain fees. These fees are in addition to interest payments received and may include facility fees, commitment fees, amendment fees, commissions and prepayment penalty fees. 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.

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.

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

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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. A call option gives the purchaser of the option the right (but not obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying position at the exercise price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying position at the exercise price at any time or at a specified time during the option period. Put or call options can be purchased or sold to effectively help manage the targeted duration of the portfolio.

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.

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.

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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 basis to reflect the market value of the contract at the end of each day's trading. Variation margin payments are made or received, depending upon whether unrealized gains or losses are incurred. When the contract is closed, a Trust records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract.

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

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foreign currency transactions. Risks may arise as a result of the potential inability of the counterparties to meet the terms of their contract.

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

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

- (i) market value of investment securities, other assets and liabilities at the London 4:00 PM rates of exchange.
- (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

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

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

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

Short Sales: The Trusts may make short sales of securities as a method of managing potential price declines in similar securities owned. When a Trust makes a short sale, it may borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. The Trusts may have to pay a fee to borrow the particular securities and may be obligated to pay over any payments received on such borrowed securities. A gain, limited to the price at which 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.

Security Lending: The Trusts may lend their portfolio securities to qualified institutions. The loans are secured by collateral at least equal, at all times, to the market value of the securities loaned. The Trusts may bear the risk of delay in recovery of, or even loss of rights in, the securities loaned should the borrower of the securities fail financially. The Trusts receive compensation for lending their securities in the form of interest on the loan. The Trusts also continue to receive interest on the securities loaned, and any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the accounts of the Trusts. The Trusts did not enter into any security lending transactions during the year ended October 31, 2004.

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

Federal Income Taxes: It is each Trust's 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 are required. As part of a tax planning strategy, Advantage and Investment Quality may retain a portion of their taxable income and pay excise tax on the undistributed amounts.

Dividends and Distributions: Each Trust declares and pays dividends and distributions to common shareholders monthly from net investment income, net realized short-term capital gains and other sources, if necessary. Net long-term capital gains, if any, in excess of loss carryforwards may be distributed annually. Dividends and distributions are recorded on the ex-dividend date. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

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

Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan: Under the deferred compensation plan approved by each Trust's Board, non-interested 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 other BlackRock closed-end funds selected by the Trustees. This has the same economic effect for the Trustees as if the 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 Trustees in order to match its deferred compensation obligations.

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

| Trust | UNII | Accumulated Gain | PIC |
|------------------------|------------|------------------|--------------|
| Broad Investment Grade | \$ 450,216 | \$ (53,824) | \$ (396,392) |
| Core Bond | 1,398,658 | (1,400,207) | 1,549 |
| High Yield | 187,188 | | (187,188) |
| Income Trust | | 27,373,194 | (27,373,194) |

Note 2. Agreements

Each Trust has an Investment Management Agreement with BlackRock Advisors, Inc. (the Advisor), which is a wholly owned subsidiary of BlackRock, Inc. BlackRock Financial Management, Inc., a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to Core Bond, Limited Duration and Strategic Bond.

BlackRock, Inc. is an indirect, majority owned subsidiary of 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. 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 5 years of the Trust's operations, 0.15% in year 6, 0.10% in year 7 and 0.05% in year 8.

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

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Pursuant to the terms of their custody agreements, Core Bond, High Yield, Income Opportunity, Income Trust, Limited Duration and Strategic Bond received earnings credits from its custodian for positive cash balances maintained, which are used to offset custody fees.

Note 3. Portfolio Investments

Purchases and sales of investment securities, other than short-term investments, dollar rolls and U.S. government securities, for the year ended October 31, 2004, aggregated as follows:

| <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> | <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> |
|------------------------|------------------|--------------|----------------------|------------------|----------------|
| Broad Investment Grade | \$ 3,971,247 | \$ 5,073,258 | Income Trust Limited | \$ 316,820,219 | \$ 216,371,268 |
| Core Bond | 828,465,744 | 849,608,350 | Duration Strategic | 2,185,323,272 | 2,151,695,068 |
| High Yield | 95,595,516 | 94,445,448 | Bond | 37,119,022 | 67,945,935 |
| Income Opportunity | 111,315,490 | 187,879,019 | | | |

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Purchases and sales of U.S. government securities for the year ended October 31, 2004, aggregated as follows:

| <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> | <u>Trust</u> | <u>Purchases</u> | <u>Sales</u> |
|------------------------|------------------|---------------|-------------------------|------------------|---------------|
| Broad Investment Grade | \$ 6,215,742 | \$ 3,516,882 | Income Trust Limited | \$540,872,321 | \$496,292,198 |
| Core Bond | 1,710,520,110 | 1,665,313,586 | Duration Strategic Bond | 86,581,859 | 131,886,180 |
| High Yield | | | | 3,074,336 | |
| Income Opportunity | 1,499,774,699 | 1,354,745,467 | | | |

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 PNC Bank or its affiliates, including Midland Loan Services, Inc., each of which is an affiliate of BlackRock Advisors, Inc. It is possible under certain circumstances, that PNC Mortgage Securities Corp. or its affiliates, including Midland Loan Services, Inc., could have interests that are in conflict with the holders of these mortgage backed securities, and such holders could have rights against PNC Mortgage Securities Corp. or its affiliates, including Midland Loan Services, Inc.

At October 31, 2004, the total cost of securities for Federal income tax purposes and the aggregate gross unrealized appreciation and depreciation for securities held by each Trust were as follows:

| <u>Trust</u> | <u>Cost</u> | <u>Appreciation</u> | <u>Depreciation</u> | <u>Net</u> |
|-------------------------|---------------|---------------------|---------------------|--------------|
| Broad Investment Grade | \$ 63,726,401 | \$ 3,401,557 | \$ 956,652 | \$ 2,444,905 |
| Core Bond | 562,881,902 | 16,861,803 | 1,197,360 | 15,664,443 |
| High Yield | 75,644,796 | 3,044,215 | 10,274,163 | (7,229,948) |
| Income Opportunity | 555,359,120 | 21,153,280 | 1,436,628 | 19,716,652 |
| Income Trust Limited | 680,035,277 | 21,451,696 | 30,363,077 | (8,911,381) |
| Duration Strategic Bond | 977,774,375 | 34,251,308 | 2,355,943 | 31,895,365 |
| | 113,309,408 | 7,108,459 | 886,642 | 6,221,817 |

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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 | | Trust | Capital Loss Carryforward | |
|------------------------|---------------------------|---------|----------------|---------------------------|---------|
| | Amount | Expires | | Amount | Expires |
| Broad Investment Grade | \$2,518,895 | 2011 | Income Trust | \$33,107,952 | 2007 |
| | | | | 1,352,206 | 2008 |
| | | | | 13,940,898 | 2009 |
| High Yield | \$3,443,603 | 2007 | | 21,960,613 | 2011 |
| | 3,270,311 | 2008 | | 10,279,377 | 2012 |
| | 15,159,280 | 2009 | | | |
| | | | | \$80,641,046 | |
| | 8,468,860 | 2010 | | | |
| | 4,771,417 | 2011 | Strategic Bond | \$432,713 | 2011 |
| | 316,410 | 2012 | | | |
| | \$35,429,881 | | | | |

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

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Details of open financial futures contracts at October 31, 2004 were as follows:

| | Number of Contracts | Type | Expiration Date | Value at Trade Date | Value at October 31, 2004 | Unrealized Appreciation |
|------------------------|---------------------|--------------------|-----------------|---------------------|---------------------------|-------------------------|
| | | | | | | (Depreciation) |
| Long Position: | | | | | | |
| Broad Investment Grade | 53 | 10 Yr. U.S. T-Note | Dec 04 | \$ 5,902,127 | \$ 6,018,813 | \$ 116,687 |
| | 5 | 30 Yr. U.S. T-Bond | Dec 04 | 551,808 | 569,219 | 17,411 |
| | | | | | | 134,098 |
| Core Bond | 254 | 10 Yr. U.S. T-Bond | Dec. 04 | 28,510,852 | 28,844,875 | 334,023 |
| | 698 | 30 Yr. U.S. T-Bond | Dec. 04 | 77,219,379 | 79,462,938 | 2,243,559 |
| | 12 | Euro Bond | Dec. 04 | 1,696,757 | 1,714,403 | 17,646 |
| | | | | | | 2,595,228 |

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| | | | | | | |
|------------------------|-------|--------------------|----------|-------------|-------------|-------------|
| Income Opportunity | 1,933 | 10 Yr. U.S. T-Note | Dec. 04 | 215,579,060 | 219,516,313 | 3,937,253 |
| Income Trust | 390 | 10 Yr. U.S. T-Note | Dec. 04 | 43,429,835 | 44,289,375 | 859,540 |
| Short Position: | | | | | | |
| Core Bond | 1,456 | 5 Yr. U.S. T-Note | Dec. 04 | 160,295,568 | 162,162,000 | (1,866,432) |
| | 35 | Euro Dollar | Dec. 04 | 8,546,849 | 8,546,563 | 286 |
| | 35 | Euro Dollar | Mar. 05 | 8,528,894 | 8,528,625 | 269 |
| | 35 | Euro Dollar | June 05 | 8,512,878 | 8,513,313 | (435) |
| | 41 | Euro Dollar | Sept. 05 | 9,944,630 | 9,954,800 | (10,170) |
| | 38 | Euro Dollar | Dec. 05 | 9,197,700 | 9,206,925 | (9,225) |
| | 38 | Euro Dollar | Mar. 06 | 9,179,244 | 9,190,300 | (11,056) |
| | 38 | Euro Dollar | June 06 | 9,163,194 | 9,174,625 | (11,431) |
| | 32 | Euro Dollar | Sept. 06 | 7,712,999 | 7,714,000 | (1,001) |
| | 25 | Euro Dollar | Dec. 06 | 6,016,298 | 6,017,500 | (1,202) |
| | 25 | Euro Dollar | Mar. 07 | 6,008,484 | 6,009,688 | (1,204) |
| | 25 | Euro Dollar | June 07 | 6,000,672 | 6,001,875 | (1,203) |
| | 25 | Euro Dollar | Sep. 07 | 5,993,422 | 5,994,375 | (953) |
| | | | | | | (1,913,757) |
| Income Opportunity | 798 | 5 Yr. U.S. T-Note | Dec. 04 | 88,299,451 | 88,877,250 | (577,799) |
| | | 30 Yr. U.S. | | | | |
| | 25 | T-Bond | Dec. 04 | 2,758,929 | 2,846,094 | (87,165) |
| | 35 | Euro Dollar | Mar. 05 | 8,528,894 | 8,528,625 | 269 |
| | 35 | Euro Dollar | June 05 | 8,512,878 | 8,513,313 | (435) |
| | 35 | Euro Dollar | Sept. 05 | 8,495,479 | 8,498,000 | (2,521) |
| | 32 | Euro Dollar | Dec. 05 | 7,752,899 | 7,753,200 | (301) |
| | 32 | Euro Dollar | Mar. 06 | 7,737,699 | 7,739,200 | (1,501) |
| | 32 | Euro Dollar | June 06 | 7,724,499 | 7,726,000 | (1,501) |
| | 32 | Euro Dollar | Sept. 06 | 7,712,999 | 7,714,000 | (1,001) |
| | 25 | Euro Dollar | Dec. 06 | 6,016,297 | 6,017,500 | (1,203) |
| | 25 | Euro Dollar | Mar. 07 | 6,008,484 | 6,009,688 | (1,204) |
| | 25 | Euro Dollar | June 07 | 6,000,672 | 6,001,875 | (1,203) |
| | 25 | Euro Dollar | Sep. 07 | 5,993,422 | 5,994,375 | (953) |
| | 35 | Euro Dollar | Dec. 04 | 8,546,849 | 8,546,563 | 286 |
| | | | | | | (676,232) |
| Income Trust | 44 | 5 Yr. U.S. T-Note | Dec. 04 | 4,850,559 | 4,900,500 | (49,941) |
| | | 30 Yr. U.S. | | | | |
| | 816 | T-Bond | Dec. 04 | 90,371,330 | 92,896,500 | (2,525,200) |
| | 54 | Euro Dollar | Dec. 04 | 13,174,311 | 13,186,126 | (11,815) |
| | 54 | Euro Dollar | Mar. 05 | 13,144,276 | 13,158,450 | (14,174) |
| | 54 | Euro Dollar | June 05 | 13,116,599 | 13,134,826 | (18,227) |
| | 54 | Euro Dollar | Sept. 05 | 13,088,448 | 13,111,200 | (22,752) |
| | 49 | Euro Dollar | Dec. 05 | 11,851,290 | 11,872,088 | (20,798) |
| | 49 | Euro Dollar | Mar. 06 | 11,827,265 | 11,850,650 | (23,385) |
| | 39 | Euro Dollar | Sept. 06 | 9,400,189 | 9,401,438 | (1,249) |

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| | | | | | |
|----|-------------|---------|------------|------------|----------------|
| 30 | Euro Dollar | Dec. 06 | 7,219,555 | 7,221,000 | (1,445) |
| 30 | Euro Dollar | Mar. 07 | 7,210,180 | 7,211,625 | (1,445) |
| 69 | Euro Dollar | June 07 | 16,615,019 | 16,618,313 | (3,294) |
| 30 | Euro Dollar | Sep. 07 | 7,192,105 | 7,193,250 | (1,145) |
| | | | | | \$ (2,694,870) |

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Details of open forward currency contracts in Core Bond at October 31, 2004, were as follows:

| Foreign Currency | Settlement Date | Contract to Purchase/Receive | Value at Settlement Date | Value at October 31, 2004 | Unrealized (Depreciation) |
|------------------|-----------------|------------------------------|--------------------------|---------------------------|---------------------------|
| Sold: | | | | | |
| Canadian Dollar | 1/28/05 | \$ 5,042,391 | \$ 4,109,662 | \$ 4,128,024 | \$ (18,362) |
| Euro | 1/25/05 | 16,291,125 | 20,531,705 | 20,719,146 | (187,441) |
| Swedish Krona | 1/21/05 | 30,907,864kr | 4,254,773 | 4,345,065 | (90,292) |
| | | | | | \$(296,095) |

Income Trust held one interest rate floor. Under the agreement, Income Trust pays the excess, if any, of a fixed rate over a floating rate. Income Trust received a transaction fee for the floor. Transaction fees are amortized through the termination of the agreement. Details of the interest rate floor held at October 31, 2004 were as follows:

| Notional Amount (000) | Variable Rate | Floating Rate | Termination Date | Amortized Cost | Value at October 31, 2004 | Unrealized Depreciation |
|-----------------------|---------------|---------------|------------------|----------------|---------------------------|-------------------------|
| \$11,000 | 4.04875% | 1-month LIBOR | 1/25/05 | \$(59,625) | \$(68,890) | \$(9,265) |

Details of open interest rate swaps at October 31, 2004 were as follows:

| Trust | Notional Amount (000) | Fixed Rate | Floating Rate | Termination Date | Unrealized Appreciation (Depreciation) |
|-----------|-----------------------|------------|---------------|------------------|--|
| Core Bond | \$19,435 | 3.215%(a) | 3-month LIBOR | 6/14/06 | \$ 329,815 |
| | 14,300 | 3.21%(a) | 3-month LIBOR | 6/17/06 | 239,246 |
| | 25,000 | 2.635%(a) | 3-month LIBOR | 8/14/06 | (36,715) |
| | 6,500 | 3.556%(a) | 3-month LIBOR | 1/21/07 | 59,859 |

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| | | | | | |
|--------------------|--------|-----------|---------------|----------|------------|
| | 50,000 | 3.00%(b) | 3-month LIBOR | 4/16/07 | 47,600 |
| | 5,700 | 3.52%(a) | 3-month LIBOR | 9/26/08 | 21,600 |
| | 5,400 | 4.412%(b) | 3-month LIBOR | 2/17/14 | (41,380) |
| | 7,100 | 4.508%(b) | 3-month LIBOR | 10/1/14 | (48,683) |
| | 41,200 | 4.51%(b) | 3-month LIBOR | 10/29/14 | (174,414) |
| | 950 | 5.365%(b) | 3-month LIBOR | 7/29/19 | (68,330) |
| | 1,300 | 5.155%(a) | 3-month LIBOR | 8/13/19 | 50,597 |
| | 800 | 4.78%(a) | 3-month LIBOR | 10/27/19 | (6,601) |
| | | | | | 372,594 |
| Income Opportunity | 20,735 | 3.215%(a) | 3-month LIBOR | 6/14/06 | 351,877 |
| | 15,300 | 3.21%(a) | 3-month LIBOR | 6/17/06 | 255,977 |
| | 50,000 | 2.635%(a) | 3-month LIBOR | 8/14/06 | (73,429) |
| | 7,100 | 3.556%(a) | 3-month LIBOR | 1/21/07 | 65,384 |
| | 48,000 | 3.50%(a) | 3-month LIBOR | 2/2/07 | 368,792 |
| | 50,000 | 3.00%(b) | 3-month LIBOR | 4/16/07 | 47,600 |
| | 8,000 | 3.52%(a) | 3-month LIBOR | 9/26/08 | 30,316 |
| | 5,700 | 4.412%(b) | 3-month LIBOR | 2/17/14 | (43,679) |
| | 7,700 | 4.508%(b) | 3-month LIBOR | 10/1/14 | (52,796) |
| | 27,500 | 4.399%(b) | 3-month LIBOR | 10/25/14 | 115,005 |
| | 13,800 | 4.51%(b) | 3-month LIBOR | 10/29/14 | (58,420) |
| | 1,050 | 5.365%(b) | 3-month LIBOR | 7/29/19 | (75,522) |
| | 1,400 | 5.155%(a) | 3-month LIBOR | 8/13/19 | 54,490 |
| | 900 | 4.78%(a) | 3-month LIBOR | 10/27/19 | (7,426) |
| | 7,000 | 5.23%(b) | 3-month LIBOR | 11/4/21 | (376,506) |
| | | | | | \$ 601,663 |

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| Trust | Notional Amount (000) | Fixed Rate | Floating Rate | Termination Date | Unrealized Appreciation (Depreciation) |
|--------------|-----------------------------|---------------|------------------|---------------------|--|
| Income Trust | 22,295 | 3.215%(a) | 3-month LIBOR | 6/14/06 | \$ 378,351 |
| | 16,400 | 3.21%(a) | 3-month LIBOR | 6/17/06 | 274,381 |
| | 50,000 | 2.635%(a) | 3-month LIBOR | 8/14/06 | (73,429) |
| | 24,000 | 3.55%(a) | 3-month LIBOR | 10/26/06 | 304,731 |
| | 7,300 | 3.556%(a) | 3-month LIBOR | 1/21/07 | 67,226 |
| | 50,000 | 3.00%(b) | 3-month LIBOR | 4/16/07 | 47,600 |
| | 11,200 | 3.52%(a) | 3-month LIBOR | 9/26/08 | 42,442 |
| | 19,000 | 4.889%(b) | 3-month LIBOR | 4/22/14 | (743,383) |
| | 17,000 | 5.307%(b) | 3-month LIBOR | 6/14/14 | (1,515,307) |
| | 7,700 | 4.508%(b) | 3-month LIBOR | 10/1/14 | (52,797) |
| | 12,500 | 4.399%(b) | 3-month LIBOR | 10/25/14 | 52,275 |
| | 2,800 | 5.94%(a) | 3-month LIBOR | 12/7/15 | 240,352 |
| | 1,075 | 5.365%(b) | 3-month LIBOR | 7/29/19 | (77,320) |

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| | | | | |
|--------|-----------|---------------|----------|---------------|
| 1,450 | 5.155%(a) | 3-month LIBOR | 8/13/19 | 56,436 |
| 900 | 4.78%(a) | 3-month LIBOR | 10/27/19 | (7,427) |
| 25,000 | 5.23%(b) | 3-month LIBOR | 8/15/23 | (882,485) |
| | | | | \$(1,888,354) |

Details of open total return swaps at October 31, 2004 were as follows:

| | | | | | |
|-----------|---------|----------|---------------|---------|----------|
| | | | 1-month LIBOR | | |
| Core Bond | \$7,210 | 8.50%(a) | +0.70% | 1/31/05 | \$71,822 |

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

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

Transaction in options written during the year ended October 31, 2004, were as follows:

| Trust | Contracts/ Notional Amount (000) | Premium Received |
|---|---|---------------------|
| Core Bond | | |
| Options outstanding at October 31, 2003 | \$ 105,708 | \$ 2,069,401 |
| Options written | 412,048 | 3,748,789 |
| Options expired | (44) | (49,424) |
| Options terminated in closing purchase transactions | (366,012) | (3,572,323) |
| | \$ 151,700 | \$ 2,196,443 |
| Options outstanding at October 31, 2004 | | |
| Income Opportunity | | |
| Options outstanding at October 31, 2003 | \$ 123,340 | \$ 2,432,578 |
| Options written | 136,601 | 2,978,163 |
| Options expired | (55) | (56,565) |
| Options terminated in closing purchase transactions | (82,486) | (2,796,556) |
| | \$ 177,400 | \$ 2,557,620 |
| Options outstanding at October 31, 2004 | | |
| Income Trust | | |
| Options outstanding at October 31, 2003 | \$ 150,485 | \$ 3,054,224 |
| Options written | 560,202 | 6,363,817 |
| Options expired | (95) | (97,703) |
| Options terminated in closing purchase transactions | (527,792) | (6,404,672) |
| | \$ 182,800 | \$ 2,915,666 |
| Options outstanding at October 31, 2004 | | |

Note 4. Borrowings

Reverse Repurchase Agreements: The Trusts may enter into reverse repurchase agreements with qualified third-party broker-dealers as determined by and under the direction of the Trusts' Board. Interest on the value of reverse repurchase agreements issued and outstanding is based upon competitive market rates at the time of issuance. At the time a Trust enters into a reverse repurchase agreement, it will establish and maintain a segregated account with the lender, containing liquid investment grade securities having a value not less than the repurchase price, including accrued interest of the reverse repurchase agreement. Details of open reverse repurchase agreements at October 31, 2004 were as follows (please see Corresponding Underlying Collateral Chart on pages 74-75):

| <u>Trust/Counter Party</u> | <u>Rate</u> | <u>Trade Date</u> | <u>Maturity Date</u> | <u>Net Closing Amount</u> | <u>Par</u> |
|--------------------------------|-------------|-------------------|----------------------|---------------------------|--------------|
| Broad Investment Grade | | | | | |
| Credit Suisse First Boston LLC | 1.75% | 10/18/04 | 11/16/04 | \$19,288,718 | \$19,262,500 |
| Core Bond | | | | | |
| Credit Suisse First Boston LLC | 1.76 | 10/26/04 | 11/5/04 | 30,766,653 | 30,751,619 |
| | 1.75 | 10/26/04 | 11/5/04 | 10,460,382 | 10,455,300 |
| | 1.80 | 10/26/04 | 11/5/04 | 7,173,585 | 7,170,000 |
| | | | | | 48,376,919 |
| Lehman Brothers | 1.75 | 10/25/04 | 11/5/04 | 22,618,463 | 22,606,375 |
| | 1.65 | 10/27/04 | 11/5/04 | 5,939,862 | 5,937,413 |
| | 1.82 | 10/27/04 | 11/5/04 | 2,216,883 | 2,215,875 |
| | 1.80 | 10/28/04 | 11/5/04 | 16,145,536 | 16,139,080 |
| | 1.85 | 10/29/04 | 11/8/04 | 7,202,012 | 7,198,312 |
| | | | | | 54,097,055 |
| Income Opportunity | | | | | |
| Credit Suisse First Boston LLC | 1.75 | 10/18/04 | 11/4/04 | 47,008,321 | 46,971,788 |
| | 1.70 | 10/18/04 | 11/4/04 | 16,330,830 | 16,318,500 |
| | | | | | 63,290,288 |
| Lehman Brothers | 1.87 | 10/29/04 | 11/2/04 | 4,073,971 | 4,073,125 |
| | 1.55 | 10/20/04 | 11/4/04 | 400,759 | 400,500 |
| | 1.55 | 10/21/04 | 11/4/04 | 601,112 | 600,750 |
| | 1.65 | 10/26/04 | 11/4/04 | 1,104,205 | 1,103,750 |
| | 1.68 | 10/25/04 | 11/5/04 | 2,426,745 | 2,425,500 |
| | 1.75 | 10/29/04 | 11/5/04 | 22,757,741 | 22,750,000 |
| | | | | | 31,353,625 |
| Income Trust | | | | | |
| Credit Suisse First Boston LLC | 1.36 | 10/28/04 | 11/1/04 | 59,136,185 | 59,127,250 |
| | 1.78 | 10/19/04 | 11/2/04 | 43,997,185 | 43,966,750 |
| | 1.72 | 10/18/04 | 11/4/04 | 43,112,182 | 43,079,250 |
| | 1.45 | 10/29/04 | 11/8/04 | 3,264,189 | 3,262,875 |

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| | | | | | |
|--------------------------------|------|----------|----------|------------|--------------|
| | | | | | 149,436,125 |
| Lehman Brothers | 1.75 | 10/20/04 | 11/4/04 | 6,036,398 | 6,032,000 |
| | 1.72 | 10/21/04 | 11/4/04 | 312,959 | 312,750 |
| | 1.15 | 10/27/04 | 11/5/04 | 20,811,982 | 20,806,000 |
| | 1.85 | 10/12/04 | 11/10/04 | 7,539,219 | 7,528,000 |
| | 1.85 | 10/14/04 | 11/10/04 | 2,692,444 | 2,688,714 |
| | 1.90 | 10/19/04 | 11/15/04 | 36,984,628 | 36,932,000 |
| | | | | | 74,299,464 |
| Limited Duration | | | | | |
| Credit Suisse First Boston LLC | 1.95 | 10/19/04 | 11/18/04 | 23,099,977 | 23,062,500 |
| Lehman Brothers | 1.85 | 10/29/04 | 11/2/04 | 2,150,442 | 2,150,000 |
| | 1.75 | 10/26/04 | 11/5/04 | 32,783,129 | 32,767,200 |
| | 1.70 | 10/26/04 | 11/5/04 | 3,465,167 | 3,463,531 |
| | 1.82 | 10/26/04 | 11/5/04 | 20,197,706 | 20,187,500 |
| | 2.20 | 10/19/04 | 11/10/04 | 4,711,326 | 4,705,000 |
| | 1.85 | 10/20/04 | 11/16/04 | 656,910 | 656,000 |
| | 2.20 | 10/19/04 | 11/18/04 | 72,556,777 | 72,424,000 |
| | | | | | 136,353,231 |
| Strategic Bond | | | | | |
| Lehman Brothers | 1.75 | 10/26/04 | 11/16/04 | 1,489,056 | 1,487,538 |
| | 1.78 | 10/26/04 | 11/16/04 | 1,793,948 | 1,792,088 |
| | 1.70 | 10/26/04 | 11/16/04 | 946,767 | 945,828 |
| | 2.00 | 10/28/04 | 11/17/04 | 2,599,886 | 2,597,000 |
| | 2.00 | 10/18/04 | 11/18/04 | 5,352,603 | 5,343,400 |
| | 2.25 | 10/29/04 | 11/18/04 | 1,023,278 | 1,022,000 |
| | | | | | \$13,187,854 |

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Details of underlying collateral for open reverse repurchase agreements at October 31, 2004 were as follows:

| Trust / Counter Party | Description | Rate | Maturity Date | Original Face | Current Face | Market Value |
|---|---------------------------|--------|---------------|---------------|--------------|--------------|
| Broad Investment Grade Credit Suisse First Boston LLC | U.S. Treasury Bonds Strip | 0.00% | 11/15/09 | \$23,000,000 | \$23,000,000 | \$19,334,605 |
| Core Bond Credit Suisse First Boston LLC | U.S. Treasury Bonds | 10.375 | 11/15/12 | 4,770,000 | 4,770,000 | 5,792,941 |

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| | | | | | | |
|---|-------------------------------------|--------|----------|------------|------------|------------|
| | U.S. Treasury Bonds | 12.00 | 8/18/13 | 3,170,000 | 3,170,000 | 4,178,440 |
| | U.S. Treasury Bonds | 6.00 | 2/15/26 | 3,860,000 | 3,860,000 | 4,455,135 |
| | U.S. Treasury Bonds | 6.75 | 8/15/26 | 8,960,000 | 8,960,000 | 11,260,901 |
| | U.S. Treasury Bonds | 6.125 | 11/15/27 | 3,695,000 | 3,695,000 | 4,342,770 |
| | U.S. Treasury Notes | 2.50 | 5/31/06 | 5,770,000 | 5,770,000 | 5,775,424 |
| | U.S. Treasury Notes | 2.75 | 6/30/06 | 4,545,000 | 4,545,000 | 4,566,998 |
| | Federal Home Loan Mortgage Corp. | 6.88 | 9/15/10 | 310,000 | 310,000 | 358,695 |
| | Federal National Mortgage Assoc. | 1.80 | 6/15/10 | 6,000,000 | 6,000,000 | 6,998,160 |
| | | | | | | <hr/> |
| | | | | | | 47,729,464 |
| | | | | | | <hr/> |
| Lehman Brothers | U.S. Treasury Notes | 2.375 | 8/31/06 | 22,550,000 | 22,550,000 | 22,493,625 |
| | U.S. Treasury Notes | 2.50 | 9/30/06 | 5,930,000 | 5,930,000 | 5,923,513 |
| | Federal Home Loan Mortgage Corp. | 7.00 | 3/15/10 | 1,900,000 | 1,900,000 | 2,191,973 |
| | U.S. Treasury Bonds | 10.375 | 11/15/12 | 6,458,000 | 6,458,000 | 7,842,937 |
| | U.S. Treasury Notes | 2.50 | 5/31/06 | 7,100,000 | 7,100,000 | 7,106,674 |
| | U.S. Treasury Notes | 2.00 | 7/15/14 | 804,200 | 804,200 | 832,098 |
| | Federal Home Loan Mortgage Corp. | 4.75 | 12/8/10 | 2,795,000 | 2,795,000 | 2,835,863 |
| | Federal National Mortgage Assoc. | 2.35 | 4/5/04 | 3,675,000 | 3,675,000 | 3,599,185 |
| | Federal National Mortgage Assoc. | 4.75 | 2/21/13 | 700,000 | 700,000 | 697,613 |
| | | | | | | <hr/> |
| | | | | | | 53,523,481 |
| | | | | | | <hr/> |
| Income Opportunity Credit Suisse First Boston LLC | U.S. Treasury Bonds | 8.125 | 8/15/19 | 7,110,000 | 7,110,000 | 9,891,788 |
| | U.S. Treasury Bonds | 6.00 | 2/15/26 | 32,000,000 | 32,000,000 | 36,933,760 |
| | U.S. Treasury Bonds | 4.75 | 5/15/14 | 15,180,000 | 15,180,000 | 16,052,850 |
| | | | | | | <hr/> |
| | | | | | | 62,878,398 |
| | | | | | | <hr/> |
| Lehman Brothers | Federal Home Loan Mortgage Corp. | 6.875 | 9/15/10 | 3,500,000 | 3,500,000 | 4,049,780 |
| | U.S. Treasury Bonds | 2.50 | 9/30/06 | 400,000 | 400,000 | 399,624 |
| | U.S. Treasury Bonds | 2.50 | 9/30/06 | 600,000 | 600,000 | 599,436 |
| | U.S. Treasury Bonds | 5.375 | 2/15/31 | 1,000,000 | 1,000,000 | 1,086,560 |
| | U.S. Treasury Bonds | 5.375 | 2/15/31 | 2,200,000 | 2,200,000 | 2,390,432 |
| | U.S. Treasury Bonds | 5.375 | 2/15/31 | 20,800,000 | 20,800,000 | 22,600,448 |
| | | | | | | <hr/> |
| | | | | | | 31,126,280 |

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| | | | | | | |
|----------------------------|-------------------------------------|------|----------|-------------|-------------|-------------|
| Union Bank of Switzerland | U.S. Treasury Notes | 2.50 | 5/31/06 | 300,000 | 300,000 | 300,282 |
| <hr/> | | | | | | |
| Income Trust | | | | | | |
| Credit Suisse First Boston | | | | | | |
| LLC | U.S. Treasury Notes | 1.50 | 3/31/06 | 59,800,000 | 59,800,000 | 59,099,144 |
| | U.S. Treasury Bonds Strip | 4.00 | 5/31/06 | 123,850,000 | 123,850,000 | 44,794,440 |
| | U.S. Treasury Notes | 4.00 | 5/31/06 | 42,600,000 | 42,600,000 | 42,640,044 |
| | U.S. Treasury Notes | 1.50 | 3/31/06 | 3,300,000 | 3,300,000 | 3,261,324 |
| <hr/> | | | | | | |
| | | | | | | 149,794,952 |
| <hr/> | | | | | | |
| Lehman Brothers | U.S. Treasury Notes | 4.25 | 11/15/13 | 5,800,000 | 5,800,000 | 5,919,654 |
| | U.S. Treasury Notes | 4.25 | 11/15/13 | 300,000 | 300,000 | 306,189 |
| | U.S. Treasury Notes | 4.25 | 8/15/14 | 20,200,000 | 20,200,000 | 20,553,500 |
| | Federal Home Loan Mortgage Corp. | 3.08 | 5/1/17 | 500,000 | 140,836 | 146,030 |
| | Federal National Mortgage Assoc. | 3.00 | 5/1/31 | 48,673,696 | 4,180,545 | 4,402,616 |
| | Federal National Mortgage Assoc. | 3.00 | 1/1/32 | 18,452,625 | 3,001,451 | 3,185,290 |
| | Resolution Funding Corp. | 3.00 | 4/15/30 | 10,500,000 | 10,500,000 | 2,749,950 |
| | Federal National Mortgage Assoc. | 3.11 | 10/1/31 | 30,429,402 | 4,755,168 | 5,046,422 |
| | Federal National Mortgage Assoc. | 3.10 | 8/1/32 | 24,000,000 | 5,690,704 | 5,905,869 |
| | Federal National Mortgage Assoc. | 3.11 | 10/1/32 | 11,667,065 | 4,665,209 | 4,841,601 |
| | Federal National Mortgage Assoc. | 3.11 | 6/1/33 | 5,999,400 | 5,513,501 | 5,511,860 |
| | Federal National Mortgage Assoc. | 3.10 | 7/1/34 | 4,600,000 | 4,498,157 | 4,487,219 |

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| Trust / Counter Party | Description | Rate | Date | Face | Face | Value |
|---|---|--|---|--|---|--|
| Income Trust (cont d) Lehman Brothers (cont d) | Federal National Mortgage Assoc. | 3.11% | 9/1/17 | \$30,215,381 | \$11,876,010 | \$12,302,834 |
| | | | | | | 75,359,034 |
| Union Bank of Switzerland | U.S. Treasury Notes | 4.375 | 8/15/12 | 300,000 | 300,000 | 311,343 |
| Limited Duration Credit Suisse First Boston LLC | Ford Motor Credit Co. General Motors Acceptance Corp. Weyerhaeuser Co. | 7.375 6.875 5.25 | 2/1/11 8/28/12 12/15/09 | 7,500,000 7,500,000 7,500,000 | 7,500,000 7,500,000 7,500,000 | 8,135,963 7,766,250 7,907,655 |
| | | | | | | 23,809,868 |
| Lehman Brothers | U.S. Treasury Notes U.S. Treasury Notes U.S. Treasury Notes U.S. Treasury Notes Federal National Mortgage Assoc. Allied Waste NA Federal National Mortgage Assoc. AES Corp. Concentra Operating Corp. CSC Holdings, Inc. DaimlerChrysler NA Deutsche Telekom Intl. Dynergy Holdings, Inc. JPMorgan HYDI B JPMorgan HYDI BB National Waterworks, Inc. Peru Republic Qwest Corp. Structured Asset Receivable Trust Tyco Intl. Group | 3.375 3.875 4.25 3.375 7.25 10.00 5.50 8.75 9.50 7.875 4.05 8.50 10.125 9.00 6.40 10.50 9.125 9.125 1.649 6.125 | 12/15/08 5/15/09 11/15/13 9/15/09 1/15/10 8/1/09 10/1/33 5/15/13 8/15/10 12/15/07 6/4/08 6/15/10 7/15/13 6/20/08 6/20/08 12/1/12 2/21/12 3/15/12 1/21/10 11/1/08 | 17,000,000 6,000,000 8,660,000 3,425,000 17,000,000 5,000,000 800,000 5,500,000 4,500,000 4,800,000 7,500,000 2,200,000 4,300,000 10,000,000 10,000,000 6,250,000 5,000,000 6,000,000 6,500,000 6,600,000 | 17,000,000 6,000,000 8,660,000 3,425,000 17,000,000 5,000,000 663,591 5,500,000 4,500,000 4,800,000 7,500,000 2,200,000 4,300,000 9,814,815 10,000,000 6,250,000 5,000,000 6,000,000 6,474,858 6,600,000 | 17,172,720 6,167,820 8,838,656 3,438,906 19,807,380 5,225,000 676,452 6,331,874 4,983,750 5,160,000 7,532,475 2,647,942 5,009,500 10,305,556 10,150,000 7,000,000 5,600,000 6,765,000 6,464,741 7,167,930 |
| | | | | | | 146,445,702 |
| Strategic Bond Lehman Brothers | U.S. Treasury Bonds U.S. Treasury Notes | 5.375 4.25 | 2/15/31 8/15/13 | 410,000 1,000,000 | 410,000 1,000,000 | 445,490 1,022,340 |

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| | | | | | |
|--------------------------------|-------|----------|-----------|-----------|--------------|
| U.S. Treasury Notes | 2.50 | 5/31/06 | 1,010,000 | 1,010,000 | 1,010,949 |
| U.S. Treasury Notes | 4.75 | 5/15/14 | 710,000 | 710,000 | 750,825 |
| U.S. Treasury Notes | 2.625 | 11/16/04 | 933,000 | 933,000 | 933,877 |
| General Electric Capital Corp. | 3.45 | 7/16/07 | 2,000,000 | 2,000,000 | 2,013,680 |
| HSBC Bank USA Global | 3.875 | 9/15/09 | 800,000 | 800,000 | 803,208 |
| Autonation, Inc. | 9.00 | 8/1/08 | 1,000,000 | 1,000,000 | 1,152,500 |
| BankOne Corp. | 6.50 | 2/1/06 | 1,000,000 | 1,000,000 | 1,047,280 |
| Citigroup, Inc. | 5.75 | 5/10/06 | 3,000,000 | 3,000,000 | 3,133,920 |
| Progress Energy, Inc. | 6.75 | 3/1/06 | 400,000 | 400,000 | 419,628 |
| Autonation, Inc. | 9.00 | 8/1/08 | 1,000,000 | 1,000,000 | 1,152,500 |
| | | | | | \$13,886,197 |

The average daily balance and weighted average interest rate of reverse repurchase agreements during the year ended October 31, 2004, were as follows:

| Trust | Average Daily Balance | Weighted Average Interest Rate |
|--------------------|--------------------------|--------------------------------------|
| Broad Investment | | |
| Grade | \$22,054,691 | 1.20% |
| Core Bond | 145,093,933 | 1.11 |
| Income Opportunity | 97,264,139 | 1.14 |
| Income Trust | 158,277,942 | 1.12 |
| Limited Duration | 195,844,775 | 1.32 |
| Strategic Bond | 27,651,966 | 1.33 |

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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 $33\frac{1}{3}\%$ 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.

For the year ended October 31, 2004, High Yield borrowed a daily weighted average balance of \$19,250,000 at a weighted average interest rate at 1.80%.

Note 5. Commitments

Bridge Debt Commitments: At October 31, 2004, High Yield and Limited Duration had \$2,003,993 and \$17,813,268, 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.

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date. The bridge debt terms approximate market rates at the time the commitment is entered into.

Note 6. Distributions to Shareholders

The tax character of distributions paid during the year ended October 31, 2004 and the period ended October 31, 2003 were as follows:

| Distributions Paid From: | Period ended October 31, 2004 | | | Total Distributions |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------|----------------------------|
| | Ordinary Income | Non-taxable Return of Capital | Long-term Capital Gains | |
| Broad Investment Grade | \$ 2,661,384 | \$ | \$ | \$ 2,661,384 |
| Core Bond | 29,412,475 | | 556,750 | 29,969,225 |
| High Yield | 5,864,606 | 187,188 | | 6,051,794 |
| Income Opportunity | 28,937,742 | | | 28,937,742 |
| Income Trust | 38,921,208 | | | 38,921,208 |
| Limited Duration | 55,077,640 | | | 55,077,640 |
| Strategic Bond | 11,337,469 | | | 11,337,469 |

| Distributions Paid From: | Period ended October 31, 2003 | | | Total Distributions |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------|----------------------------|
| | Ordinary Income | Non-taxable Return of Capital | Long-term Capital Gains | |
| Broad Investment Grade | \$ 3,504,653 | \$ | \$ | \$ 3,504,653 |
| Core Bond | 30,289,664 | | 1,795,095 | 32,084,759 |
| High Yield | 6,783,092 | 333,356 | | 7,116,448 |
| Income Opportunity | 36,267,803 | | | 36,267,803 |
| Income Trust | 63,862,381 | | | 63,862,381 |
| Limited Duration | 9,176,505 | | | 9,176,505 |
| Strategic Bond | 10,466,535 | | | 10,466,535 |

As of October 31, 2004, the components of distributable earnings on a tax basis were as follows:

| Trust | Undistributed Ordinary Income | Undistributed Long-term Gains | Unrealized Net Appreciation |
|------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| Broad Investment Grade | \$ 7,959,288 | \$ | \$ 2,431,031 |
| Core Bond | 2,018,119 | 5,953,869 | 16,968,612 |
| High Yield | | | |
| Income Opportunity | 6,870,587 | 8,926,885 | 21,347,265 |
| Income Trust | 3,627,727 | | |
| Limited Duration | 5,674,866 | 1,634,766 | 31,869,396 |
| Strategic Bond | 197,015 | | 6,213,545 |

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 October 31, 2004, the common shares outstanding and the shares owned by affiliates of the Advisor of each Trust were:

| Trust | Common Shares Outstanding | Common Shares Owned |
|------------------------|------------------------------|------------------------|
| Broad Investment Grade | 2,957,093 | |
| Core Bond | 27,018,774 | |
| High Yield | 6,403,606 | |
| Income Opportunity | 34,449,693 | |
| Income Trust | 63,715,468 | |
| Limited Duration | 36,727,287 | 6,021 |
| Strategic Bond | 7,048,718 | |

During the year ended October 31, 2004, High Yield, Income Trust, Limited Duration and Strategic Bond issued additional shares under their dividend reinvestment plans of 21,958, 325,777, 21,266, and 13,097, respectively. Transactions in common shares of beneficial interest for the year ended October 31, 2003, were as follows:

| Trust | Shares from | | | | Net Increase in Shares Outstanding |
|------------------|----------------------------|--------------------------------|--------------------------|------------------------------|---------------------------------------|
| | Initial Public Offering | Underwriters Over-allotment | Exercising the Option | Reinvestment of Dividends | |
| High Yield | | | | 29,680 | 29,680 |
| Income Trust | | | | 514,874 | 514,874 |
| Limited Duration | 34,306,021 | | 2,400,000 | | 36,706,021 |
| Strategic Bond | | | | 19,467 | 19,467 |

Offering costs incurred in connection with the Limited Duration offering of common shares have been charged to paid-in capital in excess of par of the common shares in the amount of \$1,222,110.

Note 8. Dividends

Subsequent to October 31, 2004, the Board of each of the Trusts declared dividends per common share payable November 28, 2004, to shareholders of record on November 14, 2004. The per share common dividends declared were as follows:

| Trust | Common Dividend Per Share |
|------------------------|------------------------------|
| Broad Investment Grade | \$0.075000 |
| Core Bond | 0.087500 |
| High Yield | 0.068333 |
| Income Opportunity | 0.070000 |
| Income Trust | 0.051042 |
| Limited Duration | 0.125000 |

Strategic Bond

0.130000

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees 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, 2004, 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 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2004, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 each of the Trusts as of October 31, 2004, the results of their operations and cash flows for the year then ended, 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 in conformity with accounting principles generally accepted in the United States of America.

Boston, Massachusetts

December 23, 2004

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DIRECTORS/TRUSTEES INFORMATION (Unaudited)

Independent Trustees

| | | | | |
|--------------------|-------------------|---------------------|---------------|------------------|
| Name, address, age | Andrew F. Brimmer | Richard E. Cavanagh | Kent Dixon | Frank J. Fabozzi |
| | P.O. Box 4546 | P.O. Box 4546 | P.O. Box 4546 | P.O. Box 4546 |
| | New York, NY | New York, NY | New York, NY | New York, NY |

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| | 10163-4546 Age: 77 | 10163-4546 Age: 58 | 10163-4546 Age: 67 | 10163-4546 Age: 56 |
|--|---|--|---|--|
| Current positions held with the Trusts | Lead Trustee Audit Committee Chairman ² | Trustee Audit Committee Member | Trustee Audit Committee Member ² | Trustee Audit Committee Member ³ |
| Term of office and length of time served | 3 years ⁵ / since inception | 3 years ⁵ / since inception ⁶ | 3 years ⁵ / since inception | 3 years ⁵ / since inception |
| Principal occupations during the past five years | <p>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.</p> | <p>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).</p> | <p>Consultant/Investor. Former President and Chief Executive Officer of Empire Federal Savings Bank of America and Banc PLUS Savings Association, former Chairman of the Board, President and Chief Executive Officer of Northeast Savings.</p> | <p>Consultant. Editor of THE JOURNAL OF PORTFOLIO MANAGEMENT and Frederick Frank Adjunct Professor of Finance at the School of Management at Yale University. Author and editor of several books on fixed income portfolio management. Visiting Professor of Finance and Accounting at the Sloan School of Management, Massachusetts Institute of Technology from 1986 to August 1992.</p> |
| Number of portfolios | 52 | 52 | 52 | 52 |

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overseen within the
fund
complex

| | | | | |
|--|--|--|---|--|
| Other Directorships held outside of the fund complex | Director of CarrAmerica Realty Corporation and Borg-Warner Automotive. Formerly Director of 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). | Trustee: Aircraft Finance Trust (AFT) and Educational Testing Service (ETS). Director, Arch Chemicals, Fremont Group and The Guardian Life Insurance Company of America. | Former Director of ISFA (the owner of INVEST, a national securities broker-age service designed for banks and thrift institutions). | Director, Guardian Mutual Funds Group (18 portfolios). |
|--|--|--|---|--|

For Interested Director/Trustee relationships, events or transactions by

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reason of which the
Trustee
is an interested
person as
defined in Section
2(a)(19)
of the 1940 Act

- 1 Interested Trustee as defined by Section 2(a)(19) of the Investment Company Act of 1940.
- 2 The Board of each Trust has determined that each Trust has two Audit Committee financial experts serving on its Audit Committee, Dr. Brimmer and Mr. Dixon, both of whom are independent for the purpose of the definition of Audit Committee financial expert as applicable to the Trusts.
- 3 Appointed Audit Committee Member on May 25, 2004.
- 4 Trustee since inception; appointed Chairman of the Board on August 22, 2002.

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| Independent Trustees (continued) | | Interested Trustees ¹ | | |
|--|--|---|---|--|
| R. Glenn Hubbard P.O. Box 4546 New York, NY 10163-4546 Age: 46 | James Clayburn La Force, Jr. P.O. Box 4546 New York, NY 10163-4546 Age: 75 | Walter F. Mondale P.O. Box 4546 New York, NY 10163-4546 Age: 76 | Ralph L. Schlosstein BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 53 | Robert S. Kapito BlackRock, Inc. 40 East 52nd Street New York, NY 10022 Age: 47 |
| Trustee | Trustee | Trustee | Chairman of the Board ⁴ | President and Trustee |
| 3 years ⁵ / since November 16, 2004 | 3 years ⁵ / since inception ⁷ | 3 years ⁵ / since inception ⁸ | 3 years ⁵ / since inception | 3 years ⁵ / since August 22, 2002 |
| 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. | Dean Emeritus of the John E. Anderson Graduate School of Management, University of California since July 1, 1993. Acting Dean of the School of Business, Hong Kong | Senior Counsel, Dorsey & Whitney, LLP, a law firm (January 2004-present); Partner, Dorsey & Whitney, LLP, (December 1996-December 2003, September | 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 | Vice Chairman of BlackRock, Inc. Head of the Portfolio Management Group. Also a member of the Management Committee, the Investment Strategy Group, the Fixed |

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| | | | | |
|--|--|--|---|---|
| Visiting professor at Harvard Kennedy School of Government and 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. | University of Science and Technology 1990-1993. From 1978 to September 1993, Dean of the John E. Anderson Graduate School of Management, University of California. | 1987-August 1993). Formerly U.S. Ambassador to Japan (1993-1996). Formerly Vice President of the United States, U.S. Senator and Attorney General of the State of Minnesota. 1984 Democratic Nominee for President of the United States. | 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. | Income and Global Operating Committees and the Equity Investment Strategy Group. Responsible for the portfolio management of the Fixed Income, Domestic Equity and International Equity, Liquidity, and Alternative Investment Groups of BlackRock. |
|--|--|--|---|---|

| | | | | |
|----|----|----|----|----|
| 52 | 52 | 52 | 62 | 52 |
|----|----|----|----|----|

| | | | | |
|--|---|---|---|--|
| Director of ADP, Dex Media, KKR Financial Corporation, and Ripplewood Holdings. Formerly on the advisory boards of the Congressional Budget Office, 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. | Payden & Rygel Investment Trust, Metzler-Payden Investment Trust, Advisors Series Trust, Arena Pharmaceuticals, Inc. and CancerVax Corporation. | Director of United Health Foundation and the Japan Society. Member of the Hubert H. Humphrey Institute of Public Affairs Advisory Board, The Mike and Maureen Mansfield Foundation, Dean Board of Visitors of the Medical School at the University of Minnesota, and the Mayo Foundation Advisory Council to the President. | 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 | Chairman of the Hope and Heroes Children's Cancer Fund. President of the Board of Directors of the Periwinkle National Theatre for Young Audiences. Director of icruise.com, Corp. |
|--|---|---|---|--|

Visions for Public Education
and of The Public Theater in
New York City. Formerly, a
director of Pulte Corporation,
the nation's largest
homebuilder,
a Trustee of Denison
University
and a member of Fannie Mae's
Advisory Council.

| | |
|--|---|
| Director and President of the Advisor | Director and Vice Chairman of the Advisor. |
|--|---|

- 5 The Board is classified into three classes of which one class is elected annually. Each Trustee serves a three-year term concurrent with the class from which he is elected.
- 6 For Broad Investment Grade, Income Opportunity and Income Trust appointed Director on 08/11/94.
- 7 For Income Opportunity and Income Trust appointed Director on 06/19/92.
- 8 Except during the periods 08/12/93 through 04/15/97 and 10/31/02 through 11/11/02.

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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 EquiServe Trust Company, N.A. (the "Plan Agent") in the respective Trust's shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

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

After Core Bond, High Yield, Income Trust, 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.

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

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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.

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ADDITIONAL INFORMATION

On August 25, 2004, BlackRock, Inc., the parent of BlackRock Advisors, Inc., the Trusts' investment advisor, entered into an agreement with MetLife, Inc.® to acquire SSRM Holdings, Inc., the parent of State Street Research & Management Company, the investment advisor to the State Street Research mutual funds. Management believes there will be no impact to the Trusts as a result of this transaction.

Quarterly performance and other information regarding the Trusts may be found on BlackRock's website, which can be accessed at <http://www.blackrock.com/funds/cefunds/index.html>. 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.

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, Henry Gabbay and Anne Ackerley Managing Directors of the Advisor and the Sub-Advisor, Richard M. Shea and James Kong Managing Directors of the Sub-Advisor, Vincent B. Tritto Director of the Sub-Advisor, and Brian P. Kindelan Director of the Advisor

TAX INFORMATION

We wish to advise you as to the federal tax status of dividends paid by the Trusts during the fiscal year ended October 31, 2004.

During the fiscal year ended October 31, 2004, the Trusts paid dividends and distributions as follows:

| Trust | Ordinary Income Per Share | Non-taxable Return of Capital per share | Long-term Capital Gains per share | Total |
|------------------------------|--------------------------------------|--|--|--------------|
| Broad Investment Grade (BCT) | \$0.9000 | \$ | \$ | \$0.9000 |
| Core Bond (BHK) | 1.0886 | | 0.0206 | 1.1092 |
| High Yield (BHY) | 0.9158 | 0.0292 | | 0.9451 |
| Income Opportunity (BNA) | 0.8400 | | | 0.8400 |
| Income Trust (BKT) | 0.6109 | | | 0.6109 |
| Limited Duration (BLW) | 1.4996 | | | 1.4996 |
| Strategic Bond (BHD) | 1.6084 | | | 1.6084 |

Further, we wish to advise you that your income dividends do not qualify for the dividends received deduction.

For the purpose of preparing your 2004 annual federal income tax return, you should report the amounts as reflected on the appropriate Form 1099 DIV which will be mailed to you in January 2005.

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BlackRock Closed-End Funds

Directors/Trustees

Ralph L. Schlosstein, Chairman
Andrew F. Brimmer
Richard E. Cavanagh
Kent Dixon
Frank J. Fabozzi
R. Glenn Hubbard¹
Robert S. Kapito
James Clayburn La Force, Jr.
Walter F. Mondale

Officers

Robert S. Kapito, President
Henry Gabbay, Treasurer
Bartholomew Battista, Chief Compliance Officer
Anne Ackerley, Vice President
Richard M. Shea, Vice President/Tax
James Kong, Assistant Treasurer
Vincent B. Tritto, Secretary
Brian P. Kindelan, Assistant Secretary

Investment Advisor

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

Sub-Advisor²

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

Accounting Agent and Custodian

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110

Transfer Agent

EquiServe 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
Four Times Square
New York, NY 10036

Legal Counsel Independent Trustees

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

1 Appointed November 16, 2004.

2 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, 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, when available, 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, when available, may also be obtained, upon request, by calling (800) 699-1BFM.

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.

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 attached as an Exhibit hereto.

Item 3. Audit Committee Financial Expert.

The Registrant's Board of Trustees has determined that it has two audit committee financial experts serving on its audit committee, each of whom is an "independent" Trustee: Dr. Andrew F. Brimmer and Mr. Kent Dixon. 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.

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 \$32,800 for the fiscal year ended October 31, 2004 and \$38,000 for the fiscal year ended October 31, 2003.

(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, 2004 and \$0 for the fiscal year ended October 31, 2003. The nature of these services was attest services not required by statute or regulation, overhead and out-of-pocket expenses.

(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 \$7,500 for the fiscal year ended October 31, 2004 and \$10,400 for the fiscal year ended October 31, 2003. 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. There were no 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).

(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 Trust's accountant for services rendered to the Trust, the Advisor (except for any sub-advisor 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 Advisor that provides ongoing services to the registrant that directly impacted the Trust for each of the last two fiscal years were \$7,500 for the fiscal year ended October 31, 2004 and \$10,400 for the fiscal year ended October 31, 2003.

(h) Not applicable.

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 Fabozzi.

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, Inc. (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

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.

Not applicable.

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 as of a date within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures are effective, as of such date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

(b) The Registrant's principal executive officer and principal financial officer are aware of no changes in the Registrant's internal control over financial reporting that occurred during the Registrant's last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of Ethics attached as EX-99.CODE ETH.

(a)(2) Separate certifications of Principal Executive and Financial Officers pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 attached as EX-99.CERT.

(a)(3) Not applicable.

(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 Core Bond Trust

By: /s/ Henry Gabbay

Name: Henry Gabbay

Title: Treasurer

Date: January 4, 2005

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

By: /s/ Robert S. Kapito

Name: Robert S. Kapito

Title: Principal Executive Officer

Date: January 4, 2005

By: /s/ Henry Gabbay

Name: Henry Gabbay

Title: Principal Financial Officer

Date: January 4, 2005