

BLACKROCK MUNICIPAL INCOME QUALITY TRUST

Form N-CSR

November 04, 2013

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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 811-21178

Name of Fund: BlackRock Municipal Income Quality Trust (BYM)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Municipal Income Quality Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2013

Date of reporting period: 08/31/2013

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Item 1 Report to Stockholders

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AUGUST 31, 2013

ANNUAL REPORT

**BlackRock Municipal Bond Investment Trust (BIE)**

**BlackRock Municipal Bond Trust (BBK)**

**BlackRock Municipal Income Investment Quality Trust (BAF)**

**BlackRock Municipal Income Quality Trust (BYM)**

**BlackRock Municipal Income Trust II (BLE)**

**BlackRock MuniHoldings Investment Quality Fund (MFL)**

**BlackRock MuniVest Fund, Inc. (MVF)**

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

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Dear Shareholder

Though we've seen spates of volatility over the past year, riskier asset classes generally outperformed lower-risk investments. Financial markets rallied last fall after the European Central Bank and the US Federal Reserve announced aggressive monetary stimulus programs, substantially increasing global liquidity. But markets weakened later in the year amid slowing global trade as many European countries fell into recession and growth continued to decelerate in China. In the United States, investors became increasingly concerned about the fiscal cliff of tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013. High levels of global market volatility persisted through year-end due to fears that bipartisan gridlock would preclude a timely resolution, putting the US economy at risk for recession.

The worst of the fiscal cliff was averted with a last-minute tax deal, allowing markets to get off to a good start in 2013. Money that had been pulled to the sidelines amid year-end tax-rate uncertainty poured back into the markets in January. Key indicators signaling modest but broad-based improvements in the world's major economies coupled with the absence of negative headlines from Europe created an aura of comfort for investors. Global equities surged, while rising US Treasury yields pressured high quality fixed income assets. (Bond prices move in the opposite direction of yields.)

February brought a slowdown in global economic momentum and the pace of the rally moderated. In the months that followed, US equities outperformed international markets, as the US economic recovery showed greater stability compared to most other regions. Slow, but positive, growth in the United States was sufficient to support corporate earnings, while uncomfortably high unemployment reinforced investors' expectations that the US Federal Reserve would keep interest rates low. International markets experienced higher levels of volatility given a resurgence of political instability in Italy and a severe banking crisis in Cyprus, while a poor outlook for European economies also dampened sentiment for overseas investment. Emerging markets significantly lagged the rest of the world as growth in these economies (particularly China and Brazil) fell short of expectations.

After peaking in late May, equity markets broadly sold off due to concerns about the US Federal Reserve reducing monetary stimulus. Volatility picked up considerably as investors abruptly retreated from risk assets and a sharp and dramatic rise in US Treasury yields resulted in tumbling prices for higher-quality fixed income investments. The downswing bottomed out in late June as a more dovish tone from the US central bank served to quell the extreme level of volatility in interest rates. Improving economic data and a positive outlook for corporate earnings helped financial markets regain strength in July, with major US equity indices hitting new record highs. However, markets slumped again in August as investors became more wary amid a number of unknowns. Mixed economic data spurred heightened uncertainty about the future of global growth and investors grew anxious about the timing and extent to which the US Federal Reserve would scale back on its asset-purchase program. Meanwhile, escalating political turmoil in Egypt and Syria renewed concerns about the impact of the broader issue of growing unrest in many countries across the Middle East-North Africa region.

On the whole, developed market equities generated strong returns for the 6- and 12-month periods ended August 31, 2013. Emerging markets, in contrast, suffered the impact of slowing growth and concerns about a shrinking global money supply. Extraordinary levels of interest rate volatility in the latter part of the period resulted in poor performance for most fixed income assets, especially US Treasury bonds and other higher quality sectors such as tax-exempt municipals and investment grade corporate bonds. Conversely, high yield bonds posted gains as the sector continued to benefit from investors' ongoing search for income in the low-rate environment. Short-term interest rates remained near zero, keeping yields on money market securities near historical lows.

Markets remain volatile, and investors continue to face a number of uncertainties in the current environment. At BlackRock, we believe investors need to think globally and extend their scope across a broader array of asset classes and be prepared to move freely as market conditions change over time. We encourage you to talk with your financial advisor and visit [www.blackrock.com](http://www.blackrock.com) for further insight about investing in today's world.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

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*Though we've seen spates of volatility over the past year, riskier asset classes generally outperformed lower-risk investments.*

Rob Kapito

President, BlackRock Advisors, LLC

### Total Returns as of August 31, 2013

|  | 6-month | 12-month |
|--|---------|----------|
| US large cap equities<br>(S&P 500® Index)  | 8.95%   | 18.70%   |
| US small cap equities<br>(Russell 2000® Index)   | 11.73   | 26.27    |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                | 3.71    | 18.66    |
| Emerging market equities<br>(MSCI Emerging Markets Index)                              | (10.29) | 0.54     |
| 3-month Treasury bill<br>(BofA Merrill Lynch<br>3-Month US Treasury<br>Bill Index)     | 0.05    | 0.11     |
| US Treasury securities<br>(BofA Merrill Lynch<br>10-Year US Treasury Index)            | (6.10)  | (7.51)   |
| US investment grade<br>bonds (Barclays US<br>Aggregate Bond Index)                     | (2.61)  | (2.47)   |
| Tax-exempt municipal<br>bonds (S&P Municipal<br>Bond Index)                            | (5.99)  | (3.74)   |
| US high yield bonds<br>(Barclays US Corporate<br>High Yield 2% Issuer<br>Capped Index) | 0.84    | 7.56     |

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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**Table of Contents****Municipal Market Overview****For the Reporting Period Ended August 31, 2013****Municipal Market Conditions**

In the earlier months of the period, municipal bond supply was met with robust demand as investors were starved for yield in the low-rate, low-return environment. Investors poured into municipal bond mutual funds, favoring long-duration and high-yield funds as they tend to provide higher levels of income.

However, market conditions turned less favorable in May and municipal bond funds saw strong outflows in the last four months of the period, resulting in net outflows of approximately \$18 billion for the 12-month period as a whole (based on data from the Investment Company Institute). Signals from the US Federal Reserve suggesting a retrenchment of its bond-buying stimulus program led to rising interest rates and waning demand. (Bond prices fall as rates rise.) High levels of interest rate volatility resulted in a sharp curtailment of tax-exempt issuance in May through period end. However, from a historical perspective, total new issuance for the 12 months ended August 31, 2013 remained relatively strong at \$348 billion (down modestly from the \$379 billion issued in the prior 12-month period). A significant portion of new supply during this period (roughly 60%) was attributable to refinancing activity as issuers took advantage of lower interest rates to reduce their borrowing costs. Total new supply was also supported by recent activity in the taxable market, where taxable-municipal issuance was up 41% year-over-year.

|                                     |         |
|-------------------------------------|---------|
| <b>S&amp;P Municipal Bond Index</b> |         |
| Total Returns as of August 31, 2013 |         |
| 6 months :                          | (5.99)% |
| 12 months :                         | (3.74)% |

**A Closer Look at Yields**

From August 31, 2012 to August 31, 2013, municipal yields increased by 156 basis points ( bps ) from 2.89% to 4.45% on AAA-rated 30-year municipal bonds, while increasing 120 bps from 1.74% to 2.94% on 10-year bonds and rising another 83 bps from 0.69% to 1.52% on 5-year issues (as measured by Thomson Municipal Market Data). Overall, the municipal yield curve remained relatively steep over the 12-month period as the spread between 2- and 30-year maturities widened by 142 bps and the spread between 2- and 10-year maturities widened by 106 bps.

During the same time period, US Treasury rates rose by 103 bps on 30-year and 124 bps on 10-year bonds, while moving up 105 bps in 5-years. Accordingly, tax-exempt municipal bonds underperformed Treasuries on the long end of the yield curve as investors sought to reduce risk later in the period. On the short end of the curve, moderate outperformance versus Treasuries was driven largely by a supply/demand imbalance within the municipal market while evidence of a recovering domestic economy coupled with the removal of certain political and tax policy uncertainties pushed interest rates higher. As higher US tax rates began to appear imminent late in 2012, municipal bonds benefited from the increased appeal of tax-exempt investing. The municipal asset class is known for its lower relative volatility and preservation of principal with an emphasis on income as tax rates rise. The municipal market continues to be an attractive avenue for investors seeking yield in today's environment, particularly as the recent correction has restored value in the market and placed yields at levels not obtainable since early 2011.

**Financial Conditions of Municipal Issuers Continue to Improve**

Following an extended period of nation-wide austerity and de-leveraging as states sought to balance their budgets, 13 consecutive quarters of positive revenue growth coupled with the elimination of more than 750,000 jobs in recent years have put state and local governments in a better financial position. Many local municipalities, however, continue to face increased health care and pension costs passed down from the state level. BlackRock maintains the view that municipal bond defaults will be minimal and remain in the periphery, and that the overall market is fundamentally sound. We continue to recognize that careful credit research, appropriate structure and security selection remain imperative amid uncertainty in this fragile economic environment.

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





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## The Benefits and Risks of Leveraging

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

To obtain leverage, the Trusts issue Variable Rate Demand Preferred Shares ( VRDP Shares ) or Variable Rate Muni Term Preferred Shares ( VMTP Shares ) (VRDP Shares and VMTP Shares are collectively referred to as Preferred Shares ). Preferred Shares pay dividends at prevailing short-term interest rates, and the Trusts invest the proceeds in long-term municipal bonds. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by each Trust on its longer-term portfolio investments. To the extent that the total assets of each Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Trust's shareholders will benefit from the incremental net income.

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

To illustrate these concepts, assume a Trust's Common Shares capitalization is \$100 million and it issues Preferred Shares for an additional \$50 million, creating a total value of \$150 million available for investment in long-term municipal bonds. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the securities purchased by the Trust with assets received from Preferred Shares issuance earn income based on long-term interest rates. In this case, the dividends paid to holders of Preferred Shares ( Preferred Shareholders ) are significantly lower than the income earned on the Trust's long-term investments, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

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

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

The Trusts may also leverage their assets through the use of tender option bond trusts ( TOBs ), as described in Note 3 of the Notes to Financial Statements. TOB investments generally will provide the Trusts with economic benefits in periods of declining short-term interest rates, but expose the Trusts to risks during periods of rising short-term interest rates similar to those associated with Preferred Shares issued by the Trusts, as described above. Additionally, fluctuations in the market value of municipal bonds deposited into the TOB trust may adversely affect each Trust's NAV per share.

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

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Under the Investment Company Act of 1940, as amended (the "1940 Act"), the Trusts are permitted to issue senior securities in the form of equity securities (e.g., Preferred Shares) up to 50% of their total managed assets (each Trust's total assets less the sum of its accrued liabilities). In addition, each Trust with VRDP or VMTP Shares limits its economic leverage to 45% of its total managed assets. As of August 31, 2013, the Trusts had economic leverage from Preferred Shares and/or TOBs as a percentage of their total managed assets as follows:

|     | <b>Percent of<br/>Economic Leverage</b> |
|-----|---|
| BIE | 42%                                     |
| BBK | 39%                                     |
| BAF | 39%                                     |
| BYM | 42%                                     |
| BLE | 42%                                     |
| MFL | 42%                                     |
| MVF | 40%                                     |

## Derivative Financial Instruments

The Trusts may invest in various derivative financial instruments, including financial futures contracts and options, as specified in Note 4 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Trusts' ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require a Trust to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation a Trust can realize on an investment, may result in lower dividends paid to shareholders or may cause a Trust to hold an investment that it might otherwise sell. The Trusts' investments in these instruments are discussed in detail in the Notes to Financial Statements.

**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock Municipal Bond Investment Trust****Trust Overview**

BlackRock Municipal Bond Investment Trust's (BIE) (the Trust) investment objective is to provide current income exempt from regular federal income tax and Florida intangible personal property tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Trust invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Effective January 1, 2007, the Florida intangible personal property tax was repealed.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (16.10)% based on market price and (10.35)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's longer duration holdings (those with greater sensitivity to interest rate movements) hindered results as the yield curve began to steepen in 2013 (rates on longer-dated bonds rose more than rates on shorter-dated securities). This especially impacted the Trust's holdings in the utilities, transportation and education sectors. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return.

Contributing positively to the Trust's performance was its use of derivatives to hedge against interest rate risk. Specifically, short positions in US Treasury financial futures enhanced results as interest rates increased during the period. Exposure to pre-refunded bonds with terms of less than five years also helped returns as investors fled longer-term investments in favor of shorter-duration instruments.

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

**Trust Information**

|  |                |
|--|----------------|
| Symbol on New York Stock Exchange ( NYSE )                                 | BIE            |
| Initial Offering Date  | April 30, 2002 |
| Yield on Closing Market Price as of August 31, 2013 (\$13.14) <sup>1</sup> | 6.94%          |
| Tax Equivalent Yield <sup>2</sup>  | 12.26%         |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.076        |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.912        |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 42%            |

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

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- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

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ANNUAL REPORT

AUGUST 31, 2013

**Table of Contents****BlackRock Municipal Bond Investment Trust****Market Price and Net Asset Value Per Share Summary**

|                 | 8/31/13  | 8/31/12  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 13.14 | \$ 16.61 | (20.89)% | \$ 17.99 | \$ 12.62 |
| Net Asset Value | \$ 14.27 | \$ 16.88 | (15.46)% | \$ 17.70 | \$ 14.25 |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| Sector Allocation                            | 8/31/13 | 8/31/12 |
|--|---------|---------|
| County/City/Special District/School District | 22%     | 19%     |
| Transportation                               | 21      | 18      |
| Utilities                                    | 17      | 16      |
| Health                                       | 15      | 17      |
| Education                                    | 10      | 12      |
| State  | 8       | 12      |
| Housing                                      | 5       | 4       |
| Tobacco                                      | 1       | 1       |
| Corporate                                    | 1       | 1       |
| Credit Quality Allocation <sup>1</sup>       | 8/31/13 | 8/31/12 |
| AAA/Aaa                                      | 10%     | 15%     |
| AA/Aa  | 60      | 60      |
| A  | 26      | 20      |
| BBB/Baa                                      | 4       | 5       |

<sup>1</sup> Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

**Call/Maturity Schedule<sup>2</sup>**

| Calendar Year Ended December 31, |    |
|----------------------------------|----|
| 2013                             |    |
| 2014                             |    |
| 2015                             |    |
| 2016                             | 2% |
| 2017                             | 1  |

<sup>2</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock Municipal Bond Trust****Trust Overview**

BlackRock Municipal Bond Trust's (BBK) (the Trust) investment objective is to provide current income exempt from regular federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from regular federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its assets in municipal bonds that are investment grade quality. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (15.78)% based on market price and (9.52)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's long duration posture (sensitivity to interest rate movements) detracted from performance as rates increased over the period. (Bond prices fall when yields rise.) The Trust's holdings were more concentrated on the long end of the yield curve which hurt returns as the yield curve steepened; that is, rates on longer-dated bonds rose more than rates on shorter-dated bonds. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. The Trust's zero-coupon holdings, which have longer durations for their respective maturities, also negatively impacted performance.

Contributing positively to performance was the Trust's income generated from coupon payments on its fully invested portfolio of tax-exempt municipal bonds.

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

**Trust Information**

|  |                |
|--|----------------|
| Symbol on NYSE   | BBK            |
| Initial Offering Date  | April 30, 2002 |
| Yield on Closing Market Price as of August 31, 2013 (\$13.49) <sup>1</sup> | 6.98%          |
| Tax Equivalent Yield <sup>2</sup>  | 12.33%         |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.0785       |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.9420       |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 39%            |

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

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Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

<sup>3</sup> The distribution rate is not constant and is subject to change.

<sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

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ANNUAL REPORT

AUGUST 31, 2013

**Table of Contents****BlackRock Municipal Bond Trust****Market Price and Net Asset Value Per Share Summary**

|                 | 8/31/13  | 8/31/12  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 13.49 | \$ 17.16 | (21.39)% | \$ 18.74 | \$ 13.11 |
| Net Asset Value | \$ 14.18 | \$ 16.79 | (15.54)% | \$ 17.62 | \$ 14.14 |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| Sector Allocation                            | 8/31/13 | 8/31/12 |
|--|---------|---------|
| Health                                       | 24%     | 25%     |
| Transportation                               | 14      | 13      |
| County/City/Special District/School District | 13      | 13      |
| Utilities                                    | 13      | 8       |
| State  | 12      | 14      |
| Education                                    | 10      | 11      |
| Corporate                                    | 7       | 5       |
| Housing                                      | 6       | 8       |
| Tobacco                                      | 1       | 3       |
| Credit Quality Allocation <sup>1</sup>       | 8/31/13 | 8/31/12 |
| AAA/Aaa                                      | 7%      | 9%      |
| AA/Aa  | 37      | 35      |
| A  | 33      | 26      |
| BBB/Baa                                      | 11      | 18      |
| BB/Ba  | 5       | 4       |
| B  | 1       | 2       |
| Not Rated <sup>2</sup>                       | 6       | 6       |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2013 and August 31, 2012, the market value of these securities was \$4,866,578, representing 2%, and \$3,199,110, representing 1%, respectively, of the Trust's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2013 | 8% |
| 2014 | 6  |
| 2015 | 2  |



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|      |   |
|------|---|
| 2016 | 3 |
| 2017 | 3 |

<sup>3</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

ANNUAL REPORT

AUGUST 31, 2013

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**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock Municipal Income Investment Quality Trust****Trust Overview**

BlackRock Municipal Income Investment Quality Trust's (BAF) (the Trust) investment objective is to provide current income exempt from federal income tax, including the alternative minimum tax and Florida intangible property tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax. The Trust also invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Effective January 1, 2007, the Florida intangible property tax was repealed.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (16.68)% based on market price and (11.69)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's longer duration holdings (those with greater sensitivity to interest rate movements) hindered results as the yield curve began to steepen in 2013 (rates on longer-dated bonds rose more than rates on shorter-dated securities). This especially impacted the Trust's holdings in the health, utilities, transportation and education sectors. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return.

Contributing positively to the Trust's performance was its use of derivatives to hedge against interest rate risk. Specifically, short positions in US Treasury financial futures enhanced results as interest rates increased during the period. Exposure to pre-refunded bonds with terms of less than five years also helped returns as investors fled longer-term investments in favor of shorter-duration instruments.

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

**Trust Information**

|  |                  |
|--|------------------|
| Symbol on NYSE   | BAF              |
| Initial Offering Date  | October 31, 2002 |
| Yield on Closing Market Price as of August 31, 2013 (\$12.82) <sup>1</sup> | 6.41%            |
| Tax Equivalent Yield <sup>2</sup>  | 11.33%           |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.0685         |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.8220         |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 39%              |

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

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- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

**Table of Contents****BlackRock Municipal Income Investment Quality Trust****Market Price and Net Asset Value Per Share Summary**

|                 | <b>8/31/13</b> | <b>8/31/12</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$ 12.82       | \$ 16.24       | (21.06)%      | \$ 17.49    | \$ 12.29   |
| Net Asset Value | \$ 13.83       | \$ 16.53       | (16.33)%      | \$ 17.35    | \$ 13.79   |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| <b>Sector Allocation</b>                     | <b>8/31/13</b> | <b>8/31/12</b> |
|--|----------------|----------------|
| County/City/Special District/School District | 28%            | 29%            |
| Transportation                               | 24             | 19             |
| Utilities                                    | 20             | 20             |
| Health                                       | 12             | 12             |
| State  | 7              | 8              |
| Education                                    | 7              | 10             |
| Tobacco                                      | 1              | 1              |
| Housing                                      | 1              | 1              |
| <b>Credit Quality Allocation<sup>1</sup></b> | <b>8/31/13</b> | <b>8/31/12</b> |
| AAA/Aaa                                      | 5%             | 11%            |
| AA/Aa  | 74             | 74             |
| A  | 21             | 14             |
| BBB/Baa                                      |                | 1              |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

**Call/Maturity Schedule<sup>2</sup>**

| <b>Calendar Year Ended December 31,</b> |    |
|---|----|
| 2013                                    |    |
| 2014                                    |    |
| 2015                                    |    |
| 2016                                    | 1% |
| 2017                                    | 1  |

<sup>2</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock Municipal Income Quality Trust****Trust Overview**

BlackRock Municipal Income Quality Trust's (BYM) (the Trust) investment objective is to provide current income exempt from federal income taxes, including the alternative minimum tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its assets in municipal bonds exempt from federal income taxes, including the alternative minimum tax. The Trust also invests at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (19.96)% based on market price and (11.13)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's duration exposure (sensitivity to interest rate movements) detracted from performance as tax-exempt municipal rates increased significantly during the period. (Bond prices fall when yields rise.) Exposure to the long end of the yield curve hurt returns as rates increased more in the long end than in the short end of the curve. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return.

Contributing positively to performance was the Trust's income generated from coupon payments on its fully invested portfolio of tax-exempt municipal bonds. The Trust's short position in US Treasury futures as a strategy for hedging interest rate risk enhanced results as interest rates increased during the period.

<sup>1</sup> Comparison to the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category is one method of evaluating the investment performance of the Trust. There are other methods of evaluating the Trust's investment performance. The Board of Trustees may consider and give weight to such other methods when evaluating the investment performance of the Trust and the services provided to the Trust by the Manager.

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

**Trust Information**

|  |                  |
|--|------------------|
| Symbol on NYSE   | BYM              |
| Initial Offering Date  | October 31, 2002 |
| Yield on Closing Market Price as of August 31, 2013 (\$12.59) <sup>1</sup> | 7.43%            |
| Tax Equivalent Yield <sup>2</sup>  | 13.13%           |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.078          |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.936          |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 42%              |

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- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

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**Table of Contents****BlackRock Municipal Income Quality Trust****Market Price and Net Asset Value Per Share Summary**

|                 | <b>8/31/13</b> | <b>8/31/12</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$ 12.59       | \$ 16.73       | (24.75)%      | \$ 17.79    | \$ 12.18   |
| Net Asset Value | \$ 13.46       | \$ 16.11       | (16.45)%      | \$ 16.64    | \$ 13.44   |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| <b>Sector Allocation</b>                     | <b>8/31/13</b> | <b>8/31/12</b> |
|--|----------------|----------------|
| County/City/Special District/School District | 29%            | 19%            |
| Transportation                               | 21             | 21             |
| Utilities                                    | 20             | 19             |
| State  | 13             | 17             |
| Health                                       | 8              | 9              |
| Education                                    | 6              | 6              |
| Tobacco                                      | 2              | 5              |
| Corporate                                    | 1              | 3              |
| Housing                                      |                | 1              |
| <b>Credit Quality Allocation<sup>1</sup></b> | <b>8/31/13</b> | <b>8/31/12</b> |
| AAA/Aaa                                      | 20%            | 17%            |
| AA/Aa  | 54             | 55             |
| A  | 24             | 19             |
| BBB/Baa                                      | 2              | 7              |
| B  |                | 1              |
| Not Rated                                    |                | 1 <sup>2</sup> |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2012, the market value of these securities was \$8,360,761, representing 1% of the Trust's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

| <b>Calendar Year Ended December 31,</b> |    |
|---|----|
| 2013                                    | 4% |
| 2014                                    | 7  |
| 2015                                    | 6  |
| 2016                                    | 5  |
| 2017                                    | 8  |

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<sup>3</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

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**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock Municipal Income Trust II****Trust Overview**

BlackRock Municipal Income Trust II's (BLE) (the Trust) investment objective is to provide current income exempt from regular federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its assets in municipal bonds that are investment grade quality at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (15.75)% based on market price and (11.60)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's duration exposure (sensitivity to interest rate movements) detracted from performance as tax-exempt municipal rates increased significantly during the period. (Bond prices fall when yields rise.) Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return. The Trust's credit exposure had a negative impact on results as spreads widened during the period, especially in the low investment grade and non-investment grade quality categories. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities.

Contributing positively to performance was the Trust's income generated from coupon payments on its fully invested portfolio of tax-exempt municipal bonds. Exposure to short-dated bonds helped returns as investors fled longer-term investments in favor of shorter-duration instruments. Additionally, the Trust's interest rate hedge positions were modestly successful in terms of mitigating the impact of rising rates during the period.

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

**Trust Information**

|  |               |
|--|---------------|
| Symbol on NYSE MKT   | BLE           |
| Initial Offering Date  | July 30, 2002 |
| Yield on Closing Market Price as of August 31, 2013 (\$13.20) <sup>1</sup> | 7.73%         |
| Tax Equivalent Yield <sup>2</sup>  | 13.66%        |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.085       |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$1.020       |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 42%           |

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

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- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

**Table of Contents****BlackRock Municipal Income Trust II****Market Price and Net Asset Value Per Share Summary**

|                 | 8/31/13  | 8/31/12  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 13.20 | \$ 16.74 | (21.15)% | \$ 17.61 | \$ 13.02 |
| Net Asset Value | \$ 13.32 | \$ 16.10 | (17.27)% | \$ 16.78 | \$ 13.31 |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| Sector Allocation                            | 8/31/13 | 8/31/12 |
|--|---------|---------|
| Transportation                               | 21%     | 17%     |
| Utilities                                    | 18      | 15      |
| Health                                       | 16      | 18      |
| State  | 12      | 16      |
| County/City/Special District/School District | 11      | 11      |
| Education                                    | 9       | 9       |
| Corporate                                    | 6       | 7       |
| Tobacco                                      | 4       | 4       |
| Housing                                      | 3       | 3       |
| Credit Quality Allocation <sup>1</sup>       | 8/31/13 | 8/31/12 |
| AAA/Aaa                                      | 10%     | 13%     |
| AA/Aa  | 36      | 36      |
| A  | 31      | 25      |
| BBB/Baa                                      | 13      | 17      |
| BB/Ba  | 3       | 2       |
| B  | 1       | 1       |
| Not Rated <sup>2</sup>                       | 6       | 6       |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2013 and August 31, 2012, the market value of these securities was \$10,339,771 and \$12,361,560, each representing 2%, respectively, of the Trust's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

| Calendar Year Ended December 31, |    |
|----------------------------------|----|
| 2013                             | 5% |
| 2014                             | 1  |
| 2015                             | 4  |
| 2016                             | 5  |
| 2017                             | 3  |

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<sup>3</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

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**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock MuniHoldings Investment Quality Fund****Trust Overview**

BlackRock MuniHoldings Investment Quality Fund's (MFL) (the Trust) investment objective is to provide shareholders with current income exempt from federal income tax and to provide shareholders with the opportunity to own shares the value of which is exempt from Florida intangible personal property tax. The Trust seeks to achieve its investment objective by investing primarily in long-term, investment grade municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). Under normal market conditions, the Trust invests at least 80% of its assets in municipal obligations with remaining maturities of one year or more at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Effective January 1, 2007, the Florida intangible personal property tax was repealed.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (17.11)% based on market price and (11.70)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's longer duration holdings (those with greater sensitivity to interest rate movements) hindered results as the yield curve began to steepen in 2013 (rates on longer-dated bonds rose more than rates on shorter-dated securities). This especially impacted the Trust's holdings in the utilities, transportation and education sectors. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return.

Contributing positively to the Trust's performance was its use of derivatives to hedge against interest rate risk. Specifically, short positions in US Treasury financial futures enhanced results as interest rates increased during the period. Exposure to pre-refunded bonds with terms of less than five years also helped returns as investors fled longer-term investments in favor of shorter-duration instruments.

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

**Trust Information**

|  |                    |
|--|--------------------|
| Symbol on NYSE   | MFL                |
| Initial Offering Date  | September 26, 1997 |
| Yield on Closing Market Price as of August 31, 2013 (\$12.59) <sup>1</sup> | 6.81%              |
| Tax Equivalent Yield <sup>2</sup>  | 12.03%             |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.0715           |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.8580           |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                       | 42%                |

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

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- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VRDP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VRDP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

**Table of Contents****BlackRock MuniHoldings Investment Quality Fund****Market Price and Net Asset Value Per Share Summary**

|                 | 8/31/13  | 8/31/12  | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 12.59 | \$ 16.13 | (21.95)% | \$ 17.20 | \$ 11.82 |
| Net Asset Value | \$ 13.27 | \$ 15.96 | (16.85)% | \$ 16.77 | \$ 13.25 |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| Sector Allocation                            | 8/31/13 | 8/31/12        |
|--|---------|----------------|
| Transportation                               | 28%     | 21%            |
| Utilities                                    | 21      | 18             |
| County/City/Special District/School District | 17      | 16             |
| Health                                       | 11      | 14             |
| State  | 10      | 16             |
| Education                                    | 9       | 11             |
| Housing                                      | 2       | 3              |
| Tobacco                                      | 2       | 1              |
| Credit Quality Allocation <sup>1</sup>       | 8/31/13 | 8/31/12        |
| AAA/Aaa                                      | 4%      | 14%            |
| AA/Aa  | 70      | 66             |
| A  | 25      | 18             |
| BBB/Baa                                      | 1       | 1              |
| Not Rated                                    |         | 1 <sup>2</sup> |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2012, the market value of these securities was \$4,206,588, representing less than 1%, of the Trust's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2013 | 1% |
| 2014 |    |
| 2015 |    |
| 2016 | 1  |
| 2017 | 4  |

<sup>3</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.





**Table of Contents****Trust Summary** as of August 31, 2013**BlackRock MuniVest Fund, Inc.****Trust Overview**

BlackRock MuniVest Fund, Inc.'s (MVF) (the Trust) investment objective is to provide shareholders with as high a level of current income exempt from federal income taxes as is consistent with its investment policies and prudent investment management. The Trust seeks to achieve its investment objective by investing at least 80% of its assets in municipal obligations exempt from federal income taxes (except that the interest may be subject to the federal alternative minimum tax). The Trust invests, under normal market conditions, primarily in long term municipal obligations rated investment grade at the time of investment and invests primarily in long term municipal obligations with maturities of more than ten years at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives.

Effective July 1, 2013, the Trust may invest up to 20% of its total assets in securities rated below investment grade at time of purchase, or deemed equivalent.

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

**Performance**

For the 12 months ended August 31, 2013, the Trust returned (15.45)% based on market price and (8.39)% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of (15.86)% based on market price and (9.43)% based on NAV. All returns reflect reinvestment of dividends. The Trust moved from a premium to NAV to a discount by period end, which accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

The Trust's duration exposure (sensitivity to interest rate movements) detracted from performance as tax-exempt municipal rates increased significantly during the period. (Bond prices fall when yields rise.) Exposure to the long end of the yield curve hurt returns as rates increased more in the long end than in the short end of the curve. The Trust's holdings of Puerto Rico Sales Tax Revenue Bonds had a negative impact on performance as the continued decline of Puerto Rico's economy and concerns about credit rating agency downgrades resulted in falling prices across Puerto Rico securities. Leverage on the Trust's assets achieved through the use of tender option bonds amplified the negative effect of rising rates on the Trust's total return.

Contributing positively to performance was the Trust's income generated from coupon payments on its fully invested portfolio of tax-exempt municipal bonds. Exposure to pre-refunded bonds with terms of less than five years also helped returns as investors fled longer-term investments in favor of shorter-duration instruments.

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

**Trust Information**

|   |                    |
|---|--------------------|
| Symbol on NYSE MKT  | MVF                |
| Initial Offering Date   | September 29, 1988 |
| Yield on Closing Market Price as of August 31, 2013 (\$8.91) <sup>1</sup> | 7.95%              |
| Tax Equivalent Yield <sup>2</sup>   | 14.05%             |
| Current Monthly Distribution per Common Share <sup>3</sup>                | \$0.059            |
| Current Annualized Distribution per Common Share <sup>3</sup>             | \$0.708            |
| Economic Leverage as of August 31, 2013 <sup>4</sup>                      | 40%                |

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- <sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- <sup>2</sup> Tax equivalent yield assumes the maximum marginal federal tax rate of 43.4%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.
- <sup>3</sup> The distribution rate is not constant and is subject to change.
- <sup>4</sup> Represents VMTP Shares and TOBs as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOBs, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

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BlackRock MuniVest Fund, Inc.

**Market Price and Net Asset Value Per Share Summary**

|                 | 8/31/13 | 8/31/12  | Change   | High     | Low     |
|-----------------|---------|----------|----------|----------|---------|
| Market Price    | \$ 8.91 | \$ 11.28 | (21.01)% | \$ 12.29 | \$ 8.64 |
| Net Asset Value | \$ 9.14 | \$ 10.68 | (14.42)% | \$ 11.06 | \$ 9.12 |

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Long-Term Investments**

| Sector Allocation                            | 8/31/13 | 8/31/12 |
|--|---------|---------|
| Health                                       | 22%     | 28%     |
| Transportation                               | 20      | 17      |
| County/City/Special District/School District | 14      | 8       |
| Utilities                                    | 11      | 6       |
| Corporate                                    | 9       | 10      |
| Education                                    | 9       | 10      |
| State  | 7       | 6       |
| Housing                                      | 6       | 9       |
| Tobacco                                      | 2       | 6       |
| Credit Quality Allocation <sup>1</sup>       | 8/31/13 | 8/31/12 |
| AAA/Aaa                                      | 11%     | 12%     |
| AA/Aa  | 48      | 46      |
| A  | 27      | 25      |
| BBB/Baa                                      | 11      | 12      |
| BB/Ba  |         | 2       |
| B  | 1       |         |
| Not Rated <sup>2</sup>                       | 2       | 3       |

<sup>1</sup> Using the higher of S&P's or Moody's ratings.

<sup>2</sup> The investment advisor has deemed certain of these non-rated securities to be of investment grade quality. As of August 31, 2013 and August 31, 2012, the market value of these securities was \$18,941,672, representing 2%, and \$30,422,382, representing 3%, respectively, of the Trust's long-term investments.

**Call/Maturity Schedule<sup>3</sup>**

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2013 | 5% |
| 2014 | 6  |
| 2015 | 1  |
| 2016 | 6  |
| 2017 | 7  |

<sup>3</sup> Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.



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## Schedule of Investments August 31, 2013

## BlackRock Municipal Bond Investment Trust (BIE)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 0.6%</b>   |              |              |
| Alabama Incentives Financing Authority, RB, Series A, 5.00%, 9/01/42  | \$ 150       | \$ 145,531   |
| Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35            | 145          | 141,948      |
|   |              | 287,479      |
| <b>Alaska 0.2%</b>  |              |              |
| Northern Tobacco Securitization Corp., Refunding RB, Tobacco Settlement, Asset-Backed, Series A, 5.00%, 6/01/46     | 180          | 120,179      |
| <b>California 14.1%</b>   |              |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38       | 700          | 728,924      |
| California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West, Series A, 6.00%, 7/01/39  | 120          | 127,999      |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33      | 410          | 434,883      |
| Los Angeles County Public Works Financing Authority, LRB, Multiple Capital Projects II, 5.00%, 8/01/42              | 725          | 690,911      |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                           | 1,660        | 1,699,458    |
| Sacramento California Municipal Utility District, RB, Series A, 5.00%, 8/15/37                                      | 415          | 416,282      |
| San Diego Regional Building Authority, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36               | 850          | 898,561      |
| State of California, GO, Various Purposes, 6.00%, 3/01/33   | 685          | 771,105      |
| University of California, Refunding RB, Series J, 5.25%, 5/15/38  | 950          | 960,725      |
|   |              | 6,728,848    |
| <b>Colorado 2.9%</b>  |              |              |
| City & County of Denver Colorado Airport System, ARB, Subordinate System, Series B, 5.25%, 11/15/32                 | 750          | 757,620      |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiative, Series A, 5.50%, 7/01/34            | 580          | 614,127      |
|   |              | 1,371,747    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Florida 4.9%</b>   |              |              |
| County of Miami-Dade Florida Transit System Sales Surtax, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | \$ 570       | \$ 553,858   |
| County of Miami-Dade Florida Water & Sewer System, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29    | 740          | 774,181      |
| County of Osceola Florida School Board, COP, Refunding, Series A, 5.00%, 6/01/28                                    | 175          | 178,370      |
| JEA Florida Electric System, Refunding RB, Sub-Series C, 5.00%, 10/01/37  | 500          | 499,285      |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32 (a)  | 305          | 314,845      |
|   |              | 2,320,539    |
| <b>Georgia 1.4%</b>   |              |              |
| Municipal Electric Authority of Georgia, Refunding RB, Project One, Sub-Series D, 6.00%, 1/01/23                    | 555          | 645,382      |
| <b>Illinois 13.0%</b>   |              |              |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36  | 165          | 165,643      |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38   | 205          | 207,747      |
| City of Chicago Illinois Board of Education, GO, Series A (AGM), 5.50%, 12/01/39                                    | 500          | 487,085      |

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|  |       |           |
|--|-------|-----------|
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien, Series C, 6.50%,<br>1/01/41 | 1,590 | 1,835,750 |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien, Water Project, 5.00%, 11/01/42        | 400   | 379,412   |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 6.00%, 8/15/41                         | 750   | 789,675   |
| Illinois Finance Authority, Refunding RB:  |       |           |
| Northwestern Memorial Healthcare, 5.00%, 8/15/37   | 115   | 114,838   |
| Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39   | 1,000 | 1,095,080 |
| Railsplitter Tobacco Settlement Authority, RB:   |       |           |
| 5.50%, 6/01/23   | 365   | 398,627   |
| 6.00%, 6/01/28   | 105   | 112,928   |
| State of Illinois, GO, Various Purposes:   |       |           |
| 5.50%, 7/01/33   | 500   | 481,845   |
| 5.50%, 7/01/38   | 110   | 103,883   |
|  |       | 6,172,513 |

### Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedules of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

|              |   |                |   |
|--------------|---|----------------|---|
| <b>AGC</b>   | Assured Guarantee Corp.                 | <b>HRB</b>     | Housing Revenue Bonds                   |
| <b>AGM</b>   | Assured Guaranty Municipal Corp.        | <b>IDA</b>     | Industrial Development Authority        |
| <b>AMBAC</b> | American Municipal Bond Assurance Corp. | <b>IDB</b>     | Industrial Development Board            |
| <b>AMT</b>   | Alternative Minimum Tax (subject to)    | <b>IDRB</b>    | Industrial Development Revenue Bonds    |
| <b>ARB</b>   | Airport Revenue Bonds                   | <b>ISD</b>     | Independent School District             |
| <b>BARB</b>  | Building Aid Revenue Bonds              | <b>LRB</b>     | Lease Revenue Bonds                     |
| <b>BHAC</b>  | Berkshire Hathaway Assurance Corp.      | <b>MRB</b>     | Mortgage Revenue Bonds                  |
| <b>CAB</b>   | Capital Appreciation Bonds              | <b>M/F</b>     | Multi-Family                            |
| <b>COP</b>   | Certificates of Participation           | <b>NPFGC</b>   | National Public Finance Guarantee Corp. |
| <b>EDA</b>   | Economic Development Authority          | <b>PILOT</b>   | Payment in Lieu of Taxes                |
| <b>EDC</b>   | Economic Development Corp.              | <b>RB</b>      | Revenue Bonds                           |
| <b>ERB</b>   | Education revenue Bonds                 | <b>PSF-GTD</b> | Permanent School Fund Guaranteed        |
| <b>GARB</b>  | General Airport Revenue Bonds           | <b>Q-SBLF</b>  | Qualified School Bond Loan Fund         |
| <b>GO</b>    | General Obligation Bonds                | <b>S/F</b>     | Single Family                           |
| <b>HDA</b>   | Housing Development Authority           | <b>VRDN</b>    | Variable Rate Demand Notes              |
| <b>HFA</b>   | Housing Finance Agency                  | <b>Syncora</b> | Syncora Guarantee                       |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Bond Investment Trust (BIE)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Indiana 2.8%</b>   |            |              |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/39  | \$ 1,190   | \$ 1,323,804 |
| <b>Kansas 2.0%</b>  |            |              |
| Kansas Development Finance Authority, Refunding RB, Adventist Health System/Sunbelt Obligated Group, Series C, 5.50%, 11/15/29                          | 900        | 953,712      |
| <b>Kentucky 2.6%</b>  |            |              |
| Kentucky Economic Development Finance Authority, RB, Owensboro Medical Health System, Series A, 6.38%, 6/01/40  | 350        | 360,990      |
| Louisville & Jefferson County Metropolitan Government Parking Authority, RB, Series A, 5.75%, 12/01/34  | 800        | 902,784      |
|   |            | 1,263,774    |
| <b>Louisiana 2.1%</b>   |            |              |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35 | 380        | 394,482      |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A: 5.50%, 5/15/28  | 295        | 306,608      |
| 5.50%, 5/15/29  | 315        | 324,129      |
|   |            | 1,025,219    |
| <b>Maine 1.7%</b>   |            |              |
| Maine Health & Higher Educational Facilities Authority, RB, Maine General Medical Center, 7.50%, 7/01/32  | 675        | 790,398      |
| <b>Massachusetts 0.8%</b>   |            |              |
| Massachusetts Development Finance Agency, Refunding RB, Trustees of Deerfield Academy, 5.00%, 10/01/40  | 375        | 389,017      |
| <b>Michigan 3.6%</b>  |            |              |
| Lansing Board of Water & Light, RB, Utilities System, Series A, 5.50%, 7/01/41  | 485        | 507,242      |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 6.00%, 10/15/38  | 500        | 557,925      |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital Obligated Group, Series V, 8.25%, 9/01/39                                 | 530        | 632,984      |
|   |            | 1,698,151    |
| <b>Mississippi 2.7%</b>   |            |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40                                       | 315        | 371,543      |
| Mississippi Development Bank, Refunding RB, Special Obligation, Jackson Public School District Project, Series A, 5.00%, 4/01/28                        | 645        | 647,412      |
| University of Southern Mississippi, Refunding RB, S.M. Educational Building Corp., Residence Hall Construction Project: 5.00%, 3/01/33                  | 110        | 111,915      |
| 5.00%, 3/01/38  | 150        | 150,225      |
|   |            | 1,281,095    |
| <b>Missouri 0.3%</b>  |            |              |
| Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Refunding RB, Combined Lien, Series A, 5.00%, 10/01/28                      | 120        | 125,176      |
| <b>Multi-State 6.7%</b>   |            |              |
| Centerline Equity Issuer Trust, Series B-2, 7.20%, 11/15/52 (b)(c)  | 3,000      | 3,193,650    |
|   | <b>Par</b> |              |
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Nevada 4.5%</b>  |            |              |

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|   |          |              |
|---|----------|--------------|
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34   | \$ 1,000 | \$ 1,071,280 |
| County of Clark Nevada Airport System, ARB, Series B, 5.75%, 7/01/42  | 1,000    | 1,064,500    |
|   |          | 2,135,780    |
| <b>New Jersey 7.3%</b>  |          |              |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series AA, 5.50%, 12/15/29  | 750      | 792,510      |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29   | 610      | 625,988      |
| New Jersey Transportation Trust Fund Authority, RB:<br>Transportation Program, Series AA, 5.50%, 6/15/39  | 225      | 233,431      |
| Transportation System, Series A, 5.88%, 12/15/38  | 695      | 763,645      |
| Transportation System, Series A, 5.50%, 6/15/41   | 500      | 515,280      |
| Rutgers The State University of New Jersey, Refunding RB:<br>Series J, 5.00%, 5/01/32   | 330      | 341,491      |
| Series L, 5.00%, 5/01/32  | 205      | 212,138      |
|   |          | 3,484,483    |
| <b>New York 1.0%</b>  |          |              |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47   | 145      | 148,988      |
| New York Liberty Development Corp., Refunding RB, 2nd Priority Liberty, Bank of America Tower at One Bryant Park Project, Class 3, 6.38%, 7/15/49 | 325      | 342,410      |
|   |          | 491,398      |
| <b>Ohio 3.5%</b>  |          |              |
| County of Allen Ohio, Refunding RB, Hospital Facilities, Catholic Health Partners, Series A, 5.25%, 6/01/38                                       | 840      | 834,171      |
| Ohio Higher Educational Facility Commission, Refunding RB, Kenyon College Project, 5.00%, 7/01/37   | 75       | 73,058       |
| Ohio State Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:<br>5.25%, 2/15/30   | 250      | 259,815      |
| 5.25%, 2/15/31 (a)  | 500      | 517,320      |
|   |          | 1,684,364    |
| <b>Pennsylvania 6.8%</b>  |          |              |
| Pennsylvania Economic Development Financing Authority, RB, American Water Co. Project, 6.20%, 4/01/39   | 300      | 320,865      |
| Pennsylvania Turnpike Commission, RB:<br>Sub-Series A, 5.63%, 12/01/31  | 750      | 774,015      |
| Sub-Series A, 6.00%, 12/01/41   | 1,500    | 1,604,520    |
| Sub-Series C (AGC), 6.25%, 6/01/38  | 500      | 555,510      |
|   |          | 3,254,910    |
| <b>Puerto Rico 0.5%</b>   |          |              |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40  | 270      | 233,148      |
| <b>South Carolina 0.9%</b>  |          |              |
| Charleston Educational Excellence Finance Corp., Refunding RB, Charleston County Schools, 5.00%, 12/01/29   | 410      | 428,376      |
| <b>Texas 11.3%</b>  |          |              |
| Central Texas Regional Mobility Authority, Refunding RB, Senior Lien, 6.00%, 1/01/41  | 890      | 876,979      |

See Notes to Financial Statements.



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## Schedule of Investments (continued)

## BlackRock Municipal Bond Investment Trust (BIE)

(Percentages shown are based on Net Assets)

|  | Par    |            |
|--|--------|------------|
|  | (000)  | Value      |
| <b>Municipal Bonds</b>   |        |            |
| <b>Texas (concluded)</b>   |        |            |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37   | \$ 395 | \$ 413,348 |
| Conroe Texas ISD, GO, School Building, Series A, 5.75%, 2/15/35  | 470    | 520,323    |
| North Texas Tollway Authority, RB, Special Projects, System, Series A, 5.50%, 9/01/41  | 500    | 522,020    |
| North Texas Tollway Authority, Refunding RB, System, 1st Tier, Series K-1 (AGC), 5.75%, 1/01/38  | 250    | 261,165    |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38  | 180    | 184,062    |
| (a)  | 180    | 184,062    |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare, 6.00%, 8/15/45   | 1,020  | 1,107,720  |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, NTE Mobility Partners LLC, North Tarrant Express Managed Lanes Project, 6.88%, 12/31/39 | 500    | 531,905    |
| Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43  | 1,000  | 987,830    |
|  |        | 5,405,352  |
| <b>Virginia 1.9%</b>   |        |            |
| Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | 145    | 147,562    |
| Norfolk EDA, Refunding RB, Sentara Healthcare, Series B, 5.00%, 11/01/36   | 500    | 497,925    |
| Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/18 (d)  | 200    | 249,816    |
|  |        | 895,303    |
| <b>Washington 3.1%</b>   |        |            |
| Port of Seattle Washington, Refunding RB, Intermediate Lien, Series A, 5.00%, 8/01/32  | 1,000  | 999,960    |
| Spokane Public Facilities District, RB, Hotel/Motel & Sales/Use Tax, Series A, 5.00%, 12/01/38   | 480    | 458,755    |
|  |        | 1,458,715  |
| <b>Wisconsin 1.9%</b>  |        |            |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Series C, 5.25%, 4/01/39                                    | 890    | 898,526    |
| <b>Total Municipal Bonds 105.1%</b>  |        | 50,061,038 |

**Municipal Bonds Transferred to****Tender Option Bond Trusts (e)****California 20.8%**

|   |       |           |
|---|-------|-----------|
| California Educational Facilities Authority, RB, University of Southern California, Series B, 5.25%, 10/01/39 (f) | 1,005 | 1,048,848 |
| Grossmont Union High School District, GO, Election of 2008, Series B, 5.00%, 8/01/40                              | 1,300 | 1,309,776 |
| Los Angeles Community College District California, GO, Election of 2008, Series C, 5.25%, 8/01/39 (f)             | 1,410 | 1,467,126 |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33      | 2,079 | 2,372,741 |
| Los Angeles Unified School District California, GO, Election of 2004, Series I, 5.00%, 1/01/34                    | 200   | 201,294   |
| San Diego Public Facilities Financing Authority Water, RB, Series B, 5.50%, 8/01/39                               | 2,234 | 2,342,080 |
| University of California, RB, Series O, 5.75%, 5/15/34  | 810   | 908,499   |

**Municipal Bonds Transferred to****Par****Tender Option Bond Trusts (e)****(000)****Value****California (concluded)**

|   |        |            |
|---|--------|------------|
| University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37 | \$ 250 | \$ 250,346 |
|---|--------|------------|

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|   |       |           |
|---|-------|-----------|
|   |       | 9,900,710 |
| <b>District of Columbia 3.7%</b>  |       |           |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (f)   | 735   | 815,272   |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 5.50%, 10/01/39  | 899   | 925,868   |
|   |       | 1,741,140 |
| <b>Illinois 7.9%</b>  |       |           |
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38   | 1,500 | 1,638,330 |
| Illinois State Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33  | 2,000 | 2,109,773 |
|   |       | 3,748,103 |
| <b>Massachusetts 1.7%</b>   |       |           |
| Massachusetts School Building Authority, RB, Senior Dedicated Sales Tax, Series B, 5.00%, 10/15/41  | 790   | 803,675   |
| <b>Nevada 3.5%</b>  |       |           |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, 6.00%, 7/01/38  | 1,500 | 1,686,375 |
| <b>New Hampshire 1.3%</b>   |       |           |
| New Jersey Transportation Trust Fund Authority, RB, Dartmouth College, 5.25%, 6/01/39 (f)   | 585   | 614,429   |
| <b>New Jersey 3.9%</b>  |       |           |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:  |       |           |
| Series A (AGM, AMBAC), 5.00%, 12/15/32  | 1,000 | 1,017,000 |
| Series B, 5.25%, 6/15/36 (f)  | 840   | 854,087   |
|   |       | 1,871,087 |
| <b>New York 14.3%</b>   |       |           |
| New York City Municipal Water Finance Authority, RB, Water & Sewer System:  |       |           |
| 2nd General Resolution, Series FF-2, 5.50%, 6/15/40   | 990   | 1,051,769 |
| Fiscal 2009, Series A, 5.75%, 6/15/40   | 750   | 826,304   |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2012, Series FF, 5.00%, 6/15/45 | 1,000 | 998,027   |
| New York City Transitional Finance Authority Building Aid, BARB, Series B-3, 5.25%, 1/15/39   | 1,000 | 1,017,939 |
| New York Liberty Development Corp., RB, Liberty, Secured by Port Authority Consolidated, Series 1 World Trade Center Project, 5.25%, 12/15/43       | 1,170 | 1,190,328 |
| New York Liberty Development Corp., Refunding RB, Liberty, 4 World Trade Center Project, 5.75%, 11/15/51 (f)  | 680   | 713,932   |
| New York State Dormitory Authority, RB, Personal Income Tax, Series B, 5.25%, 3/15/38   | 1,000 | 1,030,960 |
|   |       | 6,829,259 |
| <b>Texas 5.6%</b>   |       |           |
| City of San Antonio Texas Public Service Board, Refunding RB, Series A, 5.25%, 2/01/31 (f)  | 1,050 | 1,148,090 |
| Harris County Cultural Education Facilities Finance Corp., RB, Texas Children's Hospital Project, 5.50%, 10/01/39                                   | 1,450 | 1,539,596 |
|   |       | 2,687,686 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Bond Investment Trust (BIE)

(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to   | Par           |               |
|--|---------------|---------------|
|  | (000)         | Value         |
| <b>Tender Option Bond Trusts (e)</b>   |               |               |
| <b>Virginia 1.0%</b>   |               |               |
| County of Fairfax Virginia IDA, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35                 | \$ 460        | \$ 480,912    |
| <b>Total Municipal Bonds Transferred to</b>  |               |               |
| <b>Tender Option Bond Trusts 63.7%</b>   |               | 30,363,376    |
| <b>Total Long-Term Investments</b>   |               |               |
| <b>(Cost \$78,413,787) 168.8%</b>  |               | 80,424,414    |
| <b>Short-Term Securities</b>   |               |               |
| <b>Municipal Bond 1.0%</b>   |               |               |
| California Pollution Control Financing Authority, RB, VRDN, Air Products & Chemicals, Inc., Series B, 0.06%, 9/03/13 (g) | 500           | 500,000       |
| <b>Short-Term Securities</b>   | <b>Shares</b> | <b>Value</b>  |
| <b>Money Market Funds 2.9%</b>   |               |               |
| FBI Institutional Tax-Exempt Fund, 0.03% (h)(i)  | 1,380,043     | \$ 1,380,043  |
| <b>Total Short-Term Securities</b>   |               |               |
| <b>(Cost \$1,880,043) 3.9%</b>   |               | 1,880,043     |
| <b>Total Investments (Cost \$80,293,830) 172.7%</b>  |               | 82,304,457    |
| <b>Liabilities in Excess of Other Assets (0.1%)</b>  |               | (96,494)      |
| <b>Liability for TOB Trust Certificates, Including Interest</b>  |               |               |
| <b>Expense and Fees Payable (35.2%)</b>  |               | (16,761,185)  |
| <b>VRDP Shares, at Liquidation Value (37.4%)</b>   |               | (17,800,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 47,646,778 |

## Notes to Schedule of investments

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

| Counterparty                               | Value      | Unrealized<br>Appreciation<br>(Depreciation) |
|--|------------|--|
| J.P. Morgan Securities LLC                 | \$ 184,062 | \$ 14  |
| Merrill Lynch, Pierce, Fenner & Smith Inc. | \$ 517,320 | \$ (2,545)                                   |
| Raymond James Financial, Inc.              | \$ 314,845 | \$ (1,668)                                   |

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

(c) Security represents a beneficial interest in a trust. The collateral deposited into the trust is federally tax-exempt revenue bonds issued by various state or local governments, or their respective agencies or authorities. The security is subject to remarketing prior to its stated maturity.

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- (d) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (e) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (f) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from October 1, 2016 to November 15, 2019 is \$4,097,449.
- (g) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.
- (h) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 159,677                              | 1,220,366       | 1,380,043                            | \$ 243 |

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

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (concluded)****BlackRock Municipal Bond Investment Trust (BIE)**

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|                                    | Level 1      | Level 2       | Level 3 | Total         |
|------------------------------------|--------------|---------------|---------|---------------|
| <b>Assets:</b>                     |              |               |         |               |
| Investments:                       |              |               |         |               |
| Long-Term Investments <sup>1</sup> |              | \$ 80,424,414 |         | \$ 80,424,414 |
| Short-Term Securities              | \$ 1,380,043 | 500,000       |         | 1,880,043     |
| <b>Total</b>                       | \$ 1,380,043 | \$ 80,924,414 |         | \$ 82,304,457 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such liabilities are categorized within the disclosure hierarchy as follows:

|                        | Level 1 | Level 2         | Level 3 | Total           |
|------------------------|---------|-----------------|---------|-----------------|
| <b>Liabilities:</b>    |         |                 |         |                 |
| TOB trust certificates |         | \$ (16,755,823) |         | \$ (16,755,823) |
| VRDP Shares            |         | (17,800,000)    |         | (17,800,000)    |
| <b>Total</b>           |         | \$ (34,555,823) |         | \$ (34,555,823) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2013

## BlackRock Municipal Bond Trust (BBK)

(Percentages shown are based on Net Assets)

|   | Par<br>(000)         | Value        |
|---|----------------------|--------------|
| <b>Municipal Bonds</b>  |                      |              |
| <b>Alabama 4.2%</b>   |                      |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital, (AGC):               |                      |              |
| 6.00%, 6/01/34  | \$ 1,150             | \$ 1,276,753 |
| 6.00%, 6/01/39  | 450                  | 500,045      |
| City of Birmingham Alabama Waterworks Board, RB, Water System, 4.75%, 1/01/36   | 2,100                | 2,005,227    |
| City of Hoover Alabama Board of Education, Special Tax, Refunding, Capital Outlay Warrants, 4.25%, 2/15/40            | 2,750                | 2,494,057    |
|   |                      | 6,276,082    |
| <b>Arizona 8.8%</b>   |                      |              |
| Arizona Board of Regents, RB, Arizona State University, Series C, 5.50%, 7/01/26                                      | 200                  | 219,284      |
| Arizona Health Facilities Authority, Refunding RB, Phoenix Children s Hospital, Series A, 5.00%, 2/01/42              | 2,200                | 1,945,086    |
| County of Pima Arizona IDA, Refunding IDRDB, Tucson Electric Power Co. Project, Remarketing, Series B, 5.75%, 9/01/29 | 900                  | 916,128      |
| Pinal County Electric District No. 3, Refunding RB, Electric System, 4.75%, 7/01/31                                   | 3,750                | 3,601,462    |
| Salt Verde Financial Corp., RB, Senior:   |                      |              |
| 5.00%, 12/01/32   | 1,500                | 1,402,980    |
| 5.00%, 12/01/37   | 2,065                | 1,886,192    |
| San Luis Facility Development Corp., RB, Senior Lien Project, Regional Detention Center Project:                      |                      |              |
| 6.25%, 5/01/15  | 125                  | 121,439      |
| 7.00%, 5/01/20  | 300                  | 271,011      |
| 7.25%, 5/01/27  | 600                  | 478,350      |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/29                                  | 750                  | 767,340      |
| University Medical Center Corp., RB, 6.50%, 7/01/39   | 500                  | 529,480      |
| University Medical Center Corp., Refunding RB, 6.00%, 7/01/39   | 900                  | 913,383      |
|   |                      | 13,052,135   |
| <b>California 20.6%</b>   |                      |              |
| California County Tobacco Securitization Agency, RB, CAB, Stanislaus, Sub-Series C, 12.12%, 6/01/55 (a)               | 4,500                | 33,075       |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 5.88%, 8/15/31                         | 1,900                | 2,050,803    |
| California HFA, RB, Home Mortgage, Series G, AMT, 5.05%, 2/01/29  | 2,285                | 2,165,083    |
| Carlsbad California Unified School District, GO, Election of 2006, Series B, 5.90%, 5/01/34 (b)                       | 1,000                | 734,350      |
| City of Manteca California, Refunding RB, Sewer System, 4.00%, 12/01/33   | 3,395                | 2,977,347    |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 5.75%, 3/01/34   | 2,000                | 2,047,660    |
| Dinuba California Unified School District, GO, Election of 2006, (AGM):   |                      |              |
| 5.63%, 8/01/31  | 250                  | 259,465      |
| 5.75%, 8/01/33  | 500                  | 519,765      |
| Hartnell Community College District California, GO, CAB, Election of 2002, Series D, 6.10%, 8/01/34 (b)               | 1,650                | 1,053,971    |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 6.12%, 8/01/38 (a)   | 8,000                | 1,781,120    |
|   | <b>Par<br/>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |                      |              |
| <b>California (concluded)</b>   |                      |              |
| Palomar Community College District, GO, CAB, Election of 2006, Series B:  |                      |              |
| 5.71%, 8/01/30 (a)  | \$ 1,500             | \$ 578,625   |
| 5.96%, 8/01/33 (a)  | 4,000                | 1,241,400    |
| 6.20%, 8/01/39 (b)  | 2,000                | 991,920      |
| San Diego Community College District, GO, CAB, Election of 2002, 5.94%, 8/01/33 (b)                                   | 2,800                | 2,016,448    |
| San Jose California Evergreen Community College District, GO, Election of 2010, Series B, 3.50%, 8/01/32              | 1,200                | 988,860      |
| State of California, GO, Refunding:   |                      |              |
| Various Purposes, 5.00%, 2/01/38  | 3,000                | 2,983,140    |

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|  |       |            |
|--|-------|------------|
| Veterans, AMT, 5.05%, 12/01/36   | 305   | 284,437    |
| State of California, GO, Various Purposes:   |       |            |
| 5.75%, 4/01/31   | 2,000 | 2,133,360  |
| 6.00%, 3/01/33   | 1,000 | 1,125,700  |
| 6.50%, 4/01/33   | 1,950 | 2,265,881  |
| 5.50%, 3/01/40   | 2,350 | 2,427,714  |
|  |       | 30,660,124 |
| <b>Colorado 1.3%</b>   |       |            |
| Colorado Health Facilities Authority, RB, Catholic Health Initiatives, Series D, 6.25%, 10/01/33                               | 1,070 | 1,205,045  |
| Park Creek Metropolitan District, Refunding RB, Senior Limited Property Tax (AGM), 6.00%, 12/01/38                             | 750   | 782,115    |
|  |       | 1,987,160  |
| <b>Connecticut 1.4%</b>  |       |            |
| Connecticut State Health & Educational Facility Authority, Refunding RB:   |       |            |
| Hartford Healthcare, Series A, 5.00%, 7/01/32  | 1,250 | 1,220,113  |
| Lawrence & Memorial Hospital, Series F, 5.00%, 7/01/36   | 550   | 537,515    |
| Sacred Heart University, Series G, 5.38%, 7/01/31  | 400   | 400,220    |
|  |       | 2,157,848  |
| <b>Delaware 0.8%</b>   |       |            |
| County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Project, 6.00%, 10/01/40   | 1,200 | 1,205,484  |
| <b>Florida 1.9%</b>  |       |            |
| County of Lee Florida, Refunding ARB, Series A, AMT (AGM), 5.00%, 10/01/28   | 2,000 | 1,972,840  |
| County of Orange Florida Health Facilities Authority, Refunding RB, Mayflower Retirement Center, Inc. Project, 5.00%, 6/01/36  | 125   | 114,358    |
| Stevens Plantation Community Development District, Special Assessment, Series A, 7.10%, 5/01/35 (c)(d)                         | 910   | 677,531    |
|  |       | 2,764,729  |
| <b>Hawaii 0.3%</b>   |       |            |
| Hawaii State Department of Budget & Finance, Refunding RB, Special Purpose, Senior Living, Kahala Nui, 5.25%, 11/15/37         | 400   | 382,040    |
| <b>Idaho 1.3%</b>  |       |            |
| Idaho Health Facilities Authority, Refunding RB, Trinity Health Group, Series B, 6.25%, 12/01/33                               | 1,750 | 1,965,950  |
| <b>Illinois 6.3%</b>   |       |            |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/40   | 665   | 665,825    |
| City of Chicago Illinois O Hare International Airport, Refunding ARB, Passenger Facility Charge, Series B, AMT, 4.00%, 1/01/29 | 4,000 | 3,409,560  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Bond Trust (BBK)

(Percentages shown are based on Net Assets)

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (concluded)</b>   |              |              |
| Illinois Finance Authority, RB, Rush University Medical Center, Series C, 6.63%, 11/01/39                               | \$ 650       | \$ 712,263   |
| Illinois Finance Authority, Refunding RB:   |              |              |
| Friendship Village Schaumburg, Series A, 5.63%, 2/15/37   | 210          | 184,714      |
| OSF Healthcare System, Series A, 6.00%, 5/15/39   | 1,010        | 1,068,055    |
| Roosevelt University Project, 6.50%, 4/01/44  | 1,000        | 1,047,910    |
| Railsplitter Tobacco Settlement Authority, RB:  |              |              |
| 6.25%, 6/01/24  | 1,000        | 1,078,280    |
| 6.00%, 6/01/28  | 1,150        | 1,236,825    |
|   |              | 9,403,432    |
| <b>Indiana 0.6%</b>   |              |              |
| Indiana Finance Authority, Refunding RB, U.S. Steel Corp. Project, 6.00%, 12/01/26                                      | 1,000        | 939,020      |
| <b>Iowa 1.0%</b>  |              |              |
| Iowa Higher Education Loan Authority, Refunding RB, Private College Facility, Upper Iowa University Project:            |              |              |
| 5.75%, 9/01/30  | 500          | 517,155      |
| 6.00%, 9/01/39  | 1,000        | 1,028,930    |
|   |              | 1,546,085    |
| <b>Kansas 0.4%</b>  |              |              |
| County of Pratt Kansas Public Building Commission, RB, 3.25%, 12/01/32  | 800          | 629,000      |
| <b>Louisiana 3.4%</b>   |              |              |
| Lafayette Public Trust Financing Authority, Refunding RB, Ragin Cajun Facilities, Inc. Project (AGM), 3.75%, 10/01/32   |              |              |
|   | 270          | 228,139      |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB:                              |              |              |
| Parish of Plaquemines Project (AGM), 4.00%, 9/01/42   | 280          | 227,567      |
| Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35  | 1,050        | 1,090,016    |
| Louisiana Public Facilities Authority, RB:  |              |              |
| Belle Chasse Educational Foundation Project, 6.50%, 5/01/31   | 400          | 425,488      |
| Cleco Power LLC Project, Series B, 4.25%, 12/01/38  | 1,400        | 1,201,788    |
| Franciscan Missionaries of Our Lady Health System Project, Series B, 5.00%, 7/01/42                                     | 1,600        | 1,518,048    |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Public Improvement Sales Tax, 4.25%, 7/01/32            | 385          | 350,762      |
|   |              | 5,041,808    |
| <b>Maryland 2.0%</b>  |              |              |
| Maryland EDC, Refunding RB, CNX Marine Terminals, Inc., 5.75%, 9/01/25  | 250          | 256,582      |
| Maryland Health & Higher Educational Facilities Authority, Refunding RB, Doctors Community Hospital, 5.63%, 7/01/30     | 2,900        | 2,758,944    |
|   |              | 3,015,526    |
| <b>Michigan 5.5%</b>  |              |              |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 6.25%, 10/15/38                          | 1,250        | 1,409,350    |
| Michigan State Hospital Finance Authority, Refunding RB, Trinity Health Credit Group, Series C, 4.00%, 12/01/32         | 4,000        | 3,364,160    |
|   | Par<br>(000) | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (concluded)</b>   |              |              |
| Michigan Technological University, Refunding RB, General, Series A, 4.00%, 10/01/30                                     | \$ 1,290     | \$ 1,153,866 |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital Obligated Group, Series V, 8.25%, 9/01/39 | 1,950        | 2,328,905    |
|   |              | 8,256,281    |



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|   |        |            |
|---|--------|------------|
| <b>Minnesota 3.5%</b>   |        |            |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38                      | 4,600  | 5,260,100  |
| <b>Mississippi 3.5%</b>   |        |            |
| County of Warren Mississippi, RB, Gulf Opportunity Zone Bonds, International Paper Co. Project, Series A, 5.38%, 12/01/35   | 400    | 391,580    |
| Mississippi Development Bank, RB, Special Obligation:   |        |            |
| CAB, Hinds Community College District (AGM), 5.00%, 4/01/36   | 845    | 840,437    |
| Jackson County Limited Tax Note (AGC), 5.50%, 7/01/32   | 1,750  | 1,815,187  |
| University of Southern Mississippi, RB, Campus Facilities Improvements Project, 5.38%, 9/01/36                              | 2,100  | 2,166,738  |
|   |        | 5,213,942  |
| <b>Missouri 3.2%</b>  |        |            |
| Missouri Development Finance Board, RB:   |        |            |
| Annual Appropriation Sewer System, Series B, 5.00%, 11/01/41  | 900    | 850,608    |
| St. Joseph Sewage System Improvements, Series E, 5.25%, 5/01/31   | 580    | 564,978    |
| Missouri Development Finance Board, Refunding RB, Electric System Projects, Series F, 4.00%, 6/01/32                        | 1,750  | 1,494,622  |
| Missouri State Health & Educational Facilities Authority, RB:   |        |            |
| A.T. Still University of Health Sciences, 5.25%, 10/01/31   | 500    | 507,875    |
| Heartland Regional Medical Center, 4.13%, 2/15/43   | 770    | 613,105    |
| Missouri State Health & Educational Facilities Authority, Refunding RB, CoxHealth, Series A, 5.00%, 11/15/38                | 800    | 757,200    |
|   |        | 4,788,388  |
| <b>Montana 0.3%</b>   |        |            |
| Montana Facility Finance Authority, Refunding RB, Sisters of Charity of Leavenworth Health System, Series A, 4.75%, 1/01/40 | 450    | 429,795    |
| <b>Multi-State 7.5%</b>   |        |            |
| Centerline Equity Issuer Trust, Series B-2, 7.20%, 11/15/52 (e)(f)  | 10,500 | 11,177,775 |
| <b>Nebraska 1.6%</b>  |        |            |
| Central Plains Energy Project, RB, Gas Project No. 3, 5.00%, 9/01/42  | 600    | 540,738    |
| City of Omaha Nebraska, RB, Sanitary Sewerage System, 4.00%, 11/15/42   | 2,200  | 1,875,852  |
|   |        | 2,416,590  |
| <b>Nevada 1.2%</b>  |        |            |
| City of Las Vegas Nevada, Special Assessment, No. 809 Summerlin Area, 5.65%, 6/01/23  | 1,250  | 1,172,275  |
| County of Clark Nevada, Refunding RB, Alexander Dawson School Nevada Project, 5.00%, 5/15/29                                | 575    | 577,990    |
|   |        | 1,750,265  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Bond Trust (BBK)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Municipal Bonds</b>   |              |            |
| <b>New Jersey 11.8%</b>  |              |            |
| Middlesex County Improvement Authority, RB, Heldrich Center Hotel, Sub-Series B, 6.25%, 1/01/37 (c)(d)   | \$ 915       | \$ 63,977  |
| New Jersey EDA, RB, Continental Airlines, Inc. Project, AMT, 7.20%, 11/15/30 (g)   | 3,000        | 2,984,910  |
| New Jersey EDA, Refunding RB, First Mortgage, Winchester, Series A, 5.80%, 11/01/31  | 1,500        | 1,471,155  |
| New Jersey EDA, Refunding, Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/01/28   | 7,500        | 7,996,275  |
| New Jersey Educational Facilities Authority, Refunding RB, University of Medicine & Dentistry, Series B (h):   |              |            |
| 7.13%, 6/01/19   | 630          | 807,578    |
| 7.50%, 6/01/19   | 800          | 1,041,760  |
| New Jersey Health Care Facilities Financing Authority, Refunding RB, St.Barnabas Health, Series A:   |              |            |
| 4.63%, 7/01/23   | 510          | 521,755    |
| 5.00%, 7/01/25   | 500          | 514,725    |
| 5.63%, 7/01/37   | 1,700        | 1,696,532  |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series AA, 6.50%, 10/01/38  | 410          | 420,238    |
|  |              | 17,518,905 |
| <b>New York 7.8%</b>   |              |            |
| Albany Industrial Development Agency, RB, New Covenant Charter School Project, Series A, 7.00%, 5/01/35 (c)(d)                                       | 455          | 68,104     |
| City of New York New York, GO, Fiscal 2014, Sub-Series A-1:  |              |            |
| 5.00%, 8/01/29   | 400          | 421,084    |
| 5.00%, 8/01/35   | 1,580        | 1,609,641  |
| Hudson Yards Infrastructure Corp., RB, Series A (NPFGC), 5.00%, 2/15/47  | 750          | 712,830    |
| Metropolitan Transportation Authority, Refunding RB, Series D, 4.00%, 11/15/32   | 700          | 628,803    |
| New York City Industrial Development Agency, RB:   |              |            |
| American Airlines, Inc., JFK International Airport, AMT, 7.75%, 8/01/31 (g)  | 3,165        | 3,530,747  |
| PILOT, Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39   | 1,500        | 1,252,995  |
| New York Liberty Development Corp., Refunding RB, 2nd Priority Liberty, Bank of America Tower at One Bryant Park Project, Class 3, 6.38%, 7/15/49    | 800          | 842,856    |
| New York State Dormitory Authority, Refunding RB, State University Dormitory Facilities, Series A, 5.00%, 7/01/42                                    | 750          | 751,013    |
| Niagara Area Development Corp., Refunding RB, Solid Waste Disposal Facility, Covanta Energy Project, Series A, AMT, 5.25%, 11/01/42                  | 400          | 326,492    |
| Westchester County Healthcare Corp., Refunding RB, Senior Lien, Remarketing, Series A, 5.00%, 11/01/30   | 1,500        | 1,503,885  |
|  |              | 11,648,450 |
| <b>North Carolina 3.2%</b>   |              |            |
| Gaston County Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35 | 2,695        | 2,369,228  |
| North Carolina Medical Care Commission, Refunding RB:  |              |            |
| Health Care Facilities, Novant Health Obligated Group, Series A, 4.00%, 11/01/46   | 900          | 690,597    |
| <b>Municipal Bonds</b>   |              |            |
| <b>North Carolina (concluded)</b>  |              |            |
| North Carolina Medical Care Commission, Refunding RB (concluded):  |              |            |
| Southeastern Regional Medical Center, 3.25%, 6/01/27   | \$ 300       | \$ 248,268 |
| Southeastern Regional Medical Center, 5.00%, 6/01/32   | 660          | 644,259    |
| University Health System, Series D, 6.25%, 12/01/33  | 800          | 886,192    |
|  |              | 4,838,544  |
| <b>North Dakota 1.1%</b>   |              |            |

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|   |       |           |
|---|-------|-----------|
| City of Fargo North Dakota, Refunding RB, University Facilities Development Foundation Project, 3.00%, 12/01/30 | 400   | 307,156   |
| City of Grand Forks North Dakota, Refunding RB, Altru Health System Obligated Group, 5.00%, 12/01/32            | 1,415 | 1,350,901 |
|   |       | 1,658,057 |
| <b>Ohio 0.5%</b>  |       |           |
| Kent State University, RB, General Receipts, Series A, 5.00%, 5/01/42   | 800   | 776,232   |
| <b>Oklahoma 0.9%</b>  |       |           |
| Oklahoma Municipal Power Authority, RB, Power Supply System, Series A, 4.00%, 1/01/38                           | 1,690 | 1,405,590 |
| <b>Oregon 4.0%</b>  |       |           |
| City of Madras Oregon, GO, Refunding, 4.00%, 2/15/33  | 500   | 402,845   |
| Clackamas County Housing Authority, HRB, M/F, Easton Ridge Apartments Project, Series A:                        |       |           |
| 3.50%, 9/01/33  | 755   | 600,587   |
| 4.00%, 9/01/43  | 660   | 542,065   |
| 4.00%, 9/01/49  | 750   | 588,615   |
| Klamath County School District, GO:   |       |           |
| 4.00%, 6/15/32  | 600   | 547,230   |
| 4.00%, 6/15/33  | 420   | 379,848   |
| Oregon Health & Science University, RB, Series A, 5.75%, 7/01/39  | 750   | 807,090   |
| Oregon Health & Science University, Refunding RB:   |       |           |
| Series A, 3.00%, 7/01/24  | 1,000 | 926,090   |
| Series E, 5.00%, 7/01/32  | 750   | 747,232   |
| Oregon State Facilities Authority, Refunding RB, Linfield College Project, Series A, 5.25%, 10/01/40            | 500   | 477,065   |
|   |       | 6,018,667 |
| <b>Pennsylvania 2.9%</b>  |       |           |
| County of Allegheny Pennsylvania IDA, Refunding RB, US Steel Corp. Project, 6.55%, 12/01/27                     | 1,695 | 1,691,678 |
| Delaware River Port Authority, RB, Series D (AGM), 5.00%, 1/01/40   | 2,600 | 2,619,474 |
|   |       | 4,311,152 |
| <b>Puerto Rico 0.5%</b>   |       |           |
| Puerto Rico Sales Tax Financing Corp., RB:  |       |           |
| 1st Sub-Series A, 5.75%, 8/01/37  | 605   | 518,382   |
| CAB, Series A, 7.32%, 8/01/35 (a)   | 1,000 | 206,830   |
|   |       | 725,212   |
| <b>Rhode Island 2.0%</b>  |       |           |
| Rhode Island Health & Educational Building Corp., RB:   |       |           |
| City of Newport Issue, Series C, 4.00%, 5/15/33   | 980   | 888,654   |
| Hospital Financing, LifeSpan Obligation, Series A (AGC), 7.00%, 5/15/39   | 1,000 | 1,092,270 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Bond Trust (BBK)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Municipal Bonds</b>   |              |              |
| <b>Rhode Island (concluded)</b>  |              |              |
| State of Rhode Island, COP, School for the Deaf Project, Series C (AGC), 5.38%, 4/01/28  | \$ 900       | \$ 938,475   |
|  |              | 2,919,399    |
| <b>Tennessee 0.7%</b>  |              |              |
| Johnson City Health & Educational Facilities Board, RB, Mountain States Health, Series A, 5.00%, 8/15/42   | 800          | 733,720      |
| Memphis-Shelby County Sports Authority, Inc., Refunding RB, Memphis Arena Project, Series A, 5.38%, 11/01/28   | 275          | 284,823      |
|  |              | 1,018,543    |
| <b>Texas 20.3%</b>   |              |              |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/43  | 1,580        | 1,595,310    |
| County of Harris Texas-Houston Sports Authority, Refunding RB, CAB, Senior Lien, Series G (NPFGC), 6.59%, 11/15/41 (a)   | 11,690       | 1,877,180    |
| Harris County Cultural Education Facilities Finance Corp., Refunding RB, Young Men's Christian Association of the Greater Houston Area, Series A, 5.00%, 6/01/38 | 345          | 309,358      |
| Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B (h):   |              |              |
| 7.13%, 12/01/18  | 500          | 640,535      |
| 7.25%, 12/01/18  | 1,750        | 2,252,880    |
| Matagorda County Navigation District No. 1, Refunding RB, Central Power & Light Co. Project, Series A, 6.30%, 11/01/29   | 1,500        | 1,628,775    |
| Midland County Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A (a):  |              |              |
| 5.29%, 9/15/36   | 4,900        | 1,471,470    |
| 5.40%, 9/15/38   | 10,760       | 2,833,539    |
| Midland County Fresh Water Supply District No. 1, Refunding RB, City of Midland Project, 3.38%, 9/15/32  | 1,575        | 1,266,993    |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38 (i)  | 760          | 777,153      |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien, LBJ Infrastructure Group LLC, LBJ Freeway Managed Lanes Project, 7.00%, 6/30/40       | 2,000        | 2,155,800    |
| Texas State Turnpike Authority, RB, CAB (AMBAC), 6.08%, 8/15/35 (a)  | 50,000       | 13,417,500   |
|  |              | 30,226,493   |
| <b>Vermont 1.8%</b>  |              |              |
| University of Vermont & State Agricultural College, Refunding RB, Series A, 4.00%, 10/01/38  | 1,200        | 1,009,812    |
| Vermont Educational & Health Buildings Financing Agency, RB, Fletcher Allen Health Hospital, Series A, 4.75%, 12/01/36   | 800          | 749,640      |
| Vermont Educational & Health Buildings Financing Agency, Refunding RB, St. Michaels College Project, 5.00%, 10/01/42   | 900          | 855,027      |
|  |              | 2,614,479    |
| <b>Virginia 1.2%</b>   |              |              |
| County of Prince William Virginia IDA, Refunding RB, Novant Health Obligation Group, Series B, 4.00%, 11/01/46   | 1,200        | 913,428      |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings Project, AMT, 6.00%, 1/01/37   | 880          | 829,444      |
|  |              | 1,742,872    |
| <b>Municipal Bonds</b>   |              |              |
| <b>Washington 1.0%</b>   |              |              |
|  | \$ 1,400     | \$ 1,470,882 |

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Washington Health Care Facilities Authority, RB, MultiCare Health System, Series B (AGC),  
6.00%, 8/15/39

### West Virginia 2.1%

|  |       |           |
|--|-------|-----------|
| City of Wheeling West Virginia Waterworks & Sewerage System, RB, 5.00%, 6/01/38            | 2,000 | 1,941,800 |
| West Virginia University, RB, West Virginia University Projects, Series B, 5.00%, 10/01/36 | 1,100 | 1,118,238 |

3,060,038

### Wyoming 0.9%

County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing,  
5.25%, 7/15/26

|  |       |           |
|--|-------|-----------|
|  | 1,200 | 1,263,972 |
|--|-------|-----------|

### Total Municipal Bonds 143.3%

213,537,046

### Municipal Bonds Transferred to Tender Option Bond Trusts (j)

#### Colorado 2.4%

Colorado Health Facilities Authority, RB, Catholic Health, Series C-7 (AGM), 5.00%,  
9/01/36

|  |       |           |
|--|-------|-----------|
|  | 3,750 | 3,601,462 |
|--|-------|-----------|

#### Massachusetts 1.0%

Massachusetts Water Resources Authority, Refunding RB, General, Series A, 5.00%, 8/01/41

|  |       |           |
|--|-------|-----------|
|  | 1,450 | 1,463,036 |
|--|-------|-----------|

#### New Jersey 0.9%

New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B,  
5.25%, 6/15/36 (k)

|  |       |           |
|--|-------|-----------|
|  | 1,400 | 1,423,479 |
|--|-------|-----------|

#### New York 12.7%

Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 (k)

|  |       |           |
|--|-------|-----------|
|  | 2,500 | 2,568,526 |
|--|-------|-----------|

New York City Municipal Water Finance Authority, RB, Water & Sewer System:

2nd General Resolution, Series FF-2, 5.50%, 6/15/40

|  |     |         |
|--|-----|---------|
|  | 405 | 430,269 |
|--|-----|---------|

Fiscal 2009, Series A, 5.75%, 6/15/40

|  |     |         |
|--|-----|---------|
|  | 450 | 495,783 |
|--|-----|---------|

New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System:

2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47

|  |       |           |
|--|-------|-----------|
|  | 6,000 | 5,999,580 |
|--|-------|-----------|

Series A, 4.75%, 6/15/30

|  |       |           |
|--|-------|-----------|
|  | 3,000 | 3,031,020 |
|--|-------|-----------|

New York Liberty Development Corp., RB, Liberty, Secured by Port Authority Consolidated,  
Series 1WTC, 5.25%, 12/15/43

|  |       |           |
|--|-------|-----------|
|  | 2,505 | 2,548,523 |
|--|-------|-----------|

New York State Dormitory Authority, RB, New York University, Series A, 5.00%, 7/01/38

|  |       |           |
|--|-------|-----------|
|  | 2,199 | 2,209,537 |
|--|-------|-----------|

New York State Thruway Authority, Refunding RB, Transportation, Personal Income Tax,  
Series A, 5.00%, 3/15/31

|  |       |           |
|--|-------|-----------|
|  | 1,560 | 1,614,241 |
|--|-------|-----------|

18,897,479

#### Ohio 2.2%

County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41

|  |       |           |
|--|-------|-----------|
|  | 1,260 | 1,203,262 |
|--|-------|-----------|

Ohio Higher Educational Facility Commission, RB, Cleveland Clinic Health, Series A,  
5.25%, 1/01/33

|  |       |           |
|--|-------|-----------|
|  | 2,000 | 2,032,380 |
|--|-------|-----------|

3,235,642

### Total Municipal Bonds Transferred to

### Tender Option Bond Trusts 19.2%

28,621,098

### Total Long-Term Investments

(Cost \$246,650,119) 162.5%

242,158,144

See Notes to Financial Statements.

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Schedule of Investments (continued)

**BlackRock Municipal Bond Trust (BBK)**

(Percentages shown are based on Net Assets)

| Short-Term Securities  | Shares    | Value                 |
|--|-----------|-----------------------|
| FFI Institutional Tax-Exempt Fund, 0.03% (l)(m)  | 1,669,953 | \$ 1,669,953          |
| <b>Total Short-Term Securities</b>   |           |                       |
| (Cost \$1,669,953) 1.1%  |           | 1,669,953             |
| <b>Total Investments (Cost \$248,320,072) 163.6%</b>   |           | <b>243,828,097</b>    |
| <b>Other Assets Less Liabilities 1.4%</b>  |           | <b>2,119,553</b>      |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (11.4%)</b> |           | <b>(17,044,890)</b>   |
| <b>VMTP Shares, at Liquidation Value (53.6%)</b>   |           | <b>(79,900,000)</b>   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |           | <b>\$ 149,002,760</b> |

**Notes to Schedule of investments**

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (c) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (d) Non-income producing security.
- (e) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (f) Security represents a beneficial interest in a trust. The collateral deposited into the trust is federally tax-exempt revenue bonds issued by various state or local governments, or their respective agencies or authorities. The security is subject to remarketing prior to its stated maturity.
- (g) Variable rate security. Rate shown is as of report date.
- (h) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (i) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty               | Value      | Unrealized Appreciation |
|----------------------------|------------|-------------------------|
| J.P. Morgan Securities LLC | \$ 777,153 | \$ 61                   |

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- (j) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (k) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from February 15, 2019 to June 15, 2019 is \$2,411,757.
- (l) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FBI Institutional Tax-Exempt Fund | 583,607                              | 1,086,346       | 1,669,953                            | \$ 708 |

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

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock Municipal Bond Trust (BBK)

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 242,158,144 |         | \$ 242,158,144 |
| Short-Term Securities              | \$ 1,669,953 |                |         | 1,669,953      |
| <b>Total</b>                       | \$ 1,669,953 | \$ 242,158,144 |         | \$ 243,828,097 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                        | Level 1   | Level 2         | Level 3 | Total           |
|------------------------|-----------|-----------------|---------|-----------------|
| <b>Assets:</b>         |           |                 |         |                 |
| Cash                   | \$ 71,626 |                 |         | \$ 71,626       |
| <b>Liabilities:</b>    |           |                 |         |                 |
| TOB trust certificates |           | \$ (17,039,244) |         | (17,039,244)    |
| VMTP Shares            |           | (79,900,000)    |         | (79,900,000)    |
| <b>Total</b>           | \$ 71,626 | \$ (96,939,244) |         | \$ (96,867,618) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.



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## Schedule of Investments August 31, 2013

## BlackRock Municipal Income Investment Quality Trust (BAF)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 2.1%</b>   |              |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children's Hospital, (AGC):             |              |              |
| 6.13%, 6/01/34  | \$ 1,000     | \$ 1,116,279 |
| 6.00%, 6/01/39  | 1,000        | 1,111,210    |
| Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35            | 335          | 327,948      |
|   |              | 2,555,437    |
| <b>Arizona 0.2%</b>   |              |              |
| Arizona Board of Regents, COP, Refunding, University of Arizona, Series C, 5.00%, 6/01/28                           | 250          | 257,668      |
| <b>California 15.6%</b>   |              |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38       |              |              |
|   | 2,155        | 2,244,045    |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42                       | 1,120        | 1,231,832    |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41   | 1,400        | 1,486,996    |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33      | 1,025        | 1,087,207    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (NPFGC), 5.00%, 8/01/32           | 1,000        | 1,010,970    |
| Los Angeles County Public Works Financing Authority, LRB, Multiple Capital Projects II, 5.00%, 8/01/42              | 1,575        | 1,500,943    |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                           | 1,175        | 1,202,930    |
| Los Angeles Municipal Improvement Corp., LRB, Real Property, Series B (AGC), 5.50%, 4/01/39                         | 3,210        | 3,401,701    |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34                               | 1,000        | 1,035,630    |
| Sacramento California Municipal Utility District, RB, Series A, 5.00%, 8/15/37                                      | 1,065        | 1,068,291    |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B (AGC), 5.38%, 8/01/34                 | 1,125        | 1,186,808    |
| University of California, Refunding RB, Series J, 5.25%, 5/15/38  | 2,355        | 2,381,588    |
|   |              | 18,838,941   |
| <b>Colorado 4.0%</b>  |              |              |
| City & County of Denver Colorado Airport System, ARB, Subordinate System, Series B, 5.25%, 11/15/32                 |              |              |
|   | 3,250        | 3,283,020    |
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26              | 1,425        | 1,552,495    |
|   |              | 4,835,515    |
| <b>Florida 11.6%</b>  |              |              |
| City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/31   |              |              |
|   | 4,525        | 4,675,230    |
| County of Miami-Dade Florida Transit System Sales Surtax, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | 5,150        | 5,004,152    |
| County of Miami-Dade Florida Water & Sewer System, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29    | 1,845        | 1,930,220    |
| County of Osceola Florida School Board, COP, Refunding, Series A, 5.00%, 6/01/28                                    | 445          | 453,571      |
| JEA Florida Electric System, Refunding RB, Sub-Series C, 5.00%, 10/01/37  | 1,245        | 1,243,220    |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32 (a)  | 745          | 769,049      |
|   |              | 14,075,442   |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |

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|   |          |              |
|---|----------|--------------|
| <b>Georgia 2.3%</b>   |          |              |
| City of Atlanta Georgia Department of Aviation, GARB, Refunding Series C, 6.00%, 1/01/30                                | \$ 2,500 | \$ 2,764,800 |
| <b>Illinois 15.5%</b>   |          |              |
| Chicago Transit Authority, RB:  |          |              |
| Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26   | 1,300    | 1,387,516    |
| Sales Tax Receipts, 5.25%, 12/01/36   | 415      | 416,619      |
| Chicago Transit Authority, Refunding RB, Federal Transit Administration, Section 5309 (AGM), 5.00%, 6/01/28             | 3,000    | 2,999,760    |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38   | 515      | 521,901      |
| City of Chicago Illinois Board of Education, GO, Series A (AGM), 5.50%, 12/01/39  | 1,500    | 1,461,255    |
| City of Chicago Illinois O'Hare International Airport, GARB, 3rd Lien:  |          |              |
| Series A, 5.75%, 1/01/39  | 825      | 842,729      |
| Series C, 6.50%, 1/01/41  | 3,740    | 4,318,054    |
| Refunding, Series C (AGC), 5.25%, 1/01/30   | 1,000    | 1,014,990    |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien, Water Project, 5.00%, 11/01/42                             | 1,025    | 972,243      |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 6.00%, 8/15/41  | 1,885    | 1,984,717    |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Healthcare, 5.00%, 8/15/37                              | 300      | 299,577      |
| Railsplitter Tobacco Settlement Authority, RB:  |          |              |
| 5.50%, 6/01/23  | 915      | 999,299      |
| 6.00%, 6/01/28  | 260      | 279,630      |
| State of Illinois, GO, Various Purposes:  |          |              |
| 5.50%, 7/01/33  | 1,000    | 963,690      |
| 5.50%, 7/01/38  | 270      | 254,985      |
|   |          | 18,716,965   |
| <b>Indiana 2.1%</b>   |          |              |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38       | 2,415    | 2,495,878    |
| <b>Louisiana 1.8%</b>   |          |              |
| New Orleans Aviation Board Louisiana, GARB, Refunding Restructuring (AGC):  |          |              |
| Series A-1, 6.00%, 1/01/23  | 375      | 419,284      |
| Series A-2, 6.00%, 1/01/23  | 150      | 167,713      |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A:   |          |              |
| 5.50%, 5/15/28  | 740      | 769,119      |
| 5.50%, 5/15/29  | 790      | 812,894      |
|   |          | 2,169,010    |
| <b>Michigan 4.7%</b>  |          |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien (AGM):                                       |          |              |
| Series B, 7.50%, 7/01/33  | 580      | 626,348      |
| Series C-1, 7.00%, 7/01/27  | 1,800    | 1,883,556    |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/36                              | 1,700    | 1,707,718    |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital Obligated Group, Series V, 8.25%, 9/01/39 | 1,205    | 1,439,143    |
|   |          | 5,656,765    |
| <b>Minnesota 3.5%</b>   |          |              |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38                  | 3,680    | 4,208,080    |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Investment Quality Trust (BAF)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Mississippi 2.1%</b>   |              |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40                         | \$ 790       | \$ 931,805   |
| Mississippi Development Bank, Refunding RB, Special Obligation, Jackson Public School District Project, Series A, 5.00%, 4/01/28          | 1,000        | 1,003,740    |
| University of Southern Mississippi, Refunding RB, S.M. Educational Building Corp., Residence Hall Construction Project:<br>5.00%, 3/01/33 | 275          | 279,788      |
| 5.00%, 3/01/38  | 375          | 375,562      |
|   |              | 2,590,895    |
| <b>Missouri 0.3%</b>  |              |              |
| Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Refunding RB, Combined Lien, Series A, 5.00%, 10/01/28        | 295          | 307,723      |
| <b>Nevada 1.8%</b>  |              |              |
| County of Clark Nevada Water Reclamation District, GO, Series A, 5.25%, 7/01/34   | 2,000        | 2,156,120    |
| <b>New Jersey 5.7%</b>  |              |              |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38                                  | 1,300        | 1,315,405    |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29   | 1,540        | 1,580,363    |
| New Jersey Transportation Trust Fund Authority, RB:<br>Transportation Program, Series AA, 5.50%, 6/15/39                                  | 540          | 560,234      |
| Transportation System, Series A (AGC), 5.50%, 12/15/38  | 2,000        | 2,092,380    |
| Rutgers The State University of New Jersey, Refunding RB:<br>Series J, 5.00%, 5/01/32   | 825          | 853,727      |
| Series L, 5.00%, 5/01/32  | 510          | 527,758      |
|   |              | 6,929,867    |
| <b>New York 6.4%</b>  |              |              |
| New York City Transitional Finance Authority Building Aid, BARB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/29                            | 2,465        | 2,707,753    |
| New York State Dormitory Authority, RB, General Purpose, Series C, 5.00%, 3/15/41   | 5,000        | 5,037,350    |
|   |              | 7,745,103    |
| <b>Ohio 1.1%</b>  |              |              |
| Ohio Higher Educational Facility Commission, Refunding RB, Kenyon College Project, 5.00%, 7/01/37   | 180          | 175,340      |
| Ohio State Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:<br>5.25%, 2/15/30                                   | 620          | 644,341      |
| 5.25%, 2/15/31  | 470          | 486,281      |
|   |              | 1,305,962    |
| <b>Pennsylvania 1.6%</b>  |              |              |
| Pennsylvania Higher Educational Facilities Authority, RB, Temple University, 1st Series, 5.00%, 4/01/42                                   | 2,000        | 1,987,860    |
| <b>Puerto Rico 1.0%</b>   |              |              |
| Puerto Rico Sales Tax Financing Corp., RB, 1st Sub-Series A, 6.38%, 8/01/39   | 675          | 636,316      |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40  | 690          | 595,822      |
|   |              | 1,232,138    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |

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|  |          |                    |
|--|----------|--------------------|
| <b>South Carolina 5.9%</b>   |          |                    |
| Charleston Educational Excellence Finance Corp., Refunding RB, Charleston County Schools, 5.00%, 12/01/29                      | \$ 1,035 | \$ 1,081,389       |
| City of North Charleston South Carolina, RB, Public Facilities Corp., Installment Purchase, 5.00%, 6/01/35                     | 6,000    | 6,033,360          |
|  |          | 7,114,749          |
| <b>Texas 20.3%</b>   |          |                    |
| Austin Community College District Public Facility Corp., RB, Educational Facilities Project, Round Rock Campus, 5.25%, 8/01/33 | 2,000    | 2,075,360          |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37   | 980      | 1,025,521          |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A, (AGC): 6.00%, 11/15/35                        | 2,600    | 2,928,042          |
| 6.00%, 11/15/36  | 2,215    | 2,511,588          |
| 5.38%, 11/15/38  | 1,000    | 1,053,830          |
| Frisco Texas ISD, GO, School Building (AGC), 5.50%, 8/15/41  | 3,365    | 3,736,462          |
| Lower Colorado River Authority, Refunding RB, Series B, 5.00%, 5/15/37   | 1,090    | 1,053,202          |
| North Texas Tollway Authority, RB, Special Projects, System, Series A, 5.50%, 9/01/41  | 1,000    | 1,044,040          |
| North Texas Tollway Authority, Refunding RB, System 1st Tier: (AGM), 6.00%, 1/01/43  | 1,000    | 1,059,440          |
| Series K-1 (AGC), 5.75%, 1/01/38   | 1,500    | 1,566,990          |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38 (a)                                | 440      | 449,931            |
| Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC), 6.50%, 7/01/37      | 1,000    | 1,077,160          |
| Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43  | 5,000    | 4,939,150          |
|  |          | 24,520,716         |
| <b>Virginia 1.3%</b>   |          |                    |
| Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | 370      | 376,538            |
| Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/18 (b)  | 1,000    | 1,249,080          |
|  |          | 1,625,618          |
| <b>Washington 2.5%</b>   |          |                    |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36                                     | 1,025    | 1,065,785          |
| Spokane Public Facilities District, RB, Hotel/Motel & Sales/Use Tax, Series A, 5.00%, 12/01/38                                 | 1,210    | 1,156,445          |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36  | 795      | 831,204            |
|  |          | 3,053,434          |
| <b>Total Municipal Bonds 113.4%</b>  |          | <b>137,144,686</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>  |          |                    |
| <b>Alabama 1.3%</b>  |          |                    |
| City of Mobile Alabama Board of Water and Sewer Commissioners, RB, (NPFGC), 5.00%, 1/01/31                                     | 1,500    | 1,522,560          |
| <b>California 10.0%</b>  |          |                    |
| San Marcos Unified School District, GO, Election of 2010, Series A, 5.25%, 8/01/31   | 10,680   | 11,121,618         |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Investment Quality Trust (BAF)

(Percentages shown are based on Net Assets)

|  | Par        |              |
|--|------------|--------------|
|  | (000)      | Value        |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>  |            |              |
| <b>California (concluded)</b>  |            |              |
| University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37  | \$ 1,000   | \$ 1,001,384 |
|  |            | 12,123,002   |
| <b>District of Columbia 0.7%</b>   |            |              |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/35 (d)                       | 760        | 845,459      |
| <b>Illinois 2.6%</b>   |            |              |
| Illinois State Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33   | 2,999      | 3,164,660    |
| <b>Kentucky 0.8%</b>   |            |              |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27                            | 898        | 967,991      |
| <b>Massachusetts 1.7%</b>  |            |              |
| Massachusetts School Building Authority, RB, Senior Dedicated Sales Tax, Series B, 5.00%, 10/15/41                           | 2,000      | 2,034,620    |
| <b>Nevada 5.4%</b>   |            |              |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, 6.00%, 7/01/38   | 2,000      | 2,248,500    |
| Las Vegas Valley Water District, GO, Refunding, Additionally Secured by SNWA Pledged, Series C, 5.00%, 6/01/28               | 4,100      | 4,287,247    |
|  |            | 6,535,747    |
| <b>New Jersey 6.7%</b>   |            |              |
| New Jersey EDA, RB, School Facilities Construction, (AGC):   |            |              |
| 6.00%, 12/15/18 (b)  | 329        | 366,621      |
| 6.00%, 12/15/34  | 671        | 747,619      |
| New Jersey State Turnpike Authority, RB, Series A, 5.00%, 1/01/38 (d)  | 6,020      | 5,977,679    |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (d)                      | 1,000      | 1,016,771    |
|  |            | 8,108,690    |
| <b>New York 12.3%</b>  |            |              |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 (d)  | 1,000      | 1,027,410    |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System 2nd General Resolution Fiscal 2012:      |            |              |
| Series BB, 5.25%, 6/15/44  | 4,993      | 5,113,914    |
| Series FF, 5.00%, 6/15/45  | 3,019      | 3,014,042    |
| New York City Transitional Finance Authority Building Aid, BARB, Series B-3, 5.25%, 1/15/39                                  | 900        | 916,145      |
|  | <b>Par</b> |              |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (c)</b>  |            |              |
| <b>New York (concluded)</b>  |            |              |
| New York Liberty Development Corp., RB, Liberty, Secured by Port Authority Consolidated, Series 1WTC, 5.25%, 12/15/43        | \$ 2,955   | \$ 3,006,341 |
| New York Liberty Development Corp., Refunding RB, Liberty, 4 World Trade Center Project, 5.75%, 11/15/51 (d)                 | 1,740      | 1,826,826    |
|  |            | 14,904,678   |
| <b>Texas 5.5%</b>  |            |              |
| North Texas Tollway Authority, RB, Special Projects, System, Series A, 5.50%, 9/01/41  | 2,310      | 2,411,733    |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 4,456      | 4,289,037    |
|  |            | 6,700,770    |

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|  |       |             |
|--|-------|-------------|
| <b>Utah 0.8%</b>   |       |             |
| City of Riverton Utah, RB, Hospital, IHC Health Services, Inc., 5.00%, 8/15/41 | 1,005 | 991,319     |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 47.8%</b>    |       | 57,899,496  |
| <b>Total Long-Term Investments (Cost \$197,137,018) 161.2%</b>                 |       | 195,044,182 |

### Short-Term Securities

|  |               |                |
|--|---------------|----------------|
| <b>California 1.0%</b>   |               |                |
| California Pollution Control Financing Authority, RB, VRDN, Air Products & Chemicals, Inc., Series B, 0.06%, 9/03/2013 (e) | 1,200         | 1,200,000      |
|  | <b>Shares</b> |                |
| <b>Money Market Funds 0.4%</b>   |               |                |
| FFI Institutional Tax-Exempt Fund, 0.03% (f)(g)  | 452,174       | 452,174        |
| <b>Total Short-Term Securities (Cost \$1,652,174) 1.4%</b>   |               | 1,652,174      |
| <b>Total Investments (Cost \$198,789,192) 162.6%</b>   |               | 196,696,356    |
| <b>Other Assets Less Liabilities 0.3%</b>  |               | 320,555        |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (28.0%)</b>                           |               | (33,855,247)   |
| <b>VMTP Shares, at Liquidation Value (34.9%)</b>   |               | (42,200,000)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 120,961,664 |

### Notes to Schedule of investments

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

| Counterparty                  | Value      | Unrealized<br>Appreciation<br>(Depreciation) |
|-------------------------------|------------|--|
| J.P. Morgan Securities LLC    | \$ 449,931 | \$ 35  |
| Raymond James Financial, Inc. | \$ 769,049 | \$ (4,075)                                   |

(b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

(c) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

(d) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from October 1, 2016 to July 1, 2020 is \$7,491,035.

See Notes to Financial Statements.

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Schedule of Investments (concluded)

BlackRock Municipal Income Investment Quality Trust (BAF)

(e) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.

(f) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31, | Net<br>Activity | Shares Held<br>at August 31, | Income |
|-----------------------------------|------------------------------|-----------------|------------------------------|--------|
|                                   | 2012                         |                 | 2013                         |        |
| FFI Institutional Tax-Exempt Fund | 908,400                      | (456,226)       | 452,174                      | \$ 408 |

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

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

Level 1 unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|                                    | Level 1    | Level 2        | Level 3 | Total          |
|------------------------------------|------------|----------------|---------|----------------|
| <b>Assets:</b>                     |            |                |         |                |
| Investments:                       |            |                |         |                |
| Long-Term Investments <sup>1</sup> |            | \$ 195,044,182 |         | \$ 195,044,182 |
| Short-Term Securities              | \$ 452,174 | 1,200,000      |         | 1,652,174      |

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|              |            |                |                |
|--------------|------------|----------------|----------------|
| <b>Total</b> | \$ 452,174 | \$ 196,244,182 | \$ 196,696,356 |
|--------------|------------|----------------|----------------|

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                        | Level 1   | Level 2         | Level 3 | Total           |
|------------------------|-----------|-----------------|---------|-----------------|
| <b>Assets:</b>         |           |                 |         |                 |
| Cash                   | \$ 37,830 |                 |         | \$ 37,830       |
| <b>Liabilities:</b>    |           |                 |         |                 |
| TOB trust certificates |           | \$ (33,845,143) |         | (33,845,143)    |
| VMTP Shares            |           | (42,200,000)    |         | (42,200,000)    |
| <b>Total</b>           | \$ 37,830 | \$ (76,045,143) |         | \$ (76,007,313) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.



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## Schedule of Investments August 31, 2013

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 4.0%</b>   |              |              |
| Alabama State Docks Department, Refunding RB, 6.00%, 10/01/40   | \$ 3,800     | \$ 4,137,592 |
| City of Birmingham Alabama Airport Authority, ARB, Series 2010 (AGM), 5.50%, 7/01/40  | 5,800        | 5,932,066    |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s<br>Hospital (AGC), 6.00%, 6/01/39            | 1,495        | 1,661,259    |
| County of Jefferson Alabama, RB, Limited Obligation School, Series A, 4.75%, 1/01/25  | 2,800        | 2,660,672    |
|   |              | 14,391,589   |
| <b>Alaska 0.3%</b>  |              |              |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series<br>A, 5.50%, 10/01/41                      | 1,070        | 1,100,880    |
| <b>Arizona 0.5%</b>   |              |              |
| State of Arizona, COP, Department of Administration, Series A, (AGM):   |              |              |
| 5.00%, 10/01/27   | 1,500        | 1,552,800    |
| 5.25%, 10/01/28   | 250          | 260,823      |
|   |              | 1,813,623    |
| <b>California 20.2%</b>   |              |              |
| California Health Facilities Financing Authority, RB, Series A:   |              |              |
| St. Joseph Health System, 5.75%, 7/01/39  | 625          | 672,575      |
| Sutter Health, 5.00%, 8/15/52   | 1,550        | 1,405,463    |
| California Infrastructure & Economic Development Bank, RB, Bay Area Toll Bridges, 1st<br>Lien, Series A (AMBAC), 5.00%, 1/01/28 (a) | 10,100       | 11,623,181   |
| California State Public Works Board, LRB, Various Judicial Council Projects, Series A,<br>5.00%, 3/01/38                            | 3,280        | 3,154,573    |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series<br>A, 5.00%, 4/01/42                          | 1,620        | 1,551,085    |
| Coast Community College District, GO, CAB, Election of 2002, Series C, (AGM):   |              |              |
| 5.00%, 8/01/31 (b)  | 7,450        | 7,638,932    |
| 5.47%, 8/01/36 (c)  | 4,200        | 1,220,100    |
| County of Orange California Sanitation District, COP, Series B (AGM), 5.00%, 2/01/31  | 2,500        | 2,558,475    |
| County of Ventura California Public Financing Authority, Refunding LRB, Series A,<br>5.00%, 11/01/43                                | 2,150        | 2,059,485    |
| Metropolitan Water District of Southern California, RB, Authorization, Series B-1<br>(NPFGC), 5.00%, 10/01/13 (a)                   | 15,000       | 15,062,250   |
| Monterey Peninsula Community College District, GO, CAB, Series C, (AGM) (c):  |              |              |
| 5.75%, 8/01/31  | 13,575       | 4,915,507    |
| 5.78%, 8/01/32  | 14,150       | 4,814,679    |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008,<br>Series A, 6.06%, 8/01/43 (b)                 | 1,580        | 672,685      |
| San Diego California Unified School District, GO, CAB, Election 2008, Series C,<br>6.12%, 7/01/38 (c)                               | 2,000        | 447,520      |
| San Diego California Unified School District, GO, Refunding, CAB, Series R-1 (c):   |              |              |
| 5.66%, 7/01/30  | 5,995        | 2,350,220    |
| 5.75%, 7/01/31  | 1,400        | 509,334      |
| San Jose California Unified School District, GO, Election of 2002, Series B (NPFGC),<br>5.00%, 8/01/15 (a)                          | 2,350        | 2,554,967    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (concluded)</b>   |              |              |
| State of California, GO, Refunding, Various Purposes, 5.00%, 10/01/41   | \$ 1,100     | \$ 1,091,739 |
| State of California, GO, Various Purposes, 5.00%, 4/01/42   | 5,000        | 4,962,150    |
| Yosemite Community College District, GO, CAB, Election of 2004, Series D,<br>6.09%, 8/01/37 (c)                                     | 10,000       | 2,381,300    |

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|  |        |            |
|--|--------|------------|
|  |        | 71,646,220 |
| <b>Colorado 0.5%</b>   |        |            |
| Colorado State Board of Governors, Refunding RB, Series A, 5.00%, 3/01/43  | 875    | 860,414    |
| Regional Transportation District, COP, Refunding, Series A, 5.38%, 6/01/31   | 960    | 992,285    |
|  |        | 1,852,699  |
| <b>District of Columbia 2.7%</b>   |        |            |
| District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, 6.75%, 5/15/40                        | 9,500  | 9,618,560  |
| <b>Florida 12.4%</b>   |        |            |
| City of Jacksonville Florida, Refunding RB, Transportation, Series A, 5.00%, 10/01/30                                      | 320    | 327,971    |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33  | 1,400  | 1,443,624  |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34                                   | 6,750  | 7,049,025  |
| County of Duval Florida School Board, COP, Master Lease Program (AGM), 5.00%, 7/01/33                                      | 3,475  | 3,490,394  |
| County of Miami-Dade Florida, RB, CAB, Special Obligation, Sub-Series A (NPFGC), 5.99%, 10/01/38 (c)                       | 22,270 | 5,066,425  |
| County of Miami-Dade Florida, Refunding RB, Special Obligation, Sub-Series B, 5.00%, 10/01/37                              | 780    | 749,362    |
| County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport: Series A, 5.50%, 10/01/36               | 5,000  | 5,142,750  |
| Series A-1, 5.50%, 10/01/41  | 5,000  | 5,102,550  |
| County of Miami-Dade Florida Transit System Sales Surtax, RB, Transit System Sales Surtax (AGM), 5.00%, 7/01/35            | 1,300  | 1,302,119  |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, AMT, 5.63%, 7/01/39 | 300    | 301,974    |
| Florida Department of Environmental Protection, RB, Florida Forever Project, Series B (NPFGC), 5.00%, 7/01/27              | 6,150  | 6,457,316  |
| Florida Housing Finance Corp., RB, Homeowner Mortgage, Series 3 (Ginnie Mae, Fannie Mae & Freddie Mac), 5.45%, 7/01/33     | 3,090  | 3,154,828  |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/33 (d)   | 1,340  | 1,378,002  |
| South Florida Water Management District, COP, (AMBAC), 5.00%, 10/01/36   | 1,000  | 1,001,090  |
| Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36  | 2,000  | 2,065,060  |
|  |        | 44,032,490 |
| <b>Georgia 2.7%</b>  |        |            |
| City of Atlanta Georgia Department of Aviation, GARB, Refunding Series C, 6.00%, 1/01/30                                   | 7,500  | 8,294,400  |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogle Project, Series C, 5.70%, 1/01/43      | 1,250  | 1,290,325  |
|  |        | 9,584,725  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Hawaii 1.5%</b>  |              |              |
| State of Hawaii Harbor System, RB, Series A, 5.50%, 7/01/35   | \$ 5,000     | \$ 5,255,050 |
| <b>Illinois 6.0%</b>  |              |              |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36  | 650          | 652,535      |
| City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39  | 2,590        | 2,465,551    |
| City of Chicago Illinois Park District, GO, Harbor Facilities, Series C, 5.25%, 1/01/40   | 600          | 606,870      |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B, 5.00%, 12/15/37   | 310          | 310,195      |
| County of Cook Illinois Forest Preserve District, GO, Series C, 5.00%, 12/15/37   | 360          | 361,246      |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42   | 7,275        | 7,090,215    |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Expansion Project, Series B, 4.25%, 6/15/42   | 9,000        | 7,666,920    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | 710          | 763,605      |
| State of Illinois, GO, Various Purposes:<br>5.50%, 7/01/33  | 880          | 848,047      |
| 5.50%, 7/01/38  | 475          | 448,585      |
|   |              | 21,213,769   |
| <b>Indiana 2.1%</b>   |              |              |
| Indiana Finance Authority, RB, CWA Authority Project, 1st Lien, Series A, 5.25%, 10/01/38   | 1,100        | 1,107,876    |
| Indiana Municipal Power Agency, RB, Series B, 5.75%, 1/01/34  | 450          | 455,454      |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38   | 5,750        | 5,942,567    |
|   |              | 7,505,897    |
| <b>Iowa 1.4%</b>  |              |              |
| Iowa Finance Authority, RB, Iowa Health System, Series A (AGC), 5.63%, 8/15/37  | 5,000        | 5,185,250    |
| <b>Kentucky 0.4%</b>  |              |              |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/29   | 1,500        | 1,548,075    |
| <b>Louisiana 3.1%</b>   |              |              |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, East Baton Rouge Sewerage Commission Projects, Sub-Lien, Series A:<br>5.00%, 2/01/43 | 1,550        | 1,478,808    |
| 4.00%, 2/01/48  | 1,550        | 1,223,167    |
| State of Louisiana Gasoline & Fuels Tax, RB, Series A (AGM), 5.00%, 5/01/31   | 7,500        | 7,933,875    |
| Terrebonne Levee & Conservation District, RB, Public Improvement Sales Tax, 5.00%, 7/01/38  | 385          | 368,099      |
|   |              | 11,003,949   |
| <b>Massachusetts 0.4%</b>   |              |              |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43   | 1,395        | 1,420,682    |
| <b>Michigan 2.4%</b>  |              |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, 2nd Lien, Series E (BHAC), 5.75%, 7/01/31  | 3,000        | 3,035,010    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (concluded)</b>   |              |              |
| Lansing Board of Water & Light, RB, Utilities System, Series A, 5.50%, 7/01/41  | \$ 1,100     | \$ 1,150,446 |
| Michigan State Building Authority, Refunding RB, Facilities Program:<br>Series I-A, 5.38%, 10/15/36   | 2,000        | 2,034,760    |
| Series I-A, 5.38%, 10/15/41   | 800          | 808,072      |

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|  |        |            |
|--|--------|------------|
| Series II-A, 5.38%, 10/15/36   | 1,500  | 1,526,070  |
|  |        | 8,554,358  |
| <b>Missouri 0.3%</b>   |        |            |
| Missouri State Health & Educational Facilities Authority, Refunding RB, CoxHealth, Series A, 5.00%, 11/15/44                 | 1,160  | 1,085,308  |
| <b>Nebraska 2.5%</b>   |        |            |
| Central Plains Energy Project, RB, Gas Project No. 3, 5.25%, 9/01/37   | 9,345  | 8,856,724  |
| <b>Nevada 1.2%</b>   |        |            |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39                        | 4,100  | 4,183,804  |
| <b>New Jersey 3.5%</b>   |        |            |
| New Jersey Transportation Trust Fund Authority, RB:  |        |            |
| CAB, Transportation System, Series A, 6.06%, 12/15/38 (c)  | 5,845  | 1,291,336  |
| CAB, Transportation System, Series A, 6.14%, 12/15/40 (c)  | 10,000 | 1,919,500  |
| CAB, Transportation System, Series C (BHAC), 5.09%, 12/15/27 (c)   | 8,000  | 3,900,960  |
| Transportation Program, Series AA, 5.25%, 6/15/33  | 1,660  | 1,695,557  |
| Transportation System, Series A, 5.50%, 6/15/41  | 3,000  | 3,091,680  |
| Rutgers The State University of New Jersey, Refunding RB, Series L, 5.00%, 5/01/43   | 515    | 528,879    |
|  |        | 12,427,912 |
| <b>New York 1.2%</b>   |        |            |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47  | 770    | 791,175    |
| New York City Transitional Finance Authority Building Aid, BARB, Fiscal 2009, Series S-4, 5.50%, 1/15/33                     | 1,950  | 2,154,379  |
| New York State Dormitory Authority, ERB, Series B, 5.75%, 3/15/36  | 1,300  | 1,442,701  |
|  |        | 4,388,255  |
| <b>North Carolina 0.7%</b>   |        |            |
| North Carolina Medical Care Commission, RB, Health Care Facilities, Novant Health Obligated Group, Series A, 4.75%, 11/01/43 | 2,875  | 2,609,954  |
| <b>Ohio 1.6%</b>   |        |            |
| County of Allen Ohio, Refunding RB, Hospital Facilities, Catholic Health Partners, Series A, 5.00%, 5/01/42                  | 2,875  | 2,676,424  |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37  | 610    | 684,451    |
| Ohio Higher Educational Facility Commission, Refunding RB, Kenyon College Project, 5.00%, 7/01/37                            | 385    | 375,032    |
| Ohio State Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: 5.25%, 2/15/32                         | 780    | 803,423    |
| 5.25%, 2/15/33   | 1,095  | 1,123,711  |
|  |        | 5,663,041  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Pennsylvania 0.4%</b>  |              |              |
| Pennsylvania Turnpike Commission, RB:   |              |              |
| Series C, 5.50%, 12/01/33   | \$ 630       | \$ 660,650   |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36                              | 625          | 684,437      |
|   |              | 1,345,087    |
| <b>Puerto Rico 2.6%</b>   |              |              |
| Puerto Rico Sales Tax Financing Corp., RB, 1st Sub-Series A:                          |              |              |
| 6.38%, 8/01/39  | 2,660        | 2,507,555    |
| 5.50%, 8/01/42  | 950          | 771,220      |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Series C:                        |              |              |
| CAB, 7.35%, 8/01/39 (c)   | 17,625       | 2,713,897    |
| Senior, 5.25%, 8/01/40  | 3,660        | 3,160,447    |
|   |              | 9,153,119    |
| <b>South Carolina 2.2%</b>  |              |              |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health Alliance, Series A (AGM),      |              |              |
| 6.50%, 8/01/39  | 260          | 282,402      |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40                              | 5,000        | 5,074,150    |
| South Carolina State Public Service Authority, Refunding RB, Santee Cooper, Series B, |              |              |
| 5.00%, 12/01/38   | 2,360        | 2,329,815    |
|   |              | 7,686,367    |
| <b>Tennessee 0.4%</b>   |              |              |
| Memphis Center City Revenue Finance Corp., RB, Pyramid & Pinch District, Series B     |              |              |
| (AGM), 5.25%, 11/01/30  | 1,240        | 1,288,298    |
| <b>Texas 31.1%</b>  |              |              |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38       | 615          | 623,278      |
| City of San Antonio Texas Water System, Refunding RB, (NPFGC), 5.13%, 5/15/14 (a)     | 19,250       | 19,919,323   |
| Comal Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/01/36                        | 2,500        | 2,585,550    |
| Coppell Texas ISD, GO, CAB, Refunding (PSF-GTD), 4.25%, 8/15/30 (c)                   | 10,030       | 4,915,502    |
| County of Harris Texas, GO, Refunding, (NPFGC) (c):                                   |              |              |
| 3.75%, 8/15/25  | 7,485        | 4,799,382    |
| 4.08%, 8/15/28  | 10,915       | 5,965,375    |
| County of Harris Texas-Houston Sports Authority, Refunding RB (NPFGC) (c):            |              |              |
| 3rd Lien, Series A-3, 6.94%, 11/15/38   | 16,890       | 3,024,999    |
| CAB, Junior Lien, Series H, 6.46%, 11/15/38   | 5,785        | 1,164,810    |
| CAB, Junior Lien, Series H, 6.94%, 11/15/39   | 6,160        | 1,030,506    |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, Series B, 5.00%,     |              |              |
| 11/01/44  | 12,500       | 11,713,375   |
| Dallas-Fort Worth International Airport, Refunding ARB, Joint Improvement, Series C,  |              |              |
| 5.00%, 11/01/45   | 3,500        | 3,272,045    |
| Mansfield Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/15/33                    | 2,980        | 3,128,195    |
| Midland County Fresh Water Supply District No. 1, RB, CAB, City of Midland Project,   |              |              |
| Series A, 5.29%, 9/15/36 (c)  | 2,340        | 702,702      |
| North Texas Tollway Authority, Refunding RB, 1st Tier Series A:                       |              |              |
| 6.00%, 1/01/28  | 625          | 695,850      |
| System (NPFGC), 5.75%, 1/01/40  | 23,050       | 24,108,225   |
| Northside Independent School District, GO, School Building (PSF-GTD), 5.13%, 6/15/29  | 9,500        | 9,742,535    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Texas (concluded)</b>  |              |              |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing &    |              |              |
| Expansion Project, 4.00%, 9/15/42   | \$ 2,575     | \$ 2,089,098 |

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|   |               |                    |
|---|---------------|--------------------|
| <b>Texas Municipal Gas Acquisition &amp; Supply Corp. III, RB:</b>  |               |                    |
| 5.00%, 12/15/28   | 3,600         | 3,415,176          |
| 5.00%, 12/15/31   | 2,105         | 1,916,455          |
| <b>Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41</b> |               |                    |
|   | 6,250         | 5,814,688          |
|   |               | 110,627,069        |
| <b>Washington 2.9%</b>  |               |                    |
| County of King Washington Sewer, Refunding RB, (AGM), 5.00%, 1/01/36  |               |                    |
|   | 2,200         | 2,241,536          |
| Washington Health Care Facilities Authority, RB:  |               |                    |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44  |               |                    |
|   | 2,000         | 1,880,260          |
| MultiCare Health System, Series C (AGC), 5.50%, 8/15/43   |               |                    |
|   | 4,000         | 4,006,760          |
| Providence Health & Services, Series A, 5.00%, 10/01/39   |               |                    |
|   | 500           | 475,520            |
| Providence Health & Services, Series A, 5.25%, 10/01/39   |               |                    |
|   | 675           | 675,337            |
| Washington Health Care Facilities Authority, Refunding RB, Providence Health & Services, Series A, 5.00%, 10/01/42      |               |                    |
|   | 940           | 885,104            |
|   |               | 10,164,517         |
| <b>Wisconsin 0.4%</b>   |               |                    |
| Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Care Group, 5.00%, 11/15/33            |               |                    |
|   | 1,500         | 1,520,925          |
| <b>Total Municipal Bonds</b>  | <b>111.6%</b> | <b>396,728,196</b> |

### Municipal Bonds Transferred to

#### Tender Option Bond Trusts (e)

|  |       |            |
|--|-------|------------|
| <b>Arizona 2.1%</b>  |       |            |
| Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34     |       |            |
|  | 1,300 | 1,333,917  |
| Phoenix Civic Improvement Corp., RB, Sub-Civic Plaza Expansion Project, Series A (NPFGC), 5.00%, 7/01/37       |       |            |
|  | 4,490 | 4,458,795  |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38    |       |            |
|  | 1,500 | 1,509,195  |
|  |       | 7,301,907  |
| <b>California 8.3%</b>   |       |            |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 (f)                               |       |            |
|  | 3,379 | 3,399,217  |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32                         |       |            |
|  | 8,000 | 8,108,160  |
| Foothill-De Anza Community College District, GO, Refunding, Election of 1999, Series C (NPFGC), 5.00%, 8/01/36 |       |            |
|  | 7,500 | 7,520,025  |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM, NPFGC), 5.00%, 8/01/32 |       |            |
|  | 5,000 | 5,054,850  |
| San Diego Community College District, GO, Election of 2002, 5.25%, 8/01/33                                     |       |            |
|  | 449   | 486,443    |
| San Diego County Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/33                               |       |            |
|  | 4,870 | 4,961,605  |
|  |       | 29,530,300 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to  | Par          |              |
|---|--------------|--------------|
| Tender Option Bond Trusts (e)   | (000)        | Value        |
| <b>District of Columbia 0.3%</b>  |              |              |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (f)   | \$ 1,080     | \$ 1,197,950 |
| <b>Florida 10.5%</b>  |              |              |
| City of Tallahassee Florida, RB, Energy System, (NPFGC):  |              |              |
| 5.00%, 10/01/32 (f)   | 3,000        | 3,025,650    |
| 5.00%, 10/01/37   | 5,000        | 4,999,800    |
| County of Miami-Dade Florida Transit System Sales Surtax, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 | 1,950        | 1,894,776    |
| County of Miami-Dade Florida Water & Sewer System, RB, (AGM), 5.00%, 10/01/39                                       | 10,101       | 9,956,087    |
| County of Orange Florida School Board, COP, Series A:   |              |              |
| (AGC), 5.50%, 8/01/34   | 6,096        | 6,371,340    |
| (NPFGC), 5.00%, 8/01/30   | 6,000        | 6,116,760    |
| Highlands County Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36 (g)                          | 1,800        | 1,851,228    |
| State of Florida, GO, Refunding, Series D, 5.00%, 6/01/37 (f)   | 2,999        | 3,044,505    |
|   |              | 37,260,146   |
| <b>Hawaii 2.9%</b>  |              |              |
| Honolulu City & County Board of Water Supply, RB, Series A (NPFGC), 5.00%, 7/01/14 (a)                              | 10,000       | 10,397,300   |
| <b>Illinois 9.6%</b>  |              |              |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38                                | 8,310        | 7,508,334    |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.00%, 1/01/41   | 3,870        | 3,801,811    |
| Illinois Finance Authority, RB, The Carle Foundation, Series A (AGC), 6.00%, 8/15/41                                | 2,400        | 2,511,024    |
| Illinois State Toll Highway Authority, RB:  |              |              |
| Senior Priority, Series B, 5.50%, 1/01/33   | 4,499        | 4,746,989    |
| Series A, 5.00%, 1/01/38  | 7,714        | 7,429,774    |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42           | 7,020        | 6,841,622    |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 (f)   | 1,400        | 1,418,976    |
|   |              | 34,258,530   |
| <b>Massachusetts 3.8%</b>   |              |              |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Series A (AGM):                                   |              |              |
| 5.00%, 8/15/15 (a)  | 1,674        | 1,752,098    |
| 5.00%, 8/15/30  | 11,314       | 11,844,124   |
|   |              | 13,596,222   |
| <b>Michigan 2.5%</b>  |              |              |
| Michigan Finance Authority, RB, Hospital, Trinity Health Credit Group, 5.00%, 12/01/39                              | 9,050        | 8,703,928    |
| <b>Nevada 1.9%</b>  |              |              |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39 (f)                               | 4,197        | 4,450,051    |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, Series B, 5.75%, 7/01/34                        | 2,024        | 2,279,317    |
|   |              | 6,729,368    |
| <b>New Jersey 0.6%</b>  |              |              |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (f)             | 2,000        | 2,033,542    |
| <b>Municipal Bonds Transferred to</b>   | <b>Par</b>   |              |
| <b>Tender Option Bond Trusts (e)</b>  | <b>(000)</b> | <b>Value</b> |
| <b>New York 8.1%</b>  |              |              |
| Metropolitan Transportation Authority, RB, Dedicated Tax, Series A (NPFGC), 5.00%, 11/15/31                         | \$ 7,002     | \$ 7,308,973 |

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|   |       |             |
|---|-------|-------------|
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | 6,240 | 6,239,563   |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43  | 5,720 | 5,745,740   |
| The Erie County Industrial Development Agency, RB, City of Buffalo School District Project, Series A (AGM), 5.75%, 5/01/28                          | 4,494 | 4,946,946   |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (f)  | 4,500 | 4,619,115   |
|   |       | 28,860,337  |
| <b>Ohio 0.2%</b>  |       |             |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34  | 620   | 648,185     |
| <b>South Carolina 0.2%</b>  |       |             |
| South Carolina State Public Service Authority, Refunding RB, Santee Cooper, Series A, 5.50%, 1/01/38 (f)  | 600   | 628,902     |
| <b>Texas 1.9%</b>   |       |             |
| City of Houston Texas, Refunding RB, Airport System, Senior Lien, Series A, 5.50%, 7/01/34  | 4,167 | 4,456,536   |
| North East Texas ISD, GO, School Building, Series A (PSF-GTD), 5.00%, 8/01/37 (f)   | 1,500 | 1,546,680   |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38                        | 719   | 692,401     |
|   |       | 6,695,617   |
| <b>Utah 1.4%</b>  |       |             |
| Utah Transit Authority, RB, Series A, 5.00%, 6/15/36  | 5,000 | 5,081,600   |
| <b>Virginia 0.1%</b>  |       |             |
| County of Fairfax Virginia IDA, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35  | 400   | 418,184     |
| <b>Washington 1.0%</b>  |       |             |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32   | 3,494 | 3,563,392   |
| <b>Wisconsin 1.7%</b>   |       |             |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Inc.:  |       |             |
| Froedtert & Community Health, Series C, 5.25%, 4/01/39  | 2,500 | 2,523,950   |
| Froedtert Health, Obligated Group, Series A, 5.00%, 4/01/42   | 3,520 | 3,350,335   |
|   |       | 5,874,285   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 57.1%</b>   |       | 202,779,695 |
| <b>Total Long-Term Investments (Cost \$608,980,574) 168.7%</b>  |       | 599,507,891 |

See Notes to Financial Statements.



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## Schedule of Investments (continued)

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

| Short-Term Securities  | Shares    | Value          |
|--|-----------|----------------|
| FFI Institutional Tax-Exempt Fund, 0.03% (h)(i)  | 5,187,077 | \$ 5,187,077   |
| <b>Total Short-Term Securities</b>   |           | 5,187,077      |
| (Cost \$5,187,077) 1.5%  |           | 604,694,968    |
| <b>Total Investments (Cost \$614,167,651) 170.2%</b>   |           | 2,866,847      |
| <b>Other Assets Less Liabilities 0.7%</b>  |           | (114,989,509)  |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (32.3%)</b> |           | (137,200,000)  |
| <b>VMTP Shares, at Liquidation Value (38.6%)</b>   |           |                |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |           | \$ 355,372,306 |

## Notes to Schedule of investments

- (a) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Represents a step-up bond that pays an initial coupon rate for the first period and then a higher coupon rate for the following periods. Rate shown is as of report date.
- (c) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (d) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                  | Value        | Unrealized (Depreciation) |
|-------------------------------|--------------|---------------------------|
| Raymond James Financial, Inc. | \$ 1,378,002 | \$ (7,303)                |

- (e) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (f) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from February 1, 2016 to December 1, 2029 is \$14,474,164.
- (g) Variable rate security. Rate shown is as of report date.
- (h) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

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| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 4,404,456                            | 782,621         | 5,187,077                            | \$ 957 |

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

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock Municipal Income Quality Trust (BYM)

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 599,507,891 |         | \$ 599,507,891 |
| Short-Term Securities              | \$ 5,187,077 |                |         | 5,187,077      |
| <b>Total</b>                       | \$ 5,187,077 | \$ 599,507,891 |         | \$ 604,694,968 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                        | Level 1    | Level 2          | Level 3 | Total            |
|------------------------|------------|------------------|---------|------------------|
| <b>Assets:</b>         |            |                  |         |                  |
| Cash                   | \$ 122,384 |                  |         | \$ 122,384       |
| <b>Liabilities:</b>    |            |                  |         |                  |
| TOB trust certificates |            | \$ (114,947,707) |         | (114,947,707)    |
| VMTP Shares            |            | (137,200,000)    |         | (137,200,000)    |
| <b>Total</b>           | \$ 122,384 | \$ (252,147,707) |         | \$ (252,025,323) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2013

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|  | Par        |              |
|--|------------|--------------|
|  | (000)      | Value        |
| <b>Municipal Bonds</b>   |            |              |
| <b>Alabama 0.5%</b>  |            |              |
| County of Jefferson Alabama, RB, Limited Obligation School, Series A, 5.25%, 1/01/19   | \$ 1,620   | \$ 1,602,326 |
| <b>Arizona 2.0%</b>  |            |              |
| Salt Verde Financial Corp., RB, Senior:  |            |              |
| 5.00%, 12/01/32  | 5,635      | 5,270,528    |
| 5.00%, 12/01/37  | 1,000      | 913,410      |
|  |            | 6,183,938    |
| <b>California 10.7%</b>  |            |              |
| Bay Area Toll Authority, Refunding RB, San Francisco Bay Area Toll Bridge, Series F-1, 5.63%, 4/01/44                            |            |              |
|  | 2,480      | 2,627,659    |
| California County Tobacco Securitization Agency, RB, CAB, Stanislaus, Sub-Series C, 12.12%, 6/01/55 (a)                          |            |              |
|  | 9,710      | 71,369       |
| California Health Facilities Financing Authority, RB:  |            |              |
| Stanford Hospital Clinics, Series A, 5.00%, 8/15/51  |            |              |
|  | 1,100      | 1,047,981    |
| Sutter Health, Series B, 6.00%, 8/15/42  |            |              |
|  | 3,500      | 3,849,475    |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/33               |            |              |
|  | 1,365      | 1,328,077    |
| California HFA, RB, S/F, Home Mortgage, Series K, AMT, 5.50%, 2/01/42  |            |              |
|  | 1,105      | 1,142,559    |
| California Pollution Control Financing Authority, RB:  |            |              |
| Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 7/01/37 (b)   |            |              |
|  | 1,120      | 903,851      |
| Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 11/21/45 (b)  |            |              |
|  | 2,795      | 2,179,401    |
| San Diego County Water Authority Desalination Project Pipeline, 5.00%, 11/21/45  |            |              |
|  | 1,340      | 1,148,099    |
| California State Public Works Board, LRB, Various Capital Projects, Sub-Series I-1, 6.38%, 11/01/34                              |            |              |
|  | 1,280      | 1,471,680    |
| City of Los Angeles California Department of Airports, Refunding RB, Los Angeles International Airport, Series A, 5.25%, 5/15/39 |            |              |
|  | 860        | 885,800      |
| San Diego Community College District, GO, Election of 2006, 5.00%, 8/01/43   |            |              |
|  | 1,170      | 1,191,949    |
| San Marcos Unified School District, GO, CAB, Election of 2010, Series B (a):   |            |              |
| 5.88%, 8/01/33   | 3,000      | 945,750      |
| 6.21%, 8/01/43   | 2,500      | 401,150      |
| State of California, GO, Various Purposes:   |            |              |
| 6.00%, 3/01/33   | 1,760      | 1,981,232    |
| 6.50%, 4/01/33   | 10,670     | 12,398,433   |
|  |            | 33,574,465   |
| <b>Colorado 2.2%</b>   |            |              |
| Colorado Health Facilities Authority, Refunding RB:  |            |              |
| Catholic Health Initiative, Series A, 5.50%, 7/01/34   |            |              |
|  | 2,330      | 2,467,097    |
| Evangelical Lutheran Good Samaritan Society Project, 5.00%, 12/01/42   |            |              |
|  | 1,920      | 1,685,223    |
| Colorado State Board of Governors, Refunding RB, Series A, 5.00%, 3/01/43  |            |              |
|  | 1,280      | 1,258,662    |
| Park Creek Metropolitan District, Refunding RB, Senior Limited Property Tax, 5.50%, 12/01/37                                     |            |              |
|  | 1,375      | 1,392,531    |
|  |            | 6,803,513    |
| <b>Connecticut 0.5%</b>  |            |              |
| Connecticut State Health & Educational Facility Authority, RB, Ascension Health Senior Credit, Series A, 5.00%, 11/15/40         |            |              |
|  | 1,505      | 1,472,041    |
|  | <b>Par</b> |              |
| <b>Municipal Bonds</b>   |            |              |
| <b>Delaware 1.7%</b>   |            |              |
| <b>(000)</b>   |            |              |
| <b>Value</b>   |            |              |
| County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Project, 6.00%, 10/01/40   |            |              |
|  | \$ 1,240   | \$ 1,245,667 |
| Delaware State EDA, RB, Exempt Facilities, Indian River Power LLC Project, 5.38%, 10/01/45                                       |            |              |
|  | 4,430      | 3,968,394    |

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|  |        |            |
|--|--------|------------|
|  |        | 5,214,061  |
| <b>District of Columbia 5.9%</b>   |        |            |
| District of Columbia, Refunding RB, Kipp Charter School, 6.00%, 7/01/43                                | 820    | 823,846    |
| District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed:                   |        |            |
| 6.50%, 5/15/33   | 3,250  | 3,326,082  |
| 6.75%, 5/15/40   | 11,500 | 11,643,520 |
| Metropolitan Washington Airports Authority, Refunding RB, Senior 1st Lien, Series A:                   |        |            |
| 5.00%, 10/01/39  | 550    | 538,984    |
| 5.25%, 10/01/44  | 2,000  | 2,003,000  |
|  |        | 18,335,432 |
| <b>Florida 7.7%</b>  |        |            |
| City of Leesburg Florida, RB, Leesburg Regional Medical Center Project, 5.50%, 7/01/32                 | 1,000  | 975,870    |
| County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport:                     |        |            |
| Series A, AMT (AGC), 5.25%, 10/01/38   | 2,855  | 2,784,910  |
| Series A-1, 5.38%, 10/01/41  | 1,255  | 1,266,709  |
| County of Miami-Dade Florida Water & Sewer System, RB, Water & Sewer System (AGM), 5.00%, 10/01/39     | 5,000  | 4,928,100  |
| County of Tampa-Hillsborough Florida Expressway Authority, Refunding RB:                               |        |            |
| Series A, 5.00%, 7/01/37   | 1,495  | 1,444,409  |
| Series B, 5.00%, 7/01/42   | 2,735  | 2,633,805  |
| Jacksonville Florida Port Authority, Refunding RB, AMT, 5.00%, 11/01/38                                | 1,665  | 1,558,590  |
| Miami Beach Health Facilities Authority, RB, Mount Sinai Medical Center Florida, 6.75%, 11/15/21       | 3,365  | 3,563,367  |
| Mid-Bay Bridge Authority, RB, Springing Lien, Series A, 7.25%, 10/01/40                                | 3,300  | 3,563,175  |
| Stevens Plantation Community Development District, Special Assessment, Series A, 7.10%, 5/01/35 (c)(d) | 1,895  | 1,410,903  |
|  |        | 24,129,838 |
| <b>Georgia 0.3%</b>  |        |            |
| DeKalb Private Hospital Authority, Refunding RB, Children's Healthcare, 5.25%, 11/15/39                | 915    | 918,285    |
| <b>Hawaii 0.5%</b>   |        |            |
| State of Hawaii Harbor System, RB, Series A, 5.25%, 7/01/30  | 1,480  | 1,548,154  |
| <b>Illinois 15.4%</b>  |        |            |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/40                                     | 1,150  | 1,151,426  |
| City of Chicago Illinois, GO, Project, Series A, 5.00%, 1/01/33  | 4,940  | 4,499,846  |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38                            | 895    | 906,993    |
| City of Chicago Illinois Board of Education, GO, Series A (AGM), 5.50%, 12/01/39                       | 2,300  | 2,240,591  |
| City of Chicago Illinois O'Hare International Airport, GARB, 3rd Lien:                                 |        |            |
| Series A, 5.75%, 1/01/39   | 5,000  | 5,107,450  |
| Series C, 6.50%, 1/01/41   | 6,430  | 7,423,821  |
| Illinois Finance Authority, Refunding RB:  |        |            |
| Ascension Health, Series A, 5.00%, 11/15/37  | 1,060  | 1,016,826  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Illinois (concluded)</b>  |              |              |
| Illinois Finance Authority, Refunding RB (concluded):  |              |              |
| Ascension Health, Series A, 5.00%, 11/15/42  | \$ 1,925     | \$ 1,820,415 |
| Central Dupage Health, Series B, 5.50%, 11/01/39   | 1,750        | 1,781,640    |
| Friendship Village Schaumburg, Series A, 5.63%, 2/15/37  | 455          | 400,213      |
| Illinois Sports Facilities Authority, RB, State Tax Supported (AMBAC), 5.50%, 6/15/30                          | 10,500       | 11,095,140   |
| Illinois State Toll Highway Authority, RB, Series A, 5.00%, 1/01/38  | 2,520        | 2,427,113    |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Expansion Project:                     |              |              |
| Series B, 5.00%, 6/15/50   | 2,725        | 2,539,046    |
| Series B-2 (AGM), 5.00%, 6/15/50   | 3,430        | 3,239,875    |
| Railsplitter Tobacco Settlement Authority, RB:   |              |              |
| 5.50%, 6/01/23   | 520          | 567,908      |
| 6.00%, 6/01/28   | 1,255        | 1,349,752    |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34  | 685          | 694,494      |
|  |              | 48,262,549   |
| <b>Indiana 5.1%</b>  |              |              |
| Carmel Redevelopment Authority, Refunding RB, Multipurpose, Series A:  |              |              |
| 4.00%, 8/01/35   | 1,230        | 1,064,331    |
| 4.00%, 2/01/38   | 1,975        | 1,675,946    |
| Indiana Finance Authority, RB, Series A:   |              |              |
| CWA Authority Project, 1st Lien, 5.25%, 10/01/38   | 1,720        | 1,732,315    |
| Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44  | 485          | 403,074      |
| Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/48  | 1,610        | 1,317,849    |
| Sisters of St. Francis Health, 5.25%, 11/01/39   | 915          | 898,329      |
| Indiana Finance Authority, Refunding RB, Community Health Network Project, Series A, 5.00%, 5/01/42            | 2,050        | 1,905,598    |
| Indiana Health Facility Financing Authority, Refunding RB, Methodist Hospital, Inc., 5.38%, 9/15/22            | 3,675        | 3,678,050    |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/39   | 1,200        | 1,334,928    |
| Indianapolis Local Public Improvement Bond Bank, RB, Series A:   |              |              |
| 5.00%, 1/15/36   | 430          | 429,402      |
| 5.00%, 1/15/40   | 1,380        | 1,356,099    |
|  |              | 15,795,921   |
| <b>Iowa 2.2%</b>   |              |              |
| Iowa Finance Authority, RB, Midwestern Disaster Area, Alcoa, Inc. Project, 4.75%, 8/01/42                      |              |              |
|  | 1,255        | 1,002,143    |
| Iowa Finance Authority, Refunding RB, Midwestern Disaster Area, Iowa Fertilizer Co. Project:                   |              |              |
| 5.00%, 12/01/19  | 1,040        | 976,019      |
| 5.50%, 12/01/22  | 2,550        | 2,331,337    |
| 5.25%, 12/01/25  | 500          | 434,325      |
| Iowa Student Loan Liquidity Corp., Refunding RB, Student Loan, Senior Series A-1, AMT, 5.15%, 12/01/22         | 1,935        | 2,087,130    |
|  |              | 6,830,954    |
| <b>Kentucky 0.4%</b>   |              |              |
| Kentucky Economic Development Finance Authority, RB, Owensboro Medical Health System, Series A, 6.38%, 6/01/40 |              |              |
|  | 1,105        | 1,139,697    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Louisiana 2.8%</b>  |              |              |
|  | \$ 3,650     | \$ 3,789,102 |

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### Louisiana Local Government Environmental Facilities & Community Development

Authority, RB, Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35

Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A:

|                |       |           |
|----------------|-------|-----------|
| 5.50%, 5/15/30 | 1,100 | 1,111,572 |
| 5.25%, 5/15/31 | 935   | 902,527   |
| 5.25%, 5/15/32 | 1,195 | 1,148,120 |
| 5.25%, 5/15/33 | 1,300 | 1,240,031 |
| 5.25%, 5/15/35 | 545   | 512,044   |

8,703,396

### Maine 0.5%

Maine Turnpike Authority, RB, Series A, 5.00%, 7/01/42

1,615      1,629,826

### Maryland 2.7%

Maryland EDC, RB, Transportation Facilities Project, Series A, 5.75%, 6/01/35

475      474,544

Maryland EDC, Refunding RB, CNX Marine Terminals, Inc., 5.75%, 9/01/25

1,000      1,026,330

Maryland Health & Higher Educational Facilities Authority, RB, Ascension Health, Series B, 5.00%, 11/15/51

4,545      4,372,563

Maryland Health & Higher Educational Facilities Authority, Refunding RB, Charlestown Community Project, 6.25%, 1/01/41

2,400      2,470,776

8,344,213

### Massachusetts 0.8%

Massachusetts Health & Educational Facilities Authority, Refunding RB, Partners Healthcare System, Series J1, 5.00%, 7/01/39

955      938,612

Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43

1,540      1,568,352

2,506,964

### Michigan 3.0%

City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien, Series A:

5.00%, 7/01/32      1,705      1,462,907

5.25%, 7/01/39      4,825      4,154,952

Kalamazoo Hospital Finance Authority, Refunding RB, Bronson Methodist Hospital, 5.50%, 5/15/36

1,500      1,499,865

Michigan State Hospital Finance Authority, Refunding RB, Henry Ford Health System, Series A, 5.25%, 11/15/46

2,305      2,137,358

9,255,082

### Missouri 2.3%

370/Missouri Bottom Road/Taussig Road Transportation Development District, RB, 7.20%, 5/01/33

6,000      5,999,280

Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Refunding RB, Combined Lien, Series A, 5.00%, 10/01/44

275      277,387

Missouri State Health & Educational Facilities Authority, RB, Senior Living Facilities, Lutheran Senior Services, 5.50%, 2/01/42

1,135      1,081,734

7,358,401

### Multi-State 4.4%

Centerline Equity Issuer Trust (b)(e):

Series A-4-1, 5.75%, 10/31/52      1,000      1,068,560

Series A-4-2, 6.00%, 10/31/52      3,500      3,968,650

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Multi-State (concluded)</b>  |              |              |
| Centerline Equity Issuer Trust (b)(e) (concluded):  |              |              |
| Series B-3-1, 6.00%, 10/31/52   | \$ 5,000     | \$ 5,344,100 |
| Series B-3-2, 6.30%, 10/31/52   | 3,000        | 3,442,890    |
|   |              | 13,824,200   |
| <b>Nebraska 1.6%</b>  |              |              |
| Central Plains Energy Project, RB, Gas Project No. 3:   |              |              |
| 5.25%, 9/01/37  | 895          | 848,236      |
| 5.00%, 9/01/42  | 1,570        | 1,414,931    |
| Lancaster County Hospital Authority No. 1, Refunding RB, Immanuel Obligation Group, Health Facilities, 5.63%, 1/01/40                             | 1,245        | 1,265,767    |
| Sarpy County Hospital Authority No. 1, Refunding RB, Immanuel Obligation Group, 5.63%, 1/01/40  | 1,635        | 1,643,943    |
|   |              | 5,172,877    |
| <b>Nevada 0.8%</b>  |              |              |
| County of Clark Nevada, Refunding RB, Alexander Dawson School Nevada Project, 5.00%, 5/15/29  |              |              |
|   | 2,465        | 2,477,818    |
| <b>New Jersey 6.1%</b>  |              |              |
| New Jersey EDA, RB, Continental Airlines, Inc. Project, AMT, 5.25%, 9/15/29   |              |              |
|   | 2,130        | 1,896,318    |
| New Jersey EDA, Refunding, Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/01/28  |              |              |
|   | 7,475        | 7,969,621    |
| New Jersey State Turnpike Authority, RB, Series A:  |              |              |
| 5.00%, 1/01/38  | 1,405        | 1,395,123    |
| 5.00%, 1/01/43  | 2,160        | 2,117,491    |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:  |              |              |
| Series A, 5.00%, 6/15/42  | 2,000        | 1,943,380    |
| Series B, 5.25%, 6/15/36  | 2,690        | 2,734,492    |
| Rutgers The State University of New Jersey, Refunding RB, Series L:   |              |              |
| 5.00%, 5/01/38  | 545          | 560,113      |
| 5.00%, 5/01/43  | 570          | 585,361      |
|   |              | 19,201,899   |
| <b>New York 6.4%</b>  |              |              |
| Albany Industrial Development Agency, RB, New Covenant Charter School Project, Series A, 7.00%, 5/01/35 (c)(d)                                    |              |              |
|   | 985          | 147,435      |
| New York City Industrial Development Agency, RB, American Airlines, Inc., JFK International Airport, AMT, 7.75%, 8/01/31 (f)                      |              |              |
|   | 6,700        | 7,474,252    |
| New York City Transitional Finance Authority Future Tax Secured, RB, Fiscal 2012, Sub-Series E-1, 5.00%, 2/01/42                                  |              |              |
|   | 2,680        | 2,707,416    |
| New York Liberty Development Corp., Refunding RB, 2nd Priority Liberty, Bank of America Tower at One Bryant Park Project, Class 3, 6.38%, 7/15/49 |              |              |
|   | 1,335        | 1,406,516    |
| New York State Dormitory Authority, RB, Series F, 5.00%, 3/15/35  |              |              |
|   | 3,625        | 3,653,565    |
| New York State Thruway Authority, Refunding RB, General, Series I, 5.00%, 1/01/42   |              |              |
|   | 1,500        | 1,490,895    |
| Port Authority of New York & New Jersey, ARB, JFK International Air Terminal LLC Project:   |              |              |
| 6.00%, 12/01/36   | 1,410        | 1,542,272    |
| Special Project, 6.00%, 12/01/42  | 1,375        | 1,499,548    |
|   |              | 19,921,899   |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |



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|   |          |              |
|---|----------|--------------|
| <b>North Carolina 5.0%</b>  |          |              |
| Gaston County Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35    | \$ 6,500 | \$ 5,714,280 |
| North Carolina Capital Facilities Finance Agency, Refunding RB, Solid Waste Disposal Facility, Duke Energy Carolinas Project, Series B, 4.63%, 11/01/40 | 8,930    | 8,321,867    |
| North Carolina Medical Care Commission, RB, Health Care Facilities, Duke University Health System, Series A, 5.00%, 6/01/42                             | 1,525    | 1,477,420    |
|   |          | 15,513,567   |
| <b>Ohio 2.5%</b>  |          |              |
| County of Allen Ohio, Refunding RB, Hospital Facilities, Catholic Health Partners, Series A, 5.25%, 6/01/38   | 3,405    | 3,381,369    |
| County of Hamilton Ohio, RB, Christ Hospital Project, 5.00%, 6/01/42  | 1,640    | 1,511,014    |
| County of Montgomery Ohio, Refunding RB, Catholic Health, Series A, 5.00%, 5/01/39  | 3,025    | 2,881,978    |
|   |          | 7,774,361    |
| <b>Oregon 0.1%</b>  |          |              |
| City of Tigard Oregon, Refunding RB, Water System, 5.00%, 8/01/37   | 275      | 276,562      |
| <b>Pennsylvania 1.4%</b>  |          |              |
| Allentown Neighborhood Improvement Zone Development Authority, Refunding RB, Series A, 5.00%, 5/01/42   | 2,500    | 2,250,825    |
| Pennsylvania Economic Development Financing Authority, RB, Aqua Pennsylvania, Inc. Project, 5.00%, 11/15/40   | 2,065    | 2,043,627    |
|   |          | 4,294,452    |
| <b>Puerto Rico 2.9%</b>   |          |              |
| Puerto Rico Sales Tax Financing Corp., RB, CAB, Series A (a):   |          |              |
| 7.23%, 8/01/33  | 10,570   | 2,568,404    |
| 7.28%, 8/01/34  | 5,500    | 1,232,275    |
| 7.32%, 8/01/35  | 14,055   | 2,906,996    |
| 7.36%, 8/01/36  | 11,875   | 2,265,631    |
|   |          | 8,973,306    |
| <b>South Carolina 2.0%</b>  |          |              |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health Alliance, Series A, 6.25%, 8/01/31   | 2,640    | 2,641,742    |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40  | 3,595    | 3,648,314    |
|   |          | 6,290,056    |
| <b>South Dakota 0.2%</b>  |          |              |
| South Dakota Health & Educational Facilities Authority, RB, Sanford, Series E, 5.00%, 11/01/42  | 665      | 609,705      |
| <b>Tennessee 0.7%</b>   |          |              |
| County of Rutherford Tennessee Health & Educational Facilities Board, RB, Ascension Health, Series C, 5.00%, 11/15/47                                   | 230      | 230,290      |
| Metropolitan Government Nashville & Davidson County Health & Educational Facility Board, Refunding RB, Vanderbilt University, Series D, 3.25%, 10/01/37 | 2,505    | 1,945,683    |
|   |          | 2,175,973    |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Texas 20.1%</b>   |              |              |
| Brazos River Authority, RB, TXU Electric, Series A, AMT, 8.25%, 10/01/30   | \$ 2,400     | \$ 168,000   |
| Central Texas Regional Mobility Authority, Refunding RB:   |              |              |
| Senior Lien, 6.25%, 1/01/46  | 2,350        | 2,362,079    |
| Senior Lien, Series A, 5.00%, 1/01/33  | 110          | 98,662       |
| Subordinate Lien, 5.00%, 1/01/33   | 390          | 337,662      |
| Subordinate Lien, 5.00%, 1/01/42   | 345          | 282,165      |
| City of Dallas Texas Waterworks & Sewer System, Refunding RB, 5.00%, 10/01/35  | 1,650        | 1,692,471    |
| City of Houston Texas Airport System, Refunding ARB, Senior Lien, Series A, 5.50%, 7/01/39   | 1,675        | 1,782,987    |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A (AGC), 6.00%, 11/15/35   | 9,145        | 10,298,825   |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/43  | 2,660        | 2,685,776    |
| County of Harris Texas-Houston Sports Authority, Refunding RB, 3rd Lien, Series A-3 (NPFGC), 6.88%, 11/15/36 (a)   | 25,375       | 5,279,776    |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Scott & White Healthcare, Series A, 5.00%, 8/15/43                      | 390          | 365,309      |
| Dallas-Fort Worth International Airport, Refunding ARB, Joint Improvement, Series E, AMT, 5.00%, 11/01/35  | 3,750        | 3,457,088    |
| Fort Bend County Industrial Development Corp., RB, NRG Energy, Inc. Project, Series A, 4.75%, 5/01/38  | 1,400        | 1,157,324    |
| Matagorda County Navigation District No. 1, Refunding RB, AEP Texas Central Co. Project, 4.00%, 6/01/30  | 1,170        | 988,521      |
| Midland County Fresh Water Supply District No. 1, RB, City of Midland Project, Series A: CAB, 5.29%, 9/15/37 (a)   | 7,605        | 2,167,425    |
| 5.00%, 9/15/40   | 890          | 892,545      |
| North Texas Tollway Authority, Refunding RB, System, 2nd Tier, Series F, 6.13%, 1/01/31  | 6,790        | 7,214,375    |
| San Antonio Energy Acquisition Public Facility Corp., RB, Gas Supply, 5.50%, 8/01/24   | 3,600        | 3,844,044    |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare, 6.00%, 8/15/45   | 4,410        | 4,789,260    |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB, 5.00%, 12/15/29  | 2,055        | 1,915,815    |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien: LBJ Infrastructure Group LLC, LBJ Freeway Managed Lanes Project, 7.00%, 6/30/40 | 3,000        | 3,233,700    |
| NTE Mobility Partners LLC, North Tarrant Express Managed Lanes Project, 6.88%, 12/31/39  | 3,000        | 3,191,430    |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41   | 1,310        | 1,218,759    |
| University of Texas System, Refunding RB, Financing System, Series B, 5.00%, 8/15/43   | 3,350        | 3,449,897    |
|  |              | 62,873,895   |
| <b>Utah 1.5%</b>   |              |              |
| County of Utah Utah, RB, IHC Health Services, Inc., 5.00%, 5/15/43   | 2,190        | 2,207,958    |
| University of Utah, RB, General, Series A, 5.00%, 8/01/43  | 685          | 694,604      |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Utah (concluded)</b>  |              |              |
| Utah State Charter School Finance Authority, RB, Ogden Preparatory Academy, Series A: 3.25%, 10/15/36  | \$ 1,085     | \$ 764,100   |
| 3.25%, 10/15/42  | 1,660        | 1,104,116    |
|  |              | 4,770,778    |
| <b>Virginia 1.8%</b>   |              |              |
| City of Norfolk Virginia Parking System, Refunding RB, Series B (AMBAC), 5.50%, 2/01/31  | 1,240        | 1,235,809    |

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Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings

Project, AMT:

|                |       |           |
|----------------|-------|-----------|
| 5.25%, 1/01/32 | 1,755 | 1,559,633 |
| 6.00%, 1/01/37 | 3,180 | 2,997,309 |

5,792,751

**Washington 2.0%**

|  |       |           |
|--|-------|-----------|
| City of Bellingham Washington Water & Sewer, RB, Water & Sewer Systems, 5.00%, 8/01/36 | 5,050 | 5,162,413 |
|--|-------|-----------|

|  |       |           |
|--|-------|-----------|
| Washington Health Care Facilities Authority, Refunding RB, Providence Health & Services, Series A, 5.00%, 10/01/42 | 1,100 | 1,035,760 |
|--|-------|-----------|

6,198,173

**Wisconsin 1.4%**

|  |     |         |
|--|-----|---------|
| Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Care Group, 5.00%, 11/15/33 | 910 | 922,695 |
|--|-----|---------|

|  |     |         |
|--|-----|---------|
| WPPI Energy Wisconsin, Refunding RB, Power Supply System, Series A: 5.00%, 7/01/29 | 410 | 420,549 |
|--|-----|---------|

|                |     |         |
|----------------|-----|---------|
| 5.00%, 7/01/30 | 515 | 523,369 |
|----------------|-----|---------|

|                |       |           |
|----------------|-------|-----------|
| 5.00%, 7/01/31 | 1,125 | 1,138,005 |
|----------------|-------|-----------|

|                |       |           |
|----------------|-------|-----------|
| 5.00%, 7/01/37 | 1,365 | 1,333,318 |
|----------------|-------|-----------|

4,337,936

**Wyoming 1.6%**

|  |       |           |
|--|-------|-----------|
| County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing, 5.25%, 7/15/26 | 3,355 | 3,533,855 |
|--|-------|-----------|

|  |     |         |
|--|-----|---------|
| Wyoming Municipal Power Agency, Inc., RB, Series A: 5.50%, 1/01/33 | 800 | 846,088 |
|--|-----|---------|

|                |     |         |
|----------------|-----|---------|
| 5.50%, 1/01/38 | 750 | 783,990 |
|----------------|-----|---------|

5,163,933

|                                     |  |                    |
|-------------------------------------|--|--------------------|
| <b>Total Municipal Bonds 129.7%</b> |  | <b>405,253,197</b> |
|-------------------------------------|--|--------------------|

**Municipal Bonds Transferred to Tender Option Bond Trusts (g)**

**Alabama 0.8%**

|  |       |           |
|--|-------|-----------|
| City of Birmingham Alabama Special Care Facilities Financing Authority, Refunding RB, Ascension Health, Senior Series C-2, 5.00%, 11/15/36 | 2,519 | 2,484,734 |
|--|-------|-----------|

**Arizona 0.8%**

|   |       |           |
|---|-------|-----------|
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38 | 2,630 | 2,645,929 |
|---|-------|-----------|

**California 7.8%**

|   |       |           |
|---|-------|-----------|
| California Educational Facilities Authority, RB, University of Southern California, Series B, 5.25%, 10/01/39 (h) | 2,850 | 2,974,345 |
|---|-------|-----------|

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (g)</b>   |              |              |
| <b>California (concluded)</b>   |              |              |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Senior Series A, 5.00%, 5/15/40                | \$ 6,500     | \$ 6,386,640 |
| City of San Francisco California Public Utilities Commission Water, RB, Water, Series B, 5.00%, 11/01/39  | 10,335       | 10,372,413   |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM, NPFGC), 5.00%, 8/01/32  | 2,530        | 2,557,754    |
| San Diego Community College District, GO, Election of 2002, 5.25%, 8/01/33  | 1,840        | 1,994,416    |
|   |              | 24,285,568   |
| <b>Colorado 2.1%</b>  |              |              |
| Colorado Health Facilities Authority, RB, Catholic Health (AGM):  |              |              |
| Series C-3, 5.10%, 10/01/41   | 4,230        | 4,053,313    |
| Series C-7, 5.00%, 9/01/36  | 2,710        | 2,602,657    |
|   |              | 6,655,970    |
| <b>Connecticut 3.3%</b>   |              |              |
| Connecticut State Health & Educational Facility Authority, RB, Yale University:   |              |              |
| Series T-1, 4.70%, 7/01/29  | 5,179        | 5,236,180    |
| Series X-3, 4.85%, 7/01/37  | 5,143        | 5,177,826    |
|   |              | 10,414,006   |
| <b>Georgia 1.5%</b>   |              |              |
| Private Colleges & Universities Authority, Refunding RB, Emory University, Series C, 5.00%, 9/01/38   | 4,638        | 4,660,859    |
| <b>Illinois 1.0%</b>  |              |              |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien, Water Project, 5.00%, 11/01/42   | 3,135        | 2,973,642    |
| <b>Massachusetts 2.6%</b>   |              |              |
| Massachusetts School Building Authority, RB, Senior Dedicated Sales Tax, Series B, 5.00%, 10/15/41  | 4,950        | 5,035,684    |
| Massachusetts Water Resources Authority, Refunding RB, General, Series A, 5.00%, 8/01/41  | 3,150        | 3,178,319    |
|   |              | 8,214,003    |
| <b>New Hampshire 0.7%</b>   |              |              |
| New Hampshire Health & Education Facilities Authority, RB, Dartmouth College, 5.25%, 6/01/39 (h)  | 2,219        | 2,331,681    |
| <b>New York 10.4%</b>   |              |              |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 (h)   | 1,750        | 1,797,968    |
|   | <b>Par</b>   |              |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (g)</b>   |              |              |
| <b>New York (concluded)</b>   |              |              |
| New York City Municipal Water Finance Authority, RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 6/15/40                          | \$ 1,710     | \$ 1,816,692 |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2011, Series HH, 5.00%, 6/15/31 (h) | 9,149        | 9,458,248    |
| New York Liberty Development Corp., RB, Liberty, Secured by Port Authority Consolidated, Series 1WTC, 5.25%, 12/15/43                                   | 11,670       | 11,872,759   |
| New York Liberty Development Corp., Refunding RB, Liberty, 4 World Trade Center Project, 5.75%, 11/15/51 (h)  | 7,040        | 7,391,296    |
|   |              | 32,336,963   |

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|  |               |                |
|--|---------------|----------------|
| <b>Texas 1.2%</b>  |               |                |
| County of Harris Texas Metropolitan Transit Authority, RB, Series A, 5.00%, 11/01/41             | 3,720         | 3,739,567      |
| <b>Utah 1.3%</b>   |               |                |
| City of Riverton Utah, RB, Hospital, IHC Health Services, Inc., 5.00%, 8/15/41                   | 3,959         | 3,906,091      |
| <b>Virginia 2.0%</b>   |               |                |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40                                    | 5,909         | 6,094,203      |
| <b>Washington 3.7%</b>   |               |                |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32              | 3,029         | 3,089,293      |
| State of Washington, GO, Various Purposes, Series E, 5.00%, 2/01/34                              | 8,113         | 8,517,910      |
|  |               | 11,607,203     |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 39.2%</b>                      |               | 122,350,419    |
| <b>Total Long-Term Investments</b>   |               |                |
| <b>(Cost \$542,995,614) 168.9%</b>   |               | 527,603,616    |
| <b>Short-Term Securities</b>   | <b>Shares</b> |                |
| FFI Institutional Tax-Exempt Fund, 0.03% (i)(j)  | 3,183,216     | 3,183,216      |
| <b>Total Short-Term Securities</b>   |               |                |
| <b>(Cost \$3,183,216) 1.0%</b>   |               | 3,183,216      |
| <b>Total Investments (Cost \$546,178,830) 169.9%</b>   |               | 530,786,832    |
| <b>Other Assets less Liabilities (41.6%)</b>   |               | 6,400,290      |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (23.5%)</b> |               | (73,557,830)   |
| <b>VMTP Shares, at Liquidation Value (4.8%)</b>  |               | (151,300,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 312,329,292 |

### Notes to Schedule of Investments

- (a) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (e) Security represents a beneficial interest in a trust. The collateral deposited into the trust is federally tax-exempt revenue bonds issued by various states and local governments, or their respective agencies or authorities. The security is subject to remarketing prior to its stated maturity.
- (f) Variable rate security. Rate shown is as of report date.

See Notes to Financial Statements.



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**Schedule of Investments (concluded)**

**BlackRock Municipal Income Trust II (BLE)**

- (g) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (h) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from October 1, 2016 to November 15, 2019 is \$14,504,156.
- (i) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 15,208,474                           | (12,025,258)    | 3,183,216                            | \$ 998 |

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

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|  | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|-------|
|--|---------|---------|---------|-------|

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| <b>Assets:</b>                     |                     |                       |                       |
|------------------------------------|---------------------|-----------------------|-----------------------|
| Investments:                       |                     |                       |                       |
| Long-Term Investments <sup>1</sup> |                     | \$ 527,603,616        | \$ 527,603,616        |
| Short-Term Securities              | \$ 3,183,216        |                       | 3,183,216             |
| <b>Total</b>                       | <b>\$ 3,183,216</b> | <b>\$ 527,603,616</b> | <b>\$ 530,786,832</b> |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's assets and liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such assets and liabilities are categorized within the disclosure hierarchy as follows:

|                        | <b>Level 1</b>    | <b>Level 2</b>          | <b>Level 3</b> | <b>Total</b>            |
|------------------------|-------------------|-------------------------|----------------|-------------------------|
| <b>Assets:</b>         |                   |                         |                |                         |
| Cash                   | \$ 135,632        |                         |                | \$ 135,632              |
| <b>Liabilities:</b>    |                   |                         |                |                         |
| TOB trust certificates |                   | \$ (73,531,145)         |                | (73,531,145)            |
| VMTP Shares            |                   | (151,300,000)           |                | (151,300,000)           |
| <b>Total</b>           | <b>\$ 135,632</b> | <b>\$ (224,831,145)</b> |                | <b>\$ (224,695,513)</b> |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.



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## Schedule of Investments August 31, 2013

## BlackRock MuniHoldings Investment Quality Fund (MFL)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 4.8%</b>  |              |              |
| Alabama Incentives Financing Authority, RB, Series A, 5.00%, 9/01/42   | \$ 1,200     | \$ 1,164,252 |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC):         |              |              |
| 6.13%, 6/01/34   | 4,980        | 5,559,074    |
| 6.00%, 6/01/39   | 10,995       | 12,217,754   |
| City of Madison Alabama, GO, Refunding, 5.00%, 4/01/37   | 3,370        | 3,372,393    |
| Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35       | 1,745        | 1,708,268    |
|  |              | 24,021,741   |
| <b>California 22.7%</b>  |              |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38  | 8,920        | 9,288,574    |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42                  | 5,370        | 5,906,194    |
| City of Manteca California Financing Authority, RB, Manteca Sewer (AGC):                                       |              |              |
| 5.63%, 12/01/33  | 2,450        | 2,557,874    |
| 5.75%, 12/01/36  | 3,285        | 3,433,548    |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 5.75%, 3/01/34                                    | 4,450        | 4,556,044    |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41                                    | 5,600        | 5,947,984    |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33 | 4,365        | 4,629,912    |
| Los Angeles California Unified School District, GO, Election of 2002, Series D, 5.25%, 7/01/25                 | 3,485        | 3,936,308    |
| Los Angeles Community College District California, GO:   |              |              |
| Election of 2001, Series A (NPFGC), 5.00%, 8/01/32   | 10,000       | 10,109,700   |
| Election of 2008, Series C, 5.25%, 8/01/39   | 3,375        | 3,511,721    |
| Los Angeles County Public Works Financing Authority, LRB, Multiple Capital Projects II, 5.00%, 8/01/42         | 6,475        | 6,170,545    |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                      | 5,000        | 5,118,850    |
| Los Angeles Municipal Improvement Corp., LRB, Real Property, Series B (AGC), 5.50%, 4/01/39                    | 2,980        | 3,157,966    |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34                          | 4,110        | 4,256,439    |
| Sacramento California Municipal Utility District, RB, Series A, 5.00%, 8/15/37                                 | 4,315        | 4,328,333    |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B (AGC), 5.38%, 8/01/34            | 4,690        | 4,947,669    |
| San Francisco City & County Airports Commission, Refunding RB, 2nd Series A, AMT: 5.50%, 5/01/28               | 3,330        | 3,484,778    |
| 5.25%, 5/01/33   | 2,600        | 2,617,446    |
| State of California, GO, Various Purposes (AGC), 5.50%, 11/01/39   | 15,000       | 15,659,700   |
| University of California, Refunding RB, Series J, 5.25%, 5/15/38   | 10,050       | 10,163,464   |
|  |              | 113,783,049  |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Colorado 2.3%</b>   |              |              |
| City & County of Denver Colorado Airport System, ARB, Subordinate System, Series A, AMT:                       |              |              |
| 5.50%, 11/15/28  | \$ 2,700     | \$ 2,778,408 |
| 5.50%, 11/15/30  | 1,040        | 1,055,329    |
| 5.50%, 11/15/31  | 1,250        | 1,261,550    |
|  | 5,925        | 6,455,110    |

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Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26

|  |        |            |
|--|--------|------------|
|  |        | 11,550,397 |
| <b>District of Columbia 0.2%</b>   |        |            |
| District of Columbia Water & Sewer Authority, Refunding RB, Public Utilities, Series A (NPFGC), 5.00%, 10/01/38                | 1,000  | 1,005,830  |
| <b>Florida 10.9%</b>   |        |            |
| County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32   | 4,600  | 4,556,438  |
| County of Miami-Dade Florida Aviation, Refunding ARB, Series A, AMT: Miami International Airport (AGM), 5.50%, 10/01/41        | 3,500  | 3,570,525  |
| 5.00%, 10/01/31  | 10,465 | 9,973,459  |
| County of Miami-Dade Florida Housing Finance Authority, MRB, Marbrisa Apartments Project, Series 2A, AMT (AGM), 6.00%, 8/01/26 | 2,185  | 2,187,513  |
| County of Miami-Dade Florida Transit System Sales Surtax, Refunding RB, 5.00%, 7/01/42   | 6,065  | 5,893,239  |
| County of Miami-Dade Florida Water & Sewer System, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29               | 8,745  | 9,148,931  |
| County of Osceola Florida School Board, COP, Refunding, Series A, 5.00%, 6/01/28   | 2,100  | 2,140,446  |
| Florida Housing Finance Corp., RB, M/F Housing, Waverly Apartments, Series C-1, AMT (AGM), 6.30%, 7/01/30                      | 2,055  | 2,057,117  |
| Florida Housing Finance Corp., Refunding RB, Homeowner Mortgage, Series 2, AMT (NPFGC):  |        |            |
| 5.75%, 7/01/14   | 120    | 120,401    |
| 5.90%, 7/01/29   | 4,730  | 4,779,665  |
| JEA Florida Electric System, Refunding RB, Sub-Series C, 5.00%, 10/01/37   | 6,225  | 6,216,098  |
| Manatee County Housing Finance Authority, RB, Series A, AMT (Ginnie Mae, Fannie Mae & Freddie Mac), 5.90%, 9/01/40             | 545    | 550,532    |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32 (a)   | 3,225  | 3,329,103  |
|  |        | 54,523,467 |
| <b>Illinois 19.5%</b>  |        |            |
| Chicago Transit Authority, RB:   |        |            |
| Federal Transit Administration Section 5309, Series A (AGC), 6.00%, 6/01/26  | 6,315  | 6,740,126  |
| Sales Tax Receipts, 5.25%, 12/01/36  | 1,960  | 1,967,644  |
| Sales Tax Receipts, 5.25%, 12/01/40  | 9,040  | 9,051,210  |
| Chicago Transit Authority, Refunding RB, Federal Transit Administration, Section 5309 (AGM), 5.00%, 6/01/28                    | 7,735  | 7,734,381  |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38  | 2,445  | 2,477,763  |
| City of Chicago Illinois Board of Education, GO, Refunding, Chicago School Reform Board, Series A (NPFGC), 5.50%, 12/01/26     | 1,620  | 1,684,363  |
| City of Chicago Illinois Board of Education, GO, Series A (AGM), 5.50%, 12/01/39   | 6,370  | 6,205,463  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock MuniHoldings Investment Quality Fund (MFL)

(Percentages shown are based on Net Assets)

|  | Par        |              |
|--|------------|--------------|
|  | (000)      | Value        |
| <b>Municipal Bonds</b>   |            |              |
| <b>Illinois (concluded)</b>  |            |              |
| City of Chicago Illinois O Hare International Airport, GARB, 3rd Lien:<br>Series A, 5.75%, 1/01/39   | \$ 7,395   | \$ 7,553,918 |
| Series C, 6.50%, 1/01/41   | 16,800     | 19,396,608   |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien, Water Project,<br>5.00%, 11/01/42   | 4,360      | 4,135,591    |
| Illinois Finance Authority, RB:<br>Carle Foundation, Series A, 6.00%, 8/15/41  | 4,000      | 4,211,600    |
| University of Chicago, Series B, 5.50%, 7/01/37  | 10,000     | 10,519,000   |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Healthcare,<br>5.00%, 8/15/37  | 1,395      | 1,393,033    |
| Railsplitter Tobacco Settlement Authority, RB:<br>5.50%, 6/01/23   | 4,365      | 4,767,147    |
| 6.00%, 6/01/28   | 1,245      | 1,338,997    |
| State of Illinois, GO, Various Purposes:<br>5.50%, 7/01/33   | 7,820      | 7,536,056    |
| 5.50%, 7/01/38   | 1,295      | 1,222,985    |
|  |            | 97,935,885   |
| <b>Indiana 3.2%</b>  |            |              |
| Indiana Finance Authority, RB, Ohio River Bridges East End Crossing Project, Series A,<br>AMT:<br>5.00%, 7/01/40   | 1,240      | 1,047,936    |
| 5.00%, 7/01/44   | 495        | 411,385      |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project,<br>Series A (AGC), 5.50%, 1/01/38   | 14,105     | 14,577,376   |
|  |            | 16,036,697   |
| <b>Louisiana 1.8%</b>  |            |              |
| New Orleans Aviation Board Louisiana, GARB, Refunding Restructuring (AGC):<br>Series A-1, 6.00%, 1/01/23   | 500        | 559,045      |
| Series A-2, 6.00%, 1/01/23   | 720        | 805,025      |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A:<br>5.50%, 5/15/28  | 3,500      | 3,637,725    |
| 5.50%, 5/15/29   | 3,735      | 3,843,240    |
|  |            | 8,845,035    |
| <b>Michigan 6.3%</b>   |            |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien (AGM):<br>Series B, 7.50%, 7/01/33  | 2,780      | 3,002,150    |
| Series C-1, 7.00%, 7/01/27   | 9,055      | 9,475,333    |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM),<br>6.25%, 7/01/36  | 6,320      | 6,348,693    |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41  | 6,015      | 6,052,293    |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital<br>Obligated Group, Series V, 8.25%, 9/01/39                                     | 5,780      | 6,903,112    |
|  |            | 31,781,581   |
| <b>Minnesota 2.3%</b>  |            |              |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B<br>(AGC), 6.50%, 11/15/38  | 9,900      | 11,320,650   |
| <b>Mississippi 6.0%</b>  |            |              |
| Medical Center Educational Building Corp., RB, University of Mississippi Medical<br>Center Facilities Expansion & Renovation Project, Series A, 5.00%, 6/01/41 | 1,830      | 1,832,434    |
| <b>Municipal Bonds</b>   | <b>Par</b> | <b>Value</b> |

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|   | (000)    |              |
|---|----------|--------------|
| <b>Mississippi (concluded)</b>  |          |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project (AGM):   |          |              |
| 6.75%, 12/01/31   | \$ 3,775 | \$ 4,495,232 |
| 6.75%, 12/01/33   | 2,350    | 2,774,951    |
| 6.88%, 12/01/40   | 6,405    | 7,554,697    |
| Mississippi Development Bank, Refunding RB, Special Obligation Series A:  |          |              |
| Jackson Mississippi Water & Sewer System (AGM), 5.00%, 9/01/30  | 9,030    | 9,246,991    |
| Jackson Public School District Project, 5.00%, 4/01/28  | 3,005    | 3,016,239    |
| University of Southern Mississippi, Refunding RB, S.M. Educational Building Corp., Residence Hall Construction Project, 5.00%, 3/01/33              | 1,280    | 1,302,285    |
|   |          | 30,222,829   |
| <b>Missouri 0.3%</b>  |          |              |
| Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Refunding RB, Combined Lien, Series A, 5.00%, 10/01/28                  |          |              |
|   | 1,400    | 1,460,382    |
| <b>Nevada 4.3%</b>  |          |              |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39   |          |              |
|   | 11,175   | 11,403,417   |
| County of Clark Nevada Airport System, ARB, Subordinate Lien, Series A-2 (NPFGC), 5.00%, 7/01/36  |          |              |
|   | 3,965    | 3,859,452    |
| County of Clark Nevada Water Reclamation District, GO, Series A, 5.25%, 7/01/34   |          |              |
|   | 5,850    | 6,306,651    |
|   |          | 21,569,520   |
| <b>New Jersey 8.7%</b>  |          |              |
| New Jersey EDA, RB, School Facilities Construction (AGC):   |          |              |
| 6.00%, 12/15/18 (b)   | 1,430    | 1,752,737    |
| 6.00%, 12/15/34   | 2,920    | 3,253,581    |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38  |          |              |
|   | 6,500    | 6,577,025    |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Student Loan, Series 1, AMT, 5.75%, 12/01/28                                |          |              |
|   | 4,475    | 4,622,899    |
| New Jersey Transportation Trust Fund Authority, RB:   |          |              |
| Transportation Program, Series AA, 5.50%, 6/15/39   | 2,365    | 2,453,616    |
| Transportation System, Series A, 5.50%, 6/15/41   | 17,710   | 18,251,218   |
| Rutgers The State University of New Jersey, Refunding RB:   |          |              |
| Series J, 5.00%, 5/01/32  | 3,900    | 4,035,798    |
| Series L, 5.00%, 5/01/32  | 2,410    | 2,493,916    |
|   |          | 43,440,790   |
| <b>New York 8.6%</b>  |          |              |
| Metropolitan Transportation Authority, Refunding RB, Series C, 5.00%, 11/15/28  |          |              |
|   | 5,500    | 5,705,095    |
| New York City Municipal Water Finance Authority, RB, Water & Sewer System 2nd General Resolution:   |          |              |
| Fiscal 2009, Series EE, 5.25%, 6/15/40  | 7,500    | 7,733,325    |
| Series FF-2, 5.50%, 6/15/40   | 4,000    | 4,250,200    |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2011, Series EE, 5.38%, 6/15/43 |          |              |
|   | 3,475    | 3,618,135    |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock MuniHoldings Investment Quality Fund (MFL)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>New York (concluded)</b>   |            |              |
| New York City Transitional Finance Authority Building Aid, BARB:  |            |              |
| Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/29   | \$ 4,000   | \$ 4,393,920 |
| Fiscal 2011, Sub-Series S-2A, 5.00%, 7/15/30  | 7,110      | 7,367,027    |
| Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series, 5.25%, 7/15/36 (a)    | 10,000     | 10,307,500   |
|   |            | 43,375,202   |
| <b>Ohio 2.2%</b>  |            |              |
| Ohio Higher Educational Facility Commission, Refunding RB, Kenyon College Project, 5.00%, 7/01/37         |            |              |
|   | 875        | 852,346      |
| Ohio State Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:                     |            |              |
| 5.25%, 2/15/30  | 2,645      | 2,748,843    |
| 5.25%, 2/15/31  | 5,145      | 5,323,223    |
| 5.25%, 2/15/32  | 2,250      | 2,317,567    |
|   |            | 11,241,979   |
| <b>Pennsylvania 2.9%</b>  |            |              |
| Pennsylvania Higher Educational Facilities Authority, RB, Temple University, 1st Series, 5.00%, 4/01/42   |            |              |
|   | 9,325      | 9,268,397    |
| Pennsylvania Turnpike Commission, RB, Sub-Series A, 6.00%, 12/01/41                                       |            |              |
|   | 4,945      | 5,289,568    |
|   |            | 14,557,965   |
| <b>Puerto Rico 1.2%</b>   |            |              |
| Puerto Rico Sales Tax Financing Corp., RB, 1st Sub-Series A, 6.38%, 8/01/39                               |            |              |
|   | 3,315      | 3,125,018    |
| Puerto Rico Sales Tax Financing Corp., Refunding RB, Senior Series C, 5.25%, 8/01/40                      |            |              |
|   | 3,275      | 2,827,995    |
|   |            | 5,953,013    |
| <b>South Carolina 2.9%</b>  |            |              |
| Charleston Educational Excellence Finance Corp., Refunding RB, Charleston County Schools, 5.00%, 12/01/29 |            |              |
|   | 4,855      | 5,072,601    |
| County of Charleston South Carolina Airport District, ARB, Series A, AMT (a):                             |            |              |
| 5.25%, 7/01/25  | 4,030      | 4,231,943    |
| 6.00%, 7/01/38  | 5,270      | 5,459,562    |
|   |            | 14,764,106   |
| <b>Texas 21.4%</b>  |            |              |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37                                    |            |              |
|   | 4,190      | 4,384,626    |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A (AGC):                    |            |              |
| 6.00%, 11/15/35   | 12,700     | 14,302,359   |
| 6.00%, 11/15/36   | 9,435      | 10,698,346   |
| 5.38%, 11/15/38   | 5,000      | 5,269,150    |
| Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38                                     |            |              |
|   | 9,110      | 9,407,350    |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, AMT:                                     |            |              |
| Series A, 5.00%, 11/01/38   | 4,080      | 3,715,574    |
| Series D, 5.00%, 11/01/38   | 1,200      | 1,092,816    |
| Series H, 5.00%, 11/01/37   | 4,575      | 4,179,583    |
| Dallas-Fort Worth International Airport, Refunding ARB, Joint Improvement, Series E, AMT, 5.00%, 11/01/35 |            |              |
|   | 4,550      | 4,194,600    |
| Lower Colorado River Authority, Refunding RB:   |            |              |
| Series A, 5.00%, 5/15/29  | 2,950      | 3,029,414    |
| Series B, 5.00%, 5/15/37  | 4,515      | 4,362,574    |
| <b>Municipal Bonds</b>  | <b>Par</b> | <b>Value</b> |

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|  | (000)    |                    |
|--|----------|--------------------|
| <b>Texas (concluded)</b>   |          |                    |
| North Texas Tollway Authority, RB, Special Projects, System, Series A, 5.50%, 9/01/41  | \$ 3,500 | \$ 3,654,140       |
| North Texas Tollway Authority, Refunding RB, System 1st Tier:  |          |                    |
| (AGM), 6.00%, 1/01/43  | 5,555    | 5,885,189          |
| Series K-1 (AGC), 5.75%, 1/01/38   | 12,150   | 12,692,619         |
| Red River Education Financing Corp., RB, Texas Christian University Project,<br>5.25%, 3/15/38 (a)                           | 7,170    | 7,331,827          |
| Tarrant County Cultural Education Facilities Finance Corp., Refunding RB, Christus<br>Health, Series A (AGC), 6.50%, 7/01/37 | 1,770    | 1,906,573          |
| Waco Educational Finance Corp., Refunding RB, Baylor University, 5.00%, 3/01/43  | 11,250   | 11,113,087         |
|  |          | 107,219,827        |
| <b>Virginia 1.4%</b>   |          |                    |
| Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | 1,750    | 1,780,923          |
| Virginia Public School Authority, RB, School Financing, 6.50%, 12/01/18 (b)  | 4,300    | 5,371,044          |
|  |          | 7,151,967          |
| <b>Washington 2.6%</b>   |          |                    |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A,<br>5.25%, 2/01/36                                | 4,200    | 4,367,118          |
| Spokane Public Facilities District, RB, Hotel/Motel & Sales/Use Tax, Series A,<br>5.00%, 12/01/38                            | 5,690    | 5,438,160          |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36  | 3,290    | 3,439,827          |
|  |          | 13,245,105         |
| <b>Total Municipal Bonds 136.5%</b>  |          | <b>685,007,017</b> |

### Municipal Bonds Transferred to

#### Tender Option Bond Trusts (c)

|  |        |            |
|--|--------|------------|
| <b>Alabama 1.3%</b>  |        |            |
| City of Mobile Alabama Board of Water and Sewer Commissioners, RB (NPFGC),<br>5.00%, 1/01/31   | 6,500  | 6,597,760  |
| <b>California 2.7%</b>   |        |            |
| California State University, Refunding RB, Systemwide, Series A (AGM),<br>5.00%, 11/01/32  | 7,960  | 8,067,619  |
| Los Angeles Unified School District California, GO, Election of 2004, Series I,<br>5.00%, 1/01/34  | 2,400  | 2,415,528  |
| University of California, Refunding RB, Limited Project, Series G, 5.00%, 5/15/37  | 3,020  | 3,024,180  |
|  |        | 13,507,327 |
| <b>District of Columbia 0.8%</b>   |        |            |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A,<br>6.00%, 10/01/35 (d)                                    | 3,379  | 3,760,069  |
| <b>Florida 2.7%</b>  |        |            |
| County of Hillsborough Florida Aviation Authority, RB, Tempa International Airport,<br>Series A, AMT (AGC), 5.50%, 10/01/38                  | 10,657 | 10,980,344 |
| County of Lee Housing Finance Authority, RB, Multi-County Program, Series A-2,<br>AMT (Ginnie Mae, Fannie Mae & Freddie Mac), 6.00%, 9/01/40 | 2,370  | 2,476,294  |
|  |        | 13,456,638 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## BlackRock MuniHoldings Investment Quality Fund (MFL)

(Percentages shown are based on Net Assets)

| Municipal Bonds Transferred to   | Par          |               |
|--|--------------|---------------|
| Tender Option Bond Trusts (c)  | (000)        | Value         |
| <b>Indiana 1.9%</b>  |              |               |
| Indiana Health & Educational Facilities Financing Authority, Refunding RB, St. Francis, Series E (AGM), 5.25%, 5/15/41         | \$ 9,850     | \$ 9,624,238  |
| <b>Kentucky 0.1%</b>   |              |               |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27                              | 404          | 435,596       |
| <b>Massachusetts 1.9%</b>  |              |               |
| Massachusetts School Building Authority, RB, Senior Dedicated Sales Tax, Series B, 5.00%, 10/15/41                             | 9,440        | 9,603,407     |
| <b>Nevada 2.9%</b>   |              |               |
| County of Clark Nevada Water Reclamation District, GO: Limited Tax, 6.00%, 7/01/38   | 8,000        | 8,994,000     |
| Series B, 5.50%, 7/01/29   | 5,008        | 5,607,514     |
|  |              | 14,601,514    |
| <b>New Jersey 3.7%</b>   |              |               |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29                                      | 7,402        | 7,596,033     |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System: Series A (AGM, AMBAC), 5.00%, 12/15/32              | 8,000        | 8,136,000     |
| Series B, 5.25%, 6/15/36 (d)   | 2,961        | 3,009,642     |
|  |              | 18,741,675    |
| <b>New York 11.4%</b>  |              |               |
| Hudson Yards Infrastructure Corp., RB, Series A, 5.75%, 2/15/47 (d)  | 9,249        | 9,503,547     |
| New York City Municipal Water Finance Authority, RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 6/15/40 | 4,994        | 5,306,653     |
| New York City Transitional Finance Authority Building Aid, BARB, Series B-3, 5.25%, 1/15/39                                    | 5,619        | 5,720,814     |
| New York Liberty Development Corp., RB, World Trade Center Port Authority, Series 1, 5.25%, 12/15/43                           | 13,950       | 14,192,372    |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (d)                            | 8,200        | 8,609,180     |
| New York State Dormitory Authority, RB, Personal Income Tax, Series B, 5.25%, 3/15/38  | 13,500       | 13,917,960    |
|  |              | 57,250,526    |
| <b>Texas 4.6%</b>  |              |               |
| City of San Antonio Texas Public Service Board, Refunding RB, Series A, 5.25%, 2/01/31 (d)                                     | 12,027       | 13,153,834    |
| <b>Municipal Bonds Transferred to</b>  | <b>Par</b>   |               |
| <b>Tender Option Bond Trusts (c)</b>   | <b>(000)</b> | <b>Value</b>  |
| <b>Texas (concluded)</b>   |              |               |
| North Texas Tollway Authority, RB, Special Projects, System, Series A, 5.50%, 9/01/41  | \$ 9,640     | \$ 10,064,546 |
|  |              | 23,218,380    |
| <b>Utah 1.3%</b>   |              |               |
| City of Riverton Utah, RB, Hospital, IHC Health Services, Inc., 5.00%, 8/15/41   | 6,373        | 6,288,215     |
| <b>Total Municipal Bonds Transferred to</b>  |              |               |
| <b>Tender Option Bond Trusts 35.3%</b>   |              | 177,085,345   |
| <b>Total Long-Term Investments</b>   |              |               |
| <b>(Cost \$860,694,361) 171.8%</b>   |              | 862,092,362   |

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## Short-Term Securities

|   |               |                |
|---|---------------|----------------|
| <b>California 0.1%</b>  |               |                |
| California Infrastructure & Economic Development Bank, Refunding RB, VRDN, Pacific Gas & Electric Co., Series D, 0.03%, 9/03/13 (g)                       | 700           | 700,000        |
| <b>Connecticut 0.4%</b>   |               |                |
| Connecticut Housing Finance Authority, Refunding RB, VRDN, Housing Mortgage Finance Program, Sub-Series A-2, 0.06%, 9/03/13 (g)                           | 2,000         | 2,000,000      |
| <b>Florida 1.0%</b>   |               |                |
| County of Sarasota Florida Public Hospital District, Refunding RB, VRDN, Sarasota Memorial Hospital Project, Series A, 0.05%, 9/03/13 (g)                 | 5,000         | 5,000,000      |
| <b>New York 0.3%</b>  |               |                |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2011, Series DD-1, 0.05%, 9/03/13 (g) | 1,500         | 1,500,000      |
|   | <b>Shares</b> |                |
| <b>Money Market Funds 5.5%</b>  |               |                |
| FFI Institutional Tax-Exempt Fund, 0.03% (e)(f)   | 27,631,574    | 27,631,574     |
| <b>Total Short-Term Securities</b>  |               |                |
| <b>(Cost \$36,831,574) 7.3%</b>   |               | 36,831,574     |
| <b>Total Investments (Cost \$897,525,935) 179.1%</b>  |               | 898,923,936    |
| <b>Liabilities in Excess of Other Assets (5.3%)</b>   |               | (26,511,153)   |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (19.1%)</b>  |               | (96,002,928)   |
| <b>VRDP Shares, at Liquidation Value (54.7%)</b>  |               | (274,600,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 501,809,855 |

## Notes to Schedule of investments

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

| Counterparty                  | Value        | Unrealized<br>Appreciation<br>(Depreciation) |
|-------------------------------|--------------|--|
| Bank of America N.A.          | \$ 5,459,562 | \$ 4,269                                     |
| J.P. Morgan Securities LLC    | \$ 7,331,827 | \$ (44,734)                                  |
| Raymond James Financial, Inc. | \$ 7,561,046 | \$ (17,319)                                  |

(b) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.

See Notes to Financial Statements.



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**Schedule of Investments (concluded)**

**BlackRock MuniHoldings Investment Quality Fund (MFL)**

- (c) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (d) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire from October 1, 2016 to November 15, 2019 is \$22,520,584.
- (e) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FBI Institutional Tax-Exempt Fund | 687,432                              | 26,944,142      | 27,631,574                           | \$ 3,331 |

- (f) Represents the current yield as of report date.
- (g) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

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|                                    | Level 1       | Level 2        | Level 3 | Total          |
|------------------------------------|---------------|----------------|---------|----------------|
| <b>Assets:</b>                     |               |                |         |                |
| Investments:                       |               |                |         |                |
| Long-Term Investments <sup>1</sup> |               | \$ 862,092,362 |         | \$ 862,092,362 |
| Short-Term Securities              | \$ 27,631,574 | 9,200,000      |         | 36,831,574     |
| <b>Total</b>                       | \$ 27,631,574 | \$ 871,292,362 |         | \$ 898,923,936 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such liabilities are categorized within the disclosure hierarchy as follows:

|                        | Level 1 | Level 2          | Level 3 | Total            |
|------------------------|---------|------------------|---------|------------------|
| <b>Liabilities:</b>    |         |                  |         |                  |
| TOB trust certificates |         | \$ (95,959,167)  |         | \$ (95,959,167)  |
| VRDP Shares            |         | (274,600,000)    |         | (274,600,000)    |
| <b>Total</b>           |         | \$ (370,559,167) |         | \$ (370,559,167) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.

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**Schedule of Investments** August 31, 2013

**BlackRock MuniVest Fund, Inc. (MVF)**

(Percentages shown are based on Net Assets)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 3.2%</b>  |              |              |
| Alabama State Docks Department, Refunding RB, 6.00%, 10/01/40  | \$ 7,610     | \$ 8,286,072 |
| Camden Alabama IDB, RB, Weyerhaeuser Co. Project, Series A, 6.13%, 12/01/13 (a)  | 2,550        | 2,588,275    |
| Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A:<br>5.80%, 5/01/34   | 1,850        | 1,868,149    |
| 5.38%, 12/01/35  | 1,000        | 978,951      |
| Selma Alabama IDB, Refunding RB, International Paper Co. Project, Series B, 5.50%, 5/01/20   | 5,000        | 5,029,650    |
|  |              | 18,751,097   |
| <b>Alaska 0.1%</b>   |              |              |
| Northern Tobacco Securitization Corp., Refunding RB, Tobacco Settlement, Asset-Backed,<br>Series A, 5.00%, 6/01/46   | 1,250        | 834,575      |
| <b>Arizona 2.2%</b>  |              |              |
| Maricopa County Arizona IDA, RB, Arizona Charter Schools Project, Series A, 6.75%, 7/01/29   | 3,600        | 2,972,556    |
| Maricopa County Pollution Control Corp., Refunding RB, Southern California Edison Co.,<br>Series A, 5.00%, 6/01/35   | 3,300        | 3,307,260    |
| Phoenix Civic Improvement Corp., Refunding ARB, Junior Lien, Series A, 5.00%, 7/01/40  | 2,000        | 1,931,120    |
| Salt Verde Financial Corp., RB, Senior, 5.00%, 12/01/37  | 5,000        | 4,567,050    |
|  |              | 12,777,986   |
| <b>California 9.2%</b>   |              |              |
| California Health Facilities Financing Authority, RB:<br>St. Joseph Health System, Series A, 5.75%, 7/01/39  | 5,000        | 5,380,600    |
| Sutter Health, Series B, 6.00%, 8/15/42  | 5,600        | 6,159,160    |
| California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West,<br>Series A, 6.00%, 7/01/34                                      | 1,055        | 1,137,607    |
| California HFA, RB, S/F, Home Mortgage, Series K, AMT, 5.50%, 2/01/42  | 1,460        | 1,509,625    |
| California State Public Works Board, LRB, Department of Mental Health, Coalinga, Series A,<br>5.13%, 6/01/14 (a)   | 10,435       | 10,820,573   |
| City of Los Angeles California Department of Airports, Refunding RB, Los Angeles<br>International Airport, Series A, 5.25%, 5/15/39                        | 1,200        | 1,236,000    |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series<br>A, 6.00%, 8/01/33  | 9,585        | 10,938,785   |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement District<br>No. 2007-1, Election of 2008, Series B,<br>6.43%, 8/01/46 (b) | 10,000       | 1,245,100    |
| San Diego Community College District, GO, Election of 2006, 5.00%, 8/01/43   | 4,285        | 4,365,387    |
| State of California, GO, Various Purposes, 6.50%, 4/01/33  | 9,700        | 11,271,303   |
|  |              | 54,064,140   |
| <b>Colorado 1.0%</b>   |              |              |
| Colorado Health Facilities Authority, RB, Catholic Health Initiatives, Series D, 6.25%,<br>10/01/33  | 2,500        | 2,815,525    |
| Colorado Health Facilities Authority, Refunding RB, Evangelical Lutheran, Series A, 5.25%,<br>6/01/34  | 3,000        | 2,864,730    |
| Regional Transportation District, COP, Refunding, Series A, 5.38%, 6/01/31   | 385          | 397,948      |
|  |              | 6,078,203    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Delaware 0.4%</b>   |              |              |
| County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Project, 6.00%, 10/01/40   | \$ 2,500     | \$ 2,511,425 |
| <b>District of Columbia 0.2%</b>   |              |              |

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|  |        |            |
|--|--------|------------|
| Metropolitan Washington Airports Authority, Refunding RB, Senior 1st Lien, Series A:                           |        |            |
| 5.00%, 10/01/39  | 415    | 406,688    |
| 5.25%, 10/01/44  | 650    | 650,975    |
|  |        | 1,057,663  |
| <b>Florida 7.4%</b>  |        |            |
| County of Miami-Dade Florida, GO, Building Better Communities Program:   |        |            |
| Series B, 6.38%, 7/01/28   | 4,630  | 5,292,460  |
| Series B-1, 5.63%, 7/01/38   | 5,000  | 5,381,700  |
| County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport:                             |        |            |
| Series A, AMT (AGC, Syncora), 5.00%, 10/01/40  | 10,000 | 9,366,300  |
| Series A-1, 5.38%, 10/01/41  | 10,290 | 10,386,006 |
| County of Miami-Dade Florida Expressway Authority, RB, Toll System, Series A (AGM), 5.00%, 7/01/35             | 8,900  | 8,904,539  |
| County of Miami-Dade Florida Transit System Sales Surtax, Refunding RB, 5.00%, 7/01/42                         | 3,750  | 3,643,800  |
|  |        | 42,974,805 |
| <b>Georgia 2.1%</b>  |        |            |
| City of Atlanta Georgia Department of Aviation, GARB, Refunding Series B, AMT, 5.00%, 1/01/29                  |        |            |
|  | 1,070  | 1,068,791  |
| County of DeKalb Georgia Hospital Authority, Refunding RB, DeKalb Medical Center, Inc. Project, 6.13%, 9/01/40 |        |            |
|  | 3,570  | 3,640,793  |
| DeKalb Private Hospital Authority, Refunding RB, Children's Healthcare, 5.25%, 11/15/39                        |        |            |
|  | 3,335  | 3,346,973  |
| Municipal Electric Authority of Georgia, Refunding RB, Series W:   |        |            |
| 6.60%, 1/01/18 (c)   | 110    | 112,219    |
| 6.60%, 1/01/18   | 3,645  | 3,978,262  |
|  |        | 12,147,038 |
| <b>Hawaii 0.9%</b>   |        |            |
| State of Hawaii Harbor System, RB, Series A, 5.50%, 7/01/35  |        |            |
|  | 5,000  | 5,255,050  |
| <b>Illinois 13.5%</b>  |        |            |
| Chicago Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36   |        |            |
|  | 2,110  | 2,118,229  |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.00%, 1/01/41                                    |        |            |
|  | 4,640  | 4,558,243  |
| City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39                                     |        |            |
|  | 6,670  | 6,349,506  |
| City of Chicago Illinois O'Hare International Airport, GARB, 3rd Lien, Series B-2, AMT (NPFGC), 6.00%, 1/01/27 |        |            |
|  | 17,080 | 17,298,282 |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien, Water Project (AGM), 5.25%, 11/01/33              |        |            |
|  | 1,330  | 1,340,068  |
| Illinois Finance Authority, RB:  |        |            |
| Advocate Health Care Network, Series D, 6.50%, 11/01/38  |        |            |
|  | 9,700  | 10,849,644 |
| Community Rehabilitation Providers Facilities, Series A, 6.50%, 7/01/22  |        |            |
|  | 615    | 583,291    |
| Illinois Finance Authority, Refunding RB, Series A:  |        |            |
| Northwestern Memorial Hospital, 6.00%, 8/15/39   |        |            |
|  | 9,000  | 9,855,720  |
| OSF Healthcare System, 6.00%, 5/15/39  |        |            |
|  | 4,990  | 5,276,825  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock MuniVest Fund, Inc. (MVF)

(Percentages shown are based on Net Assets)

|   | <b>Par</b>   |              |
|---|--------------|--------------|
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (concluded)</b>   |              |              |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | \$ 2,645     | \$ 2,844,698 |
| Regional Transportation Authority, RB:  |              |              |
| Series A (AMBAC), 7.20%, 11/01/20   | 2,765        | 3,231,594    |
| Series C (NPFGC), 7.75%, 6/01/20  | 4,000        | 4,812,840    |
| Village of Hodgkins Illinois, RB, Metropolitan Biosolids Management LLC Project, AMT, 6.00%, 11/01/23   | 10,000       | 10,004,100   |
|   |              | 79,123,040   |
| <b>Indiana 2.8%</b>   |              |              |
| Indiana Finance Authority, RB, Ohio River Bridges East End Crossing Project, Series A, AMT: 5.00%, 7/01/40  | 2,640        | 2,231,090    |
| 5.00%, 7/01/44  | 1,525        | 1,267,397    |
| Indiana Health & Educational Facilities Financing Authority, RB, Clarian Health Obligation, Series A, 5.25%, 2/15/40                                    | 8,980        | 8,891,098    |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Series D, 6.75%, 2/01/14   | 3,670        | 3,766,411    |
|   |              | 16,155,996   |
| <b>Iowa 0.1%</b>  |              |              |
| Iowa Tobacco Settlement Authority, Refunding RB, Asset-Backed, Series C, 5.63%, 6/01/46   | 1,000        | 774,260      |
| <b>Kentucky 4.5%</b>  |              |              |
| County of Owen Kentucky, RB, Kentucky American Water Co. Project, Series B, 5.63%, 9/01/39  | 1,000        | 995,260      |
| Kentucky Economic Development Finance Authority, RB, Owensboro Medical Health System, Series A: 6.38%, 6/01/40  | 2,000        | 2,062,800    |
| 6.50%, 3/01/45  | 4,000        | 4,147,400    |
| Kentucky Economic Development Finance Authority, Refunding RB, Hospital Facilities, St. Elizabeth Medical Center, Inc., Series A, 5.50%, 5/01/39        | 8,000        | 8,291,120    |
| Kentucky Housing Corp., Refunding RB, Series L, AMT, 5.25%, 1/01/38   | 3,820        | 3,491,862    |
| Lexington-Fayette Urban County Airport Board, GARB, Refunding, Series A, 5.00%, 7/01/27   | 7,000        | 7,394,170    |
|   |              | 26,382,612   |
| <b>Louisiana 3.1%</b>   |              |              |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35 | 2,615        | 2,714,658    |
| Parish of St. Charles Louisiana, RB, Valero Energy Corp., 4.00%, 12/01/40 (d)   | 2,210        | 2,176,364    |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A: 5.25%, 5/15/31  | 3,420        | 3,301,223    |
| 5.25%, 5/15/32  | 4,375        | 4,203,369    |
| 5.25%, 5/15/33  | 4,750        | 4,530,882    |
| 5.25%, 5/15/35  | 1,500        | 1,409,295    |
|   |              | 18,335,791   |
| <b>Maine 1.5%</b>   |              |              |
| Maine Health & Higher Educational Facilities Authority, RB: Eastern Maine Medical Center, 5.00%, 7/01/43  | 2,500        | 2,370,125    |
| Series A, 5.00%, 7/01/39  | 5,000        | 4,985,250    |
| Portland Housing Development Corp., Refunding RB, Senior Living, Retirement Facilities, Series A, 6.00%, 2/01/34  | 1,190        | 1,178,873    |
|   |              | 8,534,248    |
| <b>Municipal Bonds</b>  | <b>Par</b>   | <b>Value</b> |

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|   |          | (000) |              |
|---|----------|-------|--------------|
| <b>Maryland 1.9%</b>  |          |       |              |
| Maryland Community Development Administration, RB, Residential, Series H, AMT, 5.10%, 9/01/37                           | \$ 1,835 |       | \$ 1,814,962 |
| Maryland Community Development Administration, Refunding RB, Residential, Series D, AMT, 4.90%, 9/01/42                 | 3,250    |       | 3,072,290    |
| Maryland Health & Higher Educational Facilities Authority, Refunding RB:  |          |       |              |
| Charlestown Community Project, 6.25%, 1/01/41   | 2,000    |       | 2,058,980    |
| University of Maryland Medical System, 5.00%, 7/01/34   | 2,100    |       | 2,031,225    |
| University of Maryland Medical System, 5.13%, 7/01/39   | 2,100    |       | 2,017,071    |
|   |          |       | 10,994,528   |
| <b>Massachusetts 6.1%</b>   |          |       |              |
| Massachusetts Bay Transportation Authority, Refunding RB, General Transportation System, Series A, 7.00%, 3/01/19       | 3,010    |       | 3,442,176    |
| Massachusetts HFA, RB, AMT:   |          |       |              |
| S/F Housing, Series 130, 5.00%, 12/01/32  | 2,500    |       | 2,493,675    |
| Series A, 5.20%, 12/01/37   | 2,865    |       | 2,795,352    |
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42   | 6,550    |       | 6,562,903    |
| Massachusetts School Building Authority, RB, Dedicated Sales Tax, Senior Series A, 5.00%, 5/15/43                       | 4,500    |       | 4,582,845    |
| Massachusetts Water Resources Authority, RB, Series A, 6.50%, 7/15/19 (c)   | 13,855   |       | 16,026,910   |
|   |          |       | 35,903,861   |
| <b>Michigan 4.1%</b>  |          |       |              |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM):   |          |       |              |
| 6.25%, 7/01/36  | 2,500    |       | 2,511,350    |
| 7.00%, 7/01/36  | 1,250    |       | 1,300,613    |
| Michigan State Hospital Finance Authority, Refunding RB, Series A:  |          |       |              |
| Henry Ford Health System, 5.25%, 11/15/46   | 7,950    |       | 7,371,796    |
| McLaren Health Care, 5.75%, 5/15/38   | 7,285    |       | 7,774,843    |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital Obligated Group, Series V, 8.25%, 9/01/39 | 4,100    |       | 4,896,671    |
|   |          |       | 23,855,273   |
| <b>Mississippi 5.1%</b>   |          |       |              |
| County of Lowndes Mississippi, Refunding RB, Solid Waste Disposal & Pollution Control Weyerhaeuser Co. Project:         |          |       |              |
| Series A, 6.80%, 4/01/22  | 9,160    |       | 10,060,978   |
| Series B, 6.70%, 4/01/22  | 4,500    |       | 4,895,820    |
| Mississippi Business Finance Corp., Refunding RB, System Energy Resource, Inc. Project, 5.88%, 4/01/22                  | 15,000   |       | 14,707,500   |
|   |          |       | 29,664,298   |
| <b>Missouri 1.8%</b>  |          |       |              |
| Kansas City Missouri, Refunding ARB, General Improvement, Series A, AMT, 5.25%, 9/01/25                                 | 10,000   |       | 10,449,200   |
| <b>Nebraska 1.0%</b>  |          |       |              |
| Central Plains Energy Project, RB, Gas Project No. 3, 5.00%, 9/01/42  | 6,200    |       | 5,587,626    |
| <b>Nevada 0.9%</b>  |          |       |              |
| County of Clark Nevada Airport System, ARB, Series B, 5.75%, 7/01/42  | 5,000    |       | 5,322,500    |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock MuniVest Fund, Inc. (MVF)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>New Hampshire 0.4%</b>  |              |              |
| New Hampshire Health & Education Facilities Authority, Refunding RB, Elliot Hospital, Series B, 5.60%, 10/01/22                                      | \$ 2,145     | \$ 2,138,672 |
| <b>New Jersey 5.5%</b>   |              |              |
| New Jersey EDA, RB, Cigarette Tax, 5.75%, 6/15/14 (a)  | 3,695        | 3,857,432    |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series AA, 5.25%, 12/15/33   | 10,000       | 10,316,200   |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series AA, 6.38%, 10/01/28  | 895          | 938,291      |
| New Jersey Transportation Trust Fund Authority, RB: Transportation Program, Series AA, 5.25%, 6/15/33  | 8,750        | 8,937,425    |
| Transportation System, Series B, 5.50%, 6/15/31  | 8,000        | 8,396,960    |
|  |              | 32,446,308   |
| <b>New York 6.7%</b>   |              |              |
| Metropolitan Transportation Authority, RB, Series C: 6.25%, 11/15/23   | 3,245        | 3,838,640    |
| 6.50%, 11/15/28  | 14,925       | 17,355,238   |
| New York City Municipal Water Finance Authority, RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 6/15/40                       | 4,150        | 4,409,582    |
| New York City Transitional Finance Authority Future Tax Secured, RB, Fiscal 2012, Sub-Series E-1, 5.00%, 2/01/42                                     | 8,900        | 8,991,047    |
| Port Authority of New York & New Jersey, ARB, JFK International Air Terminal LLC Project, 6.00%, 12/01/36  | 3,165        | 3,461,909    |
| Rochester Housing Authority, RB, Andrews Terrace Apartments, M/F Housing, AMT (Ginnie Mae), 4.70%, 12/20/38  | 1,000        | 932,630      |
|  |              | 38,989,046   |
| <b>North Carolina 1.0%</b>   |              |              |
| Gaston County Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35 | 4,105        | 3,608,788    |
| North Carolina Medical Care Commission, Refunding RB, Health Care Facilities, WakeMed, Series A, 4.13%, 10/01/38                                     | 2,730        | 2,211,218    |
|  |              | 5,820,006    |
| <b>Ohio 2.0%</b>   |              |              |
| Buckeye Tobacco Settlement Financing Authority, RB, Senior Turbo Term, Series A-2, 6.50%, 6/01/47  | 1,125        | 828,304      |
| County of Allen Ohio, Refunding RB, Hospital Facilities, Catholic Health Partners, Series A, 5.25%, 6/01/38  | 2,875        | 2,855,047    |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37  | 1,915        | 2,148,726    |
| County of Montgomery Ohio, Refunding RB, Catholic Health, Series A, 5.50%, 5/01/34   | 5,470        | 5,804,928    |
|  |              | 11,637,005   |
| <b>Pennsylvania 0.4%</b>   |              |              |
| Delaware River Port Authority, RB, Series D, 5.00%, 1/01/40  | 195          | 196,460      |
| Philadelphia Pennsylvania IDA, RB, Retirement Facilities: Arbor House, Inc. Project, Series E, 6.10%, 7/01/33  | 1,000        | 977,430      |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Pennsylvania (concluded)</b>  |              |              |

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Philadelphia Pennsylvania IDA, RB, Retirement Facilities (concluded):

|   |          |              |
|---|----------|--------------|
| Rieder House Project, Series A,<br>6.10%, 7/01/33   | \$ 1,355 | \$ 1,324,418 |
|   |          | 2,498,308    |
| <b>Puerto Rico 1.1%</b>   |          |              |
| Puerto Rico Sales Tax Financing Corp., RB, 1st Sub-Series A, 6.38%, 8/01/39   | 6,520    | 6,146,339    |
| <b>South Carolina 1.0%</b>  |          |              |
| County of Georgetown South Carolina, Refunding RB, International Paper Co. Project, Series A, AMT, 5.55%, 12/01/29  | 1,000    | 1,011,070    |
| County of Richland South Carolina, Refunding RB, International Paper Co. Project, AMT, 6.10%, 4/01/23   | 5,000    | 4,878,400    |
|   |          | 5,889,470    |
| <b>Texas 12.9%</b>  |          |              |
| Brazos River Authority, Refunding RB, Texas Utility Co., Series A, AMT, 7.70%, 4/01/33  | 3,055    | 183,300      |
| Central Texas Regional Mobility Authority, Refunding RB, Senior Lien:<br>5.75%, 1/01/31   | 1,000    | 988,030      |
| 6.00%, 1/01/41  | 4,300    | 4,237,091    |
| Series A, 5.00%, 1/01/43  | 6,925    | 5,889,920    |
| Harris County Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B (a):<br>7.13%, 12/01/18                         | 3,500    | 4,483,745    |
| 7.25%, 12/01/18   | 5,400    | 6,951,744    |
| La Vernia Higher Education Finance Corp., RB, KIPP, Inc., Series A, 6.25%, 8/15/39  | 925      | 949,901      |
| Love Field Airport Modernization Corp., RB, Southwest Airlines Co. Project,<br>5.25%, 11/01/40  | 3,600    | 3,358,440    |
| Matagorda County Navigation District No. 1, Refunding RB, CenterPoint Energy Project,<br>5.60%, 3/01/27 (d)   | 9,355    | 9,558,004    |
| North Texas Education Finance Corp., ERB, Uplift Education, Series A, 5.13%, 12/01/42   | 1,000    | 852,010      |
| North Texas Tollway Authority, Refunding RB, 1st Tier, Series A, 6.25%, 1/01/39   | 3,500    | 3,745,490    |
| San Antonio Public Facilities Corp., Refunding RB, Convention Center Refinancing & Expansion Project, 4.00%, 9/15/42  | 7,200    | 5,841,360    |
| Tarrant County Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare,<br>6.00%, 8/15/45   | 5,000    | 5,430,000    |
| Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien:<br>LBJ Infrastructure Group LLC, LBJ Freeway Managed Lanes Project, 7.00%, 6/30/40 | 10,000   | 10,779,000   |
| NTE Mobility Partners LLC, North Tarrant Express Managed Lanes Project,<br>6.88%, 12/31/39  | 4,710    | 5,010,545    |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier,<br>Series A, 4.00%, 8/15/38   | 9,375    | 7,329,000    |
|   |          | 75,587,580   |
| <b>Utah 0.7%</b>  |          |              |
| Utah Transit Authority, Refunding RB, Subordinated Sales Tax, 4.00%, 6/15/39  | 5,000    | 4,128,150    |
| <b>Vermont 0.0%</b>   |          |              |
| Vermont Educational & Health Buildings Financing Agency, RB, Developmental & Mental Health, Series A, 6.38%, 6/15/22  | 30       | 30,339       |

See Notes to Financial Statements.



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## Schedule of Investments (continued)

BlackRock MuniVest Fund, Inc. (MVF)

(Percentages shown are based on Net Assets)

|   | Par          |               |
|---|--------------|---------------|
|   | (000)        | Value         |
| <b>Municipal Bonds</b>  |              |               |
| <b>Virginia 4.5%</b>  |              |               |
| City of Norfolk Virginia Parking System, Refunding RB, Series B (AMBAC), 5.50%, 2/01/31   | \$ 3,550     | \$ 3,538,001  |
| City of Portsmouth Virginia, GO, Refunding, Series D, 5.00%, 7/15/34  | 3,105        | 3,149,184     |
| County of Fairfax Virginia EDA, Refunding RB, Goodwin House, Inc.:  |              |               |
| 5.13%, 10/01/37   | 2,000        | 1,921,060     |
| 5.13%, 10/01/42   | 6,015        | 5,756,415     |
| Virginia Commonwealth Transportation Board, RB, Capital Projects, 5.00%, 5/15/32  | 8,000        | 8,289,200     |
| Virginia HDA, Refunding RB, S/F Housing, Sub-Series A-3, AMT, 5.05%, 7/01/26  | 1,325        | 1,357,132     |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings Project, AMT, 6.00%, 1/01/37            | 2,620        | 2,469,481     |
|   |              | 26,480,473    |
| <b>Washington 4.6%</b>  |              |               |
| Energy Northwest, Refunding RB, Series B, 7.13%, 7/01/16  | 14,320       | 16,819,270    |
| Seattle Washington Housing Authority, RB, Replacement Housing Projects, S/F & M/F Housing, 6.13%, 12/01/32                      | 2,120        | 2,026,423     |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36               | 7,000        | 7,923,860     |
|   |              | 26,769,553    |
| <b>West Virginia 0.4%</b>   |              |               |
| West Virginia Hospital Finance Authority, Refunding RB, Improvement Bonds, Charleston, Series A, 5.63%, 9/01/32                 | 2,500        | 2,543,875     |
| <b>Wisconsin 1.1%</b>   |              |               |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Series C, 5.25%, 4/01/39 | 6,100        | 6,158,438     |
| <b>Wyoming 1.4%</b>   |              |               |
| County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing, 5.25%, 7/15/26                                | 4,500        | 4,739,895     |
| Wyoming Community Development Authority, Refunding RB, Series 2 & 3, 4.05%, 12/01/38  | 3,805        | 3,162,564     |
|   |              | 7,902,459     |
| <b>Total Municipal Bonds 116.8%</b>   |              | 682,701,236   |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |              |               |
| <b>Arizona 0.6%</b>   |              |               |
| Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34                      | 3,500        | 3,591,315     |
| <b>California 3.5%</b>  |              |               |
| University of California, RB, General, Series O, 5.25%, 5/15/39   | 20,000       | 20,658,600    |
| <b>Connecticut 2.1%</b>   |              |               |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series Z-3, 5.05%, 7/01/42                      | 12,000       | 12,369,840    |
| <b>District of Columbia 1.3%</b>  |              |               |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 5.50%, 10/01/39                              | 7,495        | 7,715,570     |
|   | <b>Par</b>   |               |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>   |              |               |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Florida 2.5%</b>   |              |               |
| County of Miami-Dade Florida Water & Sewer System, RB, (AGM), 5.00%, 10/01/39   | \$ 14,747    | \$ 14,534,753 |
| <b>Illinois 3.1%</b>  |              |               |

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|  |        |            |
|--|--------|------------|
| Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/38  | 10,000 | 10,922,200 |
| Illinois State Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33   | 6,999  | 7,384,205  |
|  |        | 18,306,405 |
| <b>Kentucky 1.7%</b>   |        |            |
| Louisville & Jefferson County Metropolitan Government Parking Authority, RB, River City, Inc., First Mortgage, Series A, 5.38%, 12/01/39 | 9,195  | 9,639,946  |
| <b>Maryland 0.8%</b>   |        |            |
| Maryland State Transportation Authority, RB, Transportation Facilities Project (AGM), 5.00%, 7/01/41                                     | 4,710  | 4,715,699  |
| <b>Nevada 3.0%</b>   |        |            |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, Series B, 5.75%, 7/01/34   | 15,789 | 17,778,673 |
| <b>New York 6.0%</b>   |        |            |
| New York City Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series DD, 5.00%, 6/15/37   | 24,199 | 24,661,149 |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (f)                                      | 10,000 | 10,499,000 |
|  |        | 35,160,149 |
| <b>North Carolina 3.1%</b>   |        |            |
| North Carolina Capital Facilities Finance Agency, RB, Residuals, Wake Forest University, 5.00%, 1/01/38                                  | 5,000  | 5,129,050  |
| North Carolina Capital Facilities Finance Agency, Refunding RB, Duke University Project, Series A, 5.00%, 10/01/41                       | 12,678 | 12,688,464 |
|  |        | 17,817,514 |
| <b>Ohio 2.3%</b>   |        |            |
| Ohio Higher Educational Facility Commission, RB, Cleveland Clinic Health, Series A, 5.25%, 1/01/33                                       | 4,400  | 4,471,236  |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34   | 8,500  | 8,886,410  |
|  |        | 13,357,646 |
| <b>Oregon 2.2%</b>   |        |            |
| State of Oregon Housing & Community Services Department, HRB, M/F, Series A, AMT, 4.95%, 7/01/30   | 13,000 | 13,027,134 |
| <b>South Carolina 0.5%</b>   |        |            |
| South Carolina State Housing Finance & Development Authority, MRB, Series B-1, 5.55%, 7/01/39  | 2,559  | 2,599,176  |
| <b>Texas 9.4%</b>  |        |            |
| City of Houston Texas, Refunding RB, Airport System, Senior Lien, Series A, 5.50%, 7/01/34   | 8,333  | 8,913,072  |
| Harris County Health Facilities Development Corp., Refunding RB, School Health Care System, Series B, 5.75%, 7/01/27 (c)                 | 20,970 | 25,115,350 |
| Houston Higher Education Finance Corp., RB, Rice University Project, Series A, 5.00%, 5/15/40  | 10,000 | 10,452,991 |
| Texas Department of Housing & Community Affairs, RB, S/F Mortgage, Series B, AMT (Ginnie Mae, Fannie Mae & Freddie Mac), 5.25%, 9/01/32  | 4,322  | 4,355,903  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

BlackRock MuniVest Fund, Inc. (MVF)

(Percentages shown are based on Net Assets)

|  | Par           |                |
|--|---------------|----------------|
|  | (000)         | Value          |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (e)</b>                                      |               |                |
| <b>Texas (concluded)</b>   |               |                |
| Texas State University System, Refunding RB, (AGM), 5.00%, 3/15/30                                       | \$ 5,667      | \$ 5,969,068   |
|  |               | 54,806,384     |
| <b>Virginia 1.2%</b>   |               |                |
| County of Fairfax Virginia IDA, Refunding RB, Health Care, Inova Health System, Series A, 5.50%, 5/15/35 | 2,099         | 2,195,468      |
| Virginia Small Business Financing Authority, Refunding RB, Sentara Healthcare, 5.00%, 11/01/40           | 5,002         | 4,892,184      |
|  |               | 7,087,652      |
| <b>Washington 4.4%</b>   |               |                |
| Central Puget Sound Regional Transit Authority, RB, Series A:  |               |                |
| 5.00%, 11/01/34  | 5,000         | 5,097,300      |
| 5.00%, 11/01/36  | 6,000         | 6,116,760      |
| (AGM), 5.00%, 11/01/32   | 14,007        | 14,284,157     |
|  |               | 25,498,217     |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 47.7%</b>                              |               | 278,664,673    |
| <b>Total Long-Term Investments</b>   |               |                |
| <b>(Cost \$939,447,029) 164.5%</b>   |               | 961,365,909    |
| <b>Short-Term Securities</b>   |               |                |
|  | <b>Shares</b> | <b>Value</b>   |
| FFI Institutional Tax-Exempt Fund, 0.03% (g)(h)  | 6,144,050     | \$ 6,144,050   |
| <b>Total Short-Term Securities</b>   |               |                |
| <b>(Cost \$6,144,050) 1.0%</b>   |               | 6,144,050      |
| <b>Total Investments (Cost \$945,591,079) 165.5%</b>   |               | 967,509,959    |
| <b>Other Assets Less Liabilities 1.7%</b>  |               | 10,151,091     |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (25.5%)</b>         |               | (149,143,054)  |
| <b>VMTP Shares, at Liquidation Value (41.7%)</b>   |               | (243,800,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 584,717,996 |

## Notes to Schedule of Investments

- (a) US government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Represents a zero-coupon bond. Rate shown reflects the current yield as of report date.
- (c) Security is collateralized by municipal or US Treasury obligations.

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- (d) Variable rate security. Rate shown is as of report date and maturity shown is the date the principal owed can be recovered through demand.
- (e) Securities represent bonds transferred to a TOB in exchange for which the Trust acquired residual interest certificates. These securities serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (f) All or a portion of security is subject to a recourse agreement, which may require the Trust to pay the liquidity provider in the event there is a shortfall between the TOB trust certificates and proceeds received from the sale of the security contributed to the TOB trust. In the case of a shortfall, the aggregate maximum potential amount the Trust could ultimately be required to pay under the agreements, which expire November 15, 2019 is \$5,295,486.
- (g) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2013, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2012 | Net<br>Activity | Shares Held<br>at August 31,<br>2013 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 6,562,755                            | (418,705)       | 6,144,050                            | \$ 3,434 |

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

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

**Level 1** unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

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

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

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value disclosure hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments is based on the pricing transparency of the investment and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments, please refer to Note 2 of the Notes to Financial Statements.

See Notes to Financial Statements.

**Table of Contents****Schedule of Investments (concluded)****BlackRock MuniVest Fund, Inc. (MVF)**

The following table summarizes the Trust's investments categorized in the disclosure hierarchy as of August 31, 2013:

|                                    | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>   |
|------------------------------------|----------------|----------------|----------------|----------------|
| <b>Assets:</b>                     |                |                |                |                |
| Investments:                       |                |                |                |                |
| Long-Term Investments <sup>1</sup> |                | \$ 961,365,909 |                | \$ 961,365,909 |
| Short-Term Securities              | \$ 6,144,050   |                |                | 6,144,050      |
| <b>Total</b>                       | \$ 6,144,050   | \$ 961,365,909 |                | \$ 967,509,959 |

<sup>1</sup> See above Schedule of Investments for values in each state or political subdivision.

Certain of the Trust's liabilities are held at carrying amount, which approximates fair value for financial statement purposes. As of August 31, 2013, such liabilities are categorized within the disclosure hierarchy as follows:

|                        | <b>Level 1</b> | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|------------------------|----------------|------------------|----------------|------------------|
| <b>Liabilities:</b>    |                |                  |                |                  |
| TOB trust certificates |                | \$ (149,084,654) |                | \$ (149,084,654) |
| VMTP Shares            |                | (243,800,000)    |                | (243,800,000)    |
| <b>Total</b>           |                | \$ (392,884,654) |                | \$ (392,884,654) |

There were no transfers between levels during the year ended August 31, 2013.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

| August 31, 2013   | BlackRock<br>Municipal Bond<br>Investment Trust<br>(BIE) | BlackRock<br>Municipal<br>Bond Trust<br>(BBK) | BlackRock<br>Municipal Income<br>Investment<br>Quality Trust<br>(BAF) | BlackRock<br>Municipal Income<br>Quality Trust<br>(BYM) | BlackRock<br>Municipal<br>Income Trust II<br>(BLE) | BlackRock<br>MuniHoldings<br>Investment<br>Quality Fund<br>(MFL) | BlackRock<br>MuniVest<br>Fund, Inc.<br>(MVF) |
|---|--|---|---|---|--|--|--|
| <b>Assets</b>   |  |   |   |   |  |  |  |
| Investments at value unaffiliated <sup>1</sup>                          | \$ 80,924,414  | \$ 242,158,144                                | \$ 196,244,182  | \$ 599,507,891  | \$ 527,603,616                                     | \$ 871,292,362   | \$ 961,365,909                               |
| Investments at value affiliated <sup>2</sup>                            | 1,380,043  | 1,669,953                                     | 452,174   | 5,187,077   | 3,183,216  | 27,631,574   | 6,144,050                                    |
| Cash  |  | 71,626  | 37,830  | 122,384   | 135,632  |  |  |
| Interest receivable   | 866,056  | 2,868,944                                     | 2,216,290   | 6,524,701   | 6,629,886  | 10,229,492   | 12,859,750                                   |
| Investments sold receivable   |  | 1,515,067                                     |   |   | 1,900,099  | 3,962,382  | 1,570,733                                    |
| Deferred offering costs   | 149,036  | 77,562  | 63,364  | 105,360   | 112,375  | 466,627  | 169,546                                      |
| Prepaid expenses  | 37,253   | 4,378   | 3,776   | 9,646   | 8,980  | 61,983   | 10,846                                       |
| <b>Total assets</b>   | <b>83,356,802</b>  | <b>248,365,674</b>                            | <b>199,017,616</b>  | <b>611,457,059</b>                                      | <b>539,573,804</b>                                 | <b>913,644,420</b>   | <b>982,120,834</b>                           |
| <b>Accrued Liabilities</b>  |  |   |   |   |  |  |  |
| Investments purchased payable   | 821,950  | 1,370,696                                     | 1,223,019   | 1,385,305   |  | 37,640,446   |  |
| Income dividends payable  |  |   |   |   |  |  |  |
| Common Shares   | 253,740  | 825,102                                       | 599,335   | 2,059,689   | 1,992,586  | 2,703,256  | 3,774,949                                    |
| Investment advisory fees payable  | 40,879   | 137,276                                       | 96,373  | 289,069   | 256,535  | 418,537  | 429,273                                      |
| Officers and Trustees fees payable                                      | 7,596  | 26,718  | 20,026  | 61,848  | 56,354   | 174,621  | 144,129                                      |
| Interest expense and fees payable                                       | 5,362  | 5,646   | 10,104  | 41,802  | 26,685   | 39,699   | 58,400                                       |
| Other accrued expenses payable  | 24,674   | 58,232  | 61,952  | 99,333  | 81,207   | 298,839  | 111,433                                      |
| <b>Total accrued liabilities</b>  | <b>1,154,201</b>   | <b>2,423,670</b>                              | <b>2,010,809</b>  | <b>3,937,046</b>  | <b>2,413,367</b>                                   | <b>41,275,398</b>  | <b>4,518,184</b>                             |
| <b>Other Liabilities</b>  |  |   |   |   |  |  |  |
| TOB trust certificates  | 16,755,823   | 17,039,244                                    | 33,845,143  | 114,947,707   | 73,531,145   | 95,959,167   | 149,084,654                                  |
| VRDP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup> | 17,800,000   |   |   |   |  | 274,600,000  |  |
| VMTP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup> |  | 79,900,000                                    | 42,200,000  | 137,200,000   | 151,300,000  |  | 243,800,000                                  |
| <b>Total other liabilities</b>  | <b>34,555,823</b>  | <b>96,939,244</b>                             | <b>76,045,143</b>   | <b>252,147,707</b>                                      | <b>224,831,145</b>                                 | <b>370,559,167</b>   | <b>392,884,654</b>                           |
| <b>Total liabilities</b>  | <b>35,710,024</b>  | <b>99,362,914</b>                             | <b>78,055,952</b>   | <b>256,084,753</b>                                      | <b>227,244,512</b>                                 | <b>411,834,565</b>   | <b>397,402,838</b>                           |
| <b>Net Assets Applicable to Common Shareholders</b>                     | <b>\$ 47,646,778</b>                                     | <b>\$ 149,002,760</b>                         | <b>\$ 120,961,664</b>   | <b>\$ 355,372,306</b>                                   | <b>\$ 312,329,292</b>                              | <b>\$ 501,809,855</b>  | <b>\$ 584,717,996</b>                        |
| <b>Net Assets Applicable to Common Shareholders Consist of</b>          |  |   |   |   |  |  |  |
| Paid-in capital <sup>5,6,7</sup>  | \$ 47,273,688  | \$ 149,422,659                                | \$ 124,083,751  | \$ 374,758,607  | \$ 332,601,683                                     | \$ 525,940,982   | \$ 581,767,155                               |
|   | 697,806  | 3,153,158                                     | 1,489,042   | 5,922,521   | 6,088,102  | 6,221,903  | 11,506,847                                   |

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|  |                      |                       |                       |                       |                       |                       |                       |  |  |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|--|
| Undistributed net investment income  |                      |                       |                       |                       |                       |                       |                       |  |  |
| Undistributed net realized gain (accumulated net realized loss)                              | (2,335,343)          | 918,918               | (2,518,293)           | (15,836,139)          | (10,968,495)          | (31,751,031)          | (30,474,886)          |  |  |
| Net unrealized appreciation/depreciation   | 2,010,627            | (4,491,975)           | (2,092,836)           | (9,472,683)           | (15,391,998)          | 1,398,001             | 21,918,880            |  |  |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$ 47,646,778</b> | <b>\$ 149,002,760</b> | <b>\$ 120,961,664</b> | <b>\$ 355,372,306</b> | <b>\$ 312,329,292</b> | <b>\$ 501,809,855</b> | <b>\$ 584,717,996</b> |  |  |
| Net asset value per Common Share   | \$ 14.27             | \$ 14.18              | \$ 13.83              | \$ 13.46              | \$ 13.32              | \$ 13.27              | \$ 9.14               |  |  |
| <sup>1</sup> Investments at cost unaffiliated  | \$ 78,913,787        | \$ 246,650,119        | \$ 198,337,018        | \$ 608,980,574        | \$ 542,995,614        | \$ 869,894,361        | \$ 939,447,029        |  |  |
| <sup>2</sup> Investments at cost affiliated  | \$ 1,380,043         | \$ 1,669,953          | \$ 452,174            | \$ 5,187,077          | \$ 3,183,216          | \$ 27,631,574         | \$ 6,144,050          |  |  |
| <sup>3</sup> VRDP/VMTP Shares outstanding:   |                      |                       |                       |                       |                       |                       |                       |  |  |
| Par value \$0.001 per share  | 178                  | 799                   | 422                   | 1,372                 | 1,513                 |                       |                       |  |  |
| Par value \$0.10 per share   |                      |                       |                       |                       |                       | 2,746                 | 2,438                 |  |  |
| <sup>4</sup> Preferred Shares authorized, including Auction Market Preferred Shares ( AMPS ) | unlimited            | unlimited             | unlimited             | unlimited             | unlimited             | 1 million             | 10 million            |  |  |
| <sup>5</sup> Par Value per Common Share  | \$ 0.001             | \$ 0.001              | \$ 0.001              | \$ 0.001              | \$ 0.001              | \$ 0.10               | \$ 0.10               |  |  |
| <sup>6</sup> Common Shares outstanding   | 3,338,684            | 10,510,852            | 8,749,418             | 26,406,273            | 23,442,189            | 37,807,776            | 63,982,238            |  |  |
| <sup>7</sup> Common Shares authorized  | unlimited            | unlimited             | unlimited             | unlimited             | unlimited             | unlimited             | 150 million           |  |  |

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## Statements of Operations

| Year Ended August 31, 2013   | BlackRock  |   |   |   |                                       |  |  |
|--|--|---|---|---|---------------------------------------|--|--|
|  | BlackRock<br>Municipal Bond<br>Investment Trust<br>(BIE) | BlackRock<br>Municipal<br>Bond Trust<br>(BBK) | BlackRock<br>Municipal Income<br>Investment<br>Quality Trust<br>(BAF) | BlackRock<br>Municipal Income<br>Quality Trust<br>(BYM) | Municipal<br>Income Trust II<br>(BLE) | BlackRock<br>MuniHoldings<br>Investment<br>Quality Fund<br>(MFL) | BlackRock<br>MuniVest<br>Fund, Inc.<br>(MVF) |
| <b>Investment Income</b>   |  |   |   |   |                                       |  |  |
| Interest   | \$ 4,093,111   | \$ 13,264,609                                 | \$ 9,397,624  | \$ 30,301,430   | \$ 28,839,915                         | \$ 42,289,590  | \$ 53,163,859                                |
| Income affiliated  | 243  | 708   | 408   | 957   | 998                                   | 3,331  | 3,434  |
| Total income   | 4,093,354  | 13,265,317                                    | 9,398,032   | 30,302,387  | 28,840,913                            | 42,292,921   | 53,167,293                                   |
| <b>Expenses</b>  |  |   |   |   |                                       |  |  |
| Investment advisory  | 598,778  | 1,757,853                                     | 1,240,238   | 3,665,974   | 3,362,705                             | 5,478,513  | 5,535,601                                    |
| Liquidity fees   | 160,947  |   |   |   |                                       | 1,932,092  |  |
| Professional   | 62,073   | 84,506  | 77,563  | 75,504  | 87,995                                | 74,395   | 59,581                                       |
| Transfer agent   | 20,215   | 29,432  | 27,687  | 30,724  | 30,752                                | 46,698   | 63,191                                       |
| Remarketing fees on Preferred Shares   | 18,046   |   |   |   |                                       | 274,600  |  |
| Accounting services  | 15,097   | 41,903  | 36,092  | 56,751  | 56,218                                | 131,038  | 135,838                                      |
| Custodian  | 8,490  | 18,040  | 14,231  | 31,809  | 29,611                                | 46,784   | 47,899                                       |
| Registration   | 8,286  | 8,389   | 8,291   | 8,430   | 9,337                                 | 11,609   | 25,413                                       |
| Printing   | 7,466  | 10,575  | 9,707   | 16,277  | 14,884                                | 17,370   | 14,291                                       |
| Officer and Trustees   | 6,332  | 20,319  | 18,178  | 47,883  | 41,569                                | 62,579   | 83,035                                       |
| Miscellaneous  | 51,766   | 49,182  | 31,607  | 48,869  | 50,720                                | 52,699   | 83,184                                       |
| Total expenses excluding interest expense, fees and amortization of offering costs | 957,496  | 2,020,199                                     | 1,463,594   | 3,982,221   | 3,683,791                             | 8,128,377  | 6,048,033                                    |
| Interest expense, fees and amortization of offering costs <sup>1</sup>             | 200,307  | 1,125,026                                     | 835,653   | 2,425,181   | 2,451,974                             | 1,947,819  | 4,241,608                                    |
| Total expenses   | 1,157,803  | 3,145,225                                     | 2,299,247   | 6,407,402   | 6,135,765                             | 10,076,196   | 10,289,641                                   |
| Less fees waived by Manager  | (74,223)   | (1,438)                                       | (902)   | (2,274)   | (2,627)                               | (496,458)  | (6,990)                                      |
| Less fees paid indirectly  | (7)  | (13)  | (10)  | (41)  | (104)                                 | (64)   | (142)  |
| Total expenses after fees waived and paid indirectly                               | 1,083,573  | 3,143,774                                     | 2,298,335   | 6,405,087   | 6,133,034                             | 9,579,674  | 10,282,509                                   |
| Net investment income  | 3,009,781  | 10,121,543                                    | 7,099,697   | 23,897,300  | 22,707,879                            | 32,713,247   | 42,884,784                                   |
| <b>Realized and Unrealized Gain (Loss)</b>   |  |   |   |   |                                       |  |  |
| Net realized gain (loss) from:   |  |   |   |   |                                       |  |  |
| Investments  | (713,280)  | 1,884,723                                     | (2,001,131)   | 1,399,167   | 1,374,411                             | (11,908,581)   | (1,650,054)                                  |
| Financial futures contracts  | 198,918  | 111,541                                       | 496,500   | 675,270   | 408,756                               | 2,076,871  |  |
|  | (514,362)  | 1,996,264                                     | (1,504,631)   | 2,074,437   | 1,783,167                             | (9,831,710)  | (1,650,054)                                  |
| Net change in unrealized appreciation/depreciation on investments                  | (8,100,674)  | (27,894,939)                                  | (22,035,087)  | (71,172,199)  | (65,487,095)                          | (90,463,253)   | (94,389,898)                                 |
| Total realized and unrealized loss   | (8,615,036)  | (25,898,675)                                  | (23,539,718)  | (69,097,762)  | (63,703,928)                          | (100,294,963)  | (96,039,952)                                 |



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**Net Decrease in Net Assets Applicable  
to Common Shareholders Resulting  
from Operations**

\$ (5,605,255) \$ (15,777,132) \$ (16,440,021) \$ (45,200,462) \$ (40,996,049) \$ (67,581,716) \$ (53,155,168)

<sup>1</sup> Related to TOBs, VRDP Shares and/or VMTP Shares.

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**Statements of Changes in Net Assets**

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock Municipal Bond Investment Trust (BIE)<br>Year Ended August 31, |               | BlackRock Municipal Bond Trust (BBK)<br>Year Ended August 31, |                |
|---|--|---------------|---|----------------|
|   | 2013   | 2012          | 2013  | 2012           |
| <b>Operations</b>   |  |               |   |                |
| Net investment income   | \$ 3,009,781   | \$ 3,054,451  | \$ 10,121,543   | \$ 10,548,583  |
| Net realized gain (loss)  | (514,362)  | 1,321,542     | 1,996,264   | 3,355,408      |
| Net change in unrealized appreciation/depreciation  | (8,100,674)  | 6,218,132     | (27,894,939)  | 21,519,646     |
| Dividends to AMPS shareholders from net investment income   |  | (4,325)       | –   | (62,496)       |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (5,605,255)  | 10,589,800    | (15,777,132)  | 35,361,141     |
| <b>Dividends and Distributions to Common Shareholders From<sup>1</sup></b>                        |  |               |   |                |
| Net investment income   | (3,094,784)  | (3,243,174)   | (10,235,733)  | (11,124,545)   |
| Net realized gain   |  |               | (1,455,701)   |                |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders          | (3,094,784)  | (3,243,174)   | (11,691,434)  | (11,124,545)   |
| <b>Capital Share Transactions</b>   |  |               |   |                |
| Reinvestment of common dividends  | 16,133   | 42,858        | 255,741   | 507,794        |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |               |   |                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (8,683,906)  | 7,389,484     | (27,212,825)  | 24,744,390     |
| Beginning of year   | 56,330,684   | 48,941,200    | 176,215,585   | 151,471,195    |
| End of year   | \$ 47,646,778  | \$ 56,330,684 | \$ 149,002,760  | \$ 176,215,585 |
| Undistributed net investment income, end of year  | \$ 697,806   | \$ 764,964    | \$ 3,153,158  | \$ 3,101,192   |

<sup>1</sup> Dividends and distributions are determined in accordance with federal income tax regulations.

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock Municipal Income Investment Quality Trust (BAF)<br>Year Ended August 31, |              | BlackRock Municipal Income Quality Trust (BYM)<br>Year Ended August 31, |               |
|---|--|--------------|---|---------------|
|   | 2013   | 2012         | 2013  | 2012          |
| <b>Operations</b>   |  |              |   |               |
| Net investment income   | \$ 7,099,697   | \$ 7,237,075 | \$ 23,897,300   | \$ 24,473,199 |
| Net realized gain (loss)  | (1,504,631)  | 5,422,236    | 2,074,437   | (64,308)      |
| Net change in unrealized appreciation/depreciation  | (22,035,087)   | 12,870,664   | (71,172,199)  | 53,327,603    |
| Dividend and distributions to AMPS shareholders from net investment income                        |  | (33,384)     |   | (107,278)     |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (16,440,021)   | 25,496,591   | (45,200,462)  | 77,629,216    |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |  |              |   |               |

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|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Net investment income   | (7,226,601)    | (7,765,376)    | (24,710,368)   | (24,509,724)   |
| <b>Capital Share Transactions</b>   |                |                |                |                |
| Reinvestment of common dividends  | 41,052         | 73,423         | 498,568        | 650,769        |
| <b>Net Assets Applicable to Common Shareholders</b>                       |                |                |                |                |
| Total increase (decrease) in net assets applicable to Common Shareholders | (23,625,570)   | 17,804,638     | (69,412,262)   | 53,770,261     |
| Beginning of year   | 144,587,234    | 126,782,596    | 424,784,568    | 371,014,307    |
| End of year   | \$ 120,961,664 | \$ 144,587,234 | \$ 355,372,306 | \$ 424,784,568 |
| Undistributed net investment income, end of year                          | \$ 1,489,042   | \$ 1,568,617   | \$ 5,922,521   | \$ 6,655,953   |

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

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## Statements of Changes in Net Assets

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock Municipal<br>Income Trust II (BLE)<br>Year Ended August 31, |                | BlackRock MuniHoldings<br>Investment Quality Fund<br>(MFL)<br>Year Ended August 31, |                |
|---|---|----------------|---|----------------|
|   | 2013  | 2012           | 2013  | 2012           |
| <b>Operations</b>   |   |                |   |                |
| Net investment income   | \$ 22,707,879   | \$ 23,750,159  | \$ 32,713,247   | \$ 32,635,541  |
| Net realized gain (loss)  | 1,783,167   | 5,292,283      | (9,831,710)   | 20,616,300     |
| Net change in unrealized appreciation/depreciation  | (65,487,095)  | 44,778,410     | (90,463,253)  | 55,301,830     |
| Dividends to AMPS Shareholders from net investment income   |   | (117,936)      |   |                |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (40,996,049)  | 73,702,916     | (67,581,716)  | 108,553,671    |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |   |                |   |                |
| Net investment income:  | (24,096,233)  | (23,633,307)   | (34,131,947)  | (34,641,859)   |
| <b>Capital Share Transactions</b>   |   |                |   |                |
| Reinvestment of common dividends  | 647,211   | 991,824        | 743,537   | 695,306        |
| <b>Net Assets Applicable to Common Shareholders</b>   |   |                |   |                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | (64,445,071)  | 51,061,433     | (100,970,126)   | 74,607,118     |
| Beginning of year   | 376,774,363   | 325,712,930    | 602,779,981   | 528,172,863    |
| End of year   | \$ 312,329,292  | \$ 376,774,363 | \$ 501,809,855  | \$ 602,779,981 |
| Undistributed net investment income, end of year  | \$ 6,088,102  | \$ 7,391,750   | \$ 6,221,903  | \$ 7,627,074   |

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock<br>MuniVest Fund, Inc. (MVF)<br>Year Ended August 31, |               |
|---|---|---------------|
|   | 2013  | 2012          |
| <b>Operations</b>   |   |               |
| Net investment income   | \$ 42,884,784   | \$ 43,656,881 |
| Net realized loss   | (1,650,054)   | (673,453)     |
| Net change in unrealized appreciation/depreciation  | (94,389,898)  | 73,804,188    |
| Dividends to AMPS Shareholders from net investment income   |   | (329,136)     |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | (53,155,168)  | 116,458,480   |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |   |               |
| Net investment income   | (45,202,014)  | (44,898,307)  |
| <b>Capital Share Transactions</b>   |   |               |
| Reinvestment of common dividends  | 3,867,890   | 5,413,084     |

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### Net Assets Applicable to Common Shareholders

|   |                |                |
|---|----------------|----------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | (94,489,292)   | 76,973,257     |
| Beginning of year   | 679,207,288    | 602,234,031    |
| End of year   | \$ 584,717,996 | \$ 679,207,288 |
| Undistributed net investment income, end of year                          | \$ 11,506,847  | \$ 13,699,608  |

<sup>1</sup> Dividends are determined in accordance with federal income tax regulations.

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## Statements of Cash Flows

|   | BlackRock                                       |                                      |   |  | BlackRock                                 |  |                                    |
|---|---|--------------------------------------|---|--|---|--|------------------------------------|
|   | BlackRock<br>Municipal Bond<br>Investment Trust | BlackRock<br>Municipal<br>Bond Trust | Municipal Income<br>Investment<br>Quality Trust | BlackRock<br>Municipal Income<br>Quality Trust | BlackRock<br>Municipal<br>Income Trust II | MuniHoldings<br>Investment<br>Quality Fund | BlackRock<br>MuniVest<br>Fund, Inc |
| Year Ended August 31, 2013  | (BIE)   | (BBK)                                | (BAF)   | (BYM)  | (BLE)                                     | (MFL)                                      | (MVF)                              |
| <b>Cash Provided by Operating Activities</b>  |   |                                      |   |  |   |  |                                    |
| Net decrease in net assets resulting from operations  | \$ (5,605,255)                                  | \$ (15,777,132)                      | \$ (16,440,021)                                 | \$ (45,200,462)                                | \$ (40,996,049)                           | \$ (67,581,716)                            | \$ (53,155,168)                    |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: |   |                                      |   |  |   |  |                                    |
| (Increase) decrease in interest receivable  | (11,978)  | 75,245                               | (99,467)  | (378,891)                                      | 2,513                                     | 437,122                                    | 925,955                            |
| (Increase) decrease in prepaid expenses   | (35,336)  | 1,444                                | 936   | 4,712  | 6,069                                     | (51,132)                                   | 1,059                              |
| Decrease in investment advisory fees payable  | (3,686)   | (10,804)                             | (7,125)   | (20,815)                                       | (28,233)                                  | (10,629)                                   | (45,023)                           |
| Increase (decrease) in interest expense and fees payable  | (1,211)   | 385                                  | (4,096)   | (3,041)  | (15,229)                                  | (15,263)                                   | (32,571)                           |
| Decrease in other accrued expenses payable  | (15,130)  | (11,191)                             | (762)   | (37,626)                                       | (32,062)                                  | (80,043)                                   | (24,655)                           |
| Increase in Officers and Trustees fees payable  | 1,015   | 2,168                                | 4,685   | 1,740  | 225                                       | 30,184                                     | 3,910                              |
| Net realized and unrealized loss on investments   | 8,813,954                                       | 26,010,216                           | 24,036,218                                      | 69,773,032                                     | 64,112,684                                | 102,371,834                                | 96,039,952                         |
| Amortization of premium and accretion of discount on investments  | 315,669   | (1,691,234)                          | 1,017,267                                       | (2,363,017)                                    | (526,632)                                 | 4,149,127                                  | 1,294,131                          |
| Amortization of deferred offering costs   | 18,565  | 58,394                               | 48,198  | 78,704   | 88,942                                    | 10,671                                     | 126,156                            |
| Proceeds from sales of long-term investments  | 31,195,722                                      | 97,942,696                           | 97,028,259                                      | 156,436,420                                    | 118,054,971                               | 602,789,359                                | 168,684,864                        |
| Purchases of long-term investments  | (28,597,267)                                    | (97,690,533)                         | (95,130,565)                                    | (164,369,807)                                  | (113,766,810)                             | (537,565,161)                              | (122,749,493)                      |
| Net proceeds from sales (purchases) of short-term securities  | (1,720,366)                                     | (1,086,346)                          | (543,774)                                       | 917,379  | 12,025,258                                | (35,544,142)                               | 418,705                            |
| Cash provided by operating activities   | 4,354,696                                       | 7,823,308                            | 9,909,753                                       | 14,838,328                                     | 38,925,647                                | 68,940,211                                 | 91,487,822                         |
| <b>Cash Used for Financing Activities</b>   |   |                                      |   |  |   |  |                                    |
| Cash receipts from TOB trust certificates   | 1,054,916                                       | 7,305,323                            | 12,280,946                                      | 31,505,554                                     | 13,773,746                                | 8,022,705                                  |                                    |
| Cash payments for TOB trust certificates  | (2,884,165)                                     | (3,570,015)                          | (14,932,498)                                    | (22,012,094)                                   | (29,118,165)                              | (43,386,595)                               | (50,171,792)                       |
| Cash dividends paid to Common Shareholders  | (3,095,269)                                     | (11,486,990)                         | (7,220,371)                                     | (24,209,404)                                   | (23,445,596)                              | (33,573,935)                               | (41,312,825)                       |
| Decrease in bank overdraft  |   |                                      |   |  |   | (2,386)                                    | (3,205)                            |
| Cash used for financing activities  | (4,924,518)                                     | (7,751,682)                          | (9,871,923)                                     | (14,715,944)                                   | (38,790,015)                              | (68,940,211)                               | (91,487,822)                       |
| <b>Cash</b>   |   |                                      |   |  |   |  |                                    |
| Net increase (decrease) in cash   | (569,822)                                       | 71,626                               | 37,830  | 122,384  | 135,632                                   |  |                                    |
| Cash at beginning of year   | 569,822   |                                      |   |  |   |  |                                    |
| Cash at end of year   |   | \$ 71,626                            | \$ 37,830                                       | \$ 122,384                                     | \$ 135,632                                |  |                                    |

**Cash Flow Information**

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|   |    |         |    |           |    |         |    |           |    |           |    |           |    |           |
|---|----|---------|----|-----------|----|---------|----|-----------|----|-----------|----|-----------|----|-----------|
| Cash paid during the year for interest and fees | \$ | 182,953 | \$ | 1,066,247 | \$ | 791,551 | \$ | 2,349,518 | \$ | 2,378,261 | \$ | 1,952,411 | \$ | 4,148,023 |
|---|----|---------|----|-----------|----|---------|----|-----------|----|-----------|----|-----------|----|-----------|

### Non-cash Financing Activities

|  |    |        |    |         |    |        |    |         |    |         |    |         |    |           |
|--|----|--------|----|---------|----|--------|----|---------|----|---------|----|---------|----|-----------|
| Capital shares issued in reinvestment of dividends paid to Common Shareholders | \$ | 16,133 | \$ | 255,741 | \$ | 41,052 | \$ | 498,568 | \$ | 647,211 | \$ | 743,537 | \$ | 3,867,890 |
|--|----|--------|----|---------|----|--------|----|---------|----|---------|----|---------|----|-----------|

See Notes to Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Municipal Bond Investment Trust (BIE)**

|   | <b>Year Ended August 31,</b> |                      |                    |                    |                    |
|---|------------------------------|----------------------|--------------------|--------------------|--------------------|
|   | <b>2013</b>                  | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>  |                              |                      |                    |                    |                    |
| Net asset value, beginning of year  | \$ 16.88                     | \$ 14.67             | \$ 15.51           | \$ 14.16           | \$ 14.86           |
| Net investment income <sup>1</sup>  | 0.90                         | 0.92                 | 1.03               | 1.02               | 1.03               |
| Net realized and unrealized gain (loss)   | (2.58)                       | 2.26                 | (0.89)             | 1.27               | (0.76)             |
| Dividends to AMPS shareholders from net investment income   |                              | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             | (0.13)             |
| Net increase (decrease) from investment operations  | (1.68)                       | 3.18                 | 0.12               | 2.27               | 0.14               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>  | (0.93)                       | (0.97)               | (0.96)             | (0.92)             | (0.84)             |
| Net asset value, end of year  | \$ 14.27                     | \$ 16.88             | \$ 14.67           | \$ 15.51           | \$ 14.16           |
| Market price, end of year   | \$ 13.14                     | \$ 16.61             | \$ 14.22           | \$ 15.60           | \$ 13.20           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>4</sup></b>  |                              |                      |                    |                    |                    |
| Based on net asset value  | (10.35)%                     | 22.36%               | 1.29%              | 16.80%             | 2.43%              |
| Based on market price   | (16.10)%                     | 24.21%               | (2.38)%            | 26.02%             | (0.64)%            |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                      |                    |                    |                    |
| Total expenses  | 2.09%                        | 2.21% <sup>5</sup>   | 1.81% <sup>5</sup> | 1.57% <sup>5</sup> | 1.71% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly  | 1.96%                        | 2.12% <sup>5</sup>   | 1.66% <sup>5</sup> | 1.35% <sup>5</sup> | 1.36% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>6</sup> | 1.60% <sup>7</sup>           | 1.72% <sup>5,7</sup> | 1.39% <sup>5</sup> | 1.15% <sup>5</sup> | 1.25% <sup>5</sup> |
| Net investment income   | 5.45%                        | 5.78% <sup>5</sup>   | 7.25% <sup>5</sup> | 6.92% <sup>5</sup> | 7.98% <sup>5</sup> |
| Dividends to AMPS shareholders  |                              | 0.01%                | 0.13%              | 0.15%              | 1.01%              |
| Net investment income to Common Shareholders  | 5.45%                        | 5.77%                | 7.12%              | 6.77%              | 6.97%              |
| <b>Supplemental Data</b>  |                              |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 47,647                    | \$ 56,331            | \$ 48,941          | \$ 51,708          | \$ 47,203          |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                      | \$ 17,850          | \$ 17,850          | \$ 17,850          |
| VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 17,800                    | \$ 17,800            |                    |                    |                    |
| Portfolio turnover  | 32%                          | 36%                  | 25%                | 47%                | 71%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |                      | \$ 93,546          | \$ 97,421          | \$ 91,112          |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year  | \$ 367,678                   | \$ 416,465           |                    |                    |                    |



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- <sup>1</sup> Based on average shares outstanding.
- <sup>2</sup> Amount is greater than \$(0.005) per share.
- <sup>3</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>6</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.
- <sup>7</sup> For the years ended August 31, 2013 and August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 1.27% and 1.42%, respectively.

See Notes to Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Municipal Bond Trust (BBK)**

|   | <b>Year Ended August 31,</b> |                      |                    |                    |                    |
|---|------------------------------|----------------------|--------------------|--------------------|--------------------|
|   | <b>2013</b>                  | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>  |                              |                      |                    |                    |                    |
| Net asset value, beginning of year  | \$ 16.79                     | \$ 14.48             | \$ 15.29           | \$ 13.23           | \$ 13.96           |
| Net investment income <sup>1</sup>  | 0.96                         | 1.01                 | 1.14               | 1.14               | 1.14               |
| Net realized and unrealized gain (loss)   | (2.46)                       | 2.37                 | (0.87)             | 1.97               | (0.83)             |
| Dividends and distributions to AMPS shareholders from:  |                              |                      |                    |                    |                    |
| Net investment income   |                              | (0.01)               | (0.03)             | (0.03)             | (0.13)             |
| Net realized gain   |                              |                      |                    |                    |                    |
| Net increase (decrease) from investment operations  | (1.50)                       | 3.37                 | 0.24               | 3.08               | 0.18               |
| Dividends and distributions to Common Shareholders from: <sup>2</sup>   |                              |                      |                    |                    |                    |
| Net Investment income   | (0.97)                       | (1.06)               | (1.05)             | (1.02)             | (0.91)             |
| Net realized gain   | (0.14)                       |                      |                    |                    |                    |
| Total dividends and distributions to Common Shareholders  | (1.11)                       | (1.06)               | (1.05)             | (1.02)             | (0.91)             |
| Net asset value, end of year  | \$ 14.18                     | \$ 16.79             | \$ 14.48           | \$ 15.29           | \$ 13.23           |
| Market price, end of year   | \$ 13.49                     | \$ 17.16             | \$ 14.86           | \$ 15.79           | \$ 13.80           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>  |                              |                      |                    |                    |                    |
| Based on net asset value  | (9.52)%                      | 23.96%               | 2.02%              | 24.13%             | 2.52%              |
| Based on market price   | (15.78)%                     | 23.45%               | 1.38%              | 22.90%             | 7.48%              |
| <b>Ratio to Average Net Assets Applicable to Common Shareholders</b>  |                              |                      |                    |                    |                    |
| Total expenses  | 1.82%                        | 1.69% <sup>4</sup>   | 1.33% <sup>4</sup> | 1.29% <sup>4</sup> | 1.51% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.82%                        | 1.64% <sup>4</sup>   | 1.19% <sup>4</sup> | 1.08% <sup>4</sup> | 1.19% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.17%                        | 1.18% <sup>4,6</sup> | 1.16% <sup>4</sup> | 1.05% <sup>4</sup> | 1.10% <sup>4</sup> |
| Net investment income   | 5.85%                        | 6.39%                | 8.15%              | 8.08%              | 9.67%              |
| Dividends to AMPS Shareholders  |                              | 0.04%                | 0.19%              | 0.22%              | 1.11%              |
| Net investment income to Common Shareholders  | 5.85%                        | 6.35%                | 7.96%              | 7.86%              | 8.56%              |
| <b>Supplemental Data</b>  |                              |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 149,003                   | \$ 176,216           | \$ 151,471         | \$ 159,216         | \$ 137,030         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                      | \$ 79,900          | \$ 79,900          | \$ 79,900          |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 79,900                    | \$ 79,900            |                    |                    |                    |
| Portfolio turnover  | 32%                          | 46%                  | 27%                | 51%                | 46%                |

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|  |            |            |           |           |
|--|------------|------------|-----------|-----------|
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year    |            | \$ 72,394  | \$ 74,819 | \$ 67,877 |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year | \$ 286,487 | \$ 320,545 |           |           |

<sup>1</sup> Based on average Common Shares outstanding.

<sup>2</sup> Dividends and distributions are determined in accordance with federal income tax regulations.

<sup>3</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.

<sup>4</sup> Do not reflect the effect of dividends to AMPS shareholders.

<sup>5</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.

<sup>6</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 1.16%.

See Notes to Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Municipal Income Investment Quality Trust  
(BAF)**

|  | <b>Year Ended August 31,</b> |                      |                    |                    |                    |
|--|------------------------------|----------------------|--------------------|--------------------|--------------------|
|  | <b>2013</b>                  | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>   |                              |                      |                    |                    |                    |
| Net asset value, beginning of year   | \$ 16.53                     | \$ 14.50             | \$ 15.08           | \$ 14.06           | \$ 14.23           |
| Net investment income <sup>1</sup>   | 0.81                         | 0.83                 | 0.91               | 0.94               | 0.91               |
| Net realized and unrealized gain (loss)  | (2.68)                       | 2.09                 | (0.58)             | 0.95               | (0.27)             |
| Dividends to AMPS shareholders from net investment income  |                              | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             | (0.09)             |
| Net increase (decrease) from investment operations   | (1.87)                       | 2.92                 | 0.31               | 1.87               | 0.55               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>   | (0.83)                       | (0.89)               | (0.89)             | (0.85)             | (0.72)             |
| Net asset value, end of year   | \$ 13.83                     | \$ 16.53             | \$ 14.50           | \$ 15.08           | \$ 14.06           |
| Market price, end of year  | \$ 12.82                     | \$ 16.24             | \$ 13.92           | \$ 15.64           | \$ 13.01           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>4</sup></b>   |                              |                      |                    |                    |                    |
| Based on net asset value   | (11.69)%                     | 20.76%               | 2.62%              | 13.93%             | 5.36%              |
| Based on market price  | (16.68)%                     | 23.59%               | (5.01)%            | 27.70%             | 11.70%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |                              |                      |                    |                    |                    |
| Total expenses   | 1.63%                        | 1.49% <sup>5</sup>   | 1.25% <sup>5</sup> | 1.23% <sup>5</sup> | 1.60% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly   | 1.63%                        | 1.49% <sup>5</sup>   | 1.23% <sup>5</sup> | 1.14% <sup>5</sup> | 1.40% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering cost <sup>6</sup> | 1.03%                        | 1.06% <sup>5,7</sup> | 1.09% <sup>5</sup> | 0.97% <sup>5</sup> | 0.98% <sup>5</sup> |
| Net investment income  | 5.02%                        | 5.31% <sup>5</sup>   | 6.51% <sup>5</sup> | 6.54% <sup>5</sup> | 7.04% <sup>5</sup> |
| Dividends to AMPS shareholders   |                              | 0.02%                | 0.12%              | 0.14%              | 0.66%              |
| Net investment income to Common Shareholders   | 5.02%                        | 5.29%                | 6.39%              | 6.40%              | 6.38%              |
| <b>Supplemental Data</b>   |                              |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)  | \$ 120,962                   | \$ 144,587           | \$ 126,783         | \$ 131,772         | \$ 122,825         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)   |                              |                      | \$ 42,275          | \$ 42,275          | \$ 42,275          |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)  | \$ 42,200                    | \$ 42,200            |                    |                    |                    |
| Portfolio turnover   | 43%                          | 51%                  | 33%                | 26%                | 45%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year  |                              |                      | \$ 99,975          | \$ 102,926         | \$ 97,637          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year   | \$ 386,639                   | \$ 442,624           |                    |                    |                    |

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- <sup>1</sup> Based on average common shares outstanding.
- <sup>2</sup> Amount is greater than (0.005)%.
- <sup>3</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>6</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.
- <sup>7</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs, liquidity and remarketing fees was 1.05%.

See Notes to Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock Municipal Income Quality Trust (BYM)**

|  | <b>Year Ended August 31,</b> |                      |                    |                    |                    |
|--|------------------------------|----------------------|--------------------|--------------------|--------------------|
|  | <b>2013</b>                  | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>   |                              |                      |                    |                    |                    |
| Net asset value, beginning of year   | \$ 16.11                     | \$ 14.09             | \$ 14.64           | \$ 13.55           | \$ 14.04           |
| Net investment income <sup>1</sup>   | 0.91                         | 0.93                 | 0.97               | 0.96               | 0.91               |
| Net realized and unrealized gain (loss)  | (2.62)                       | 2.02                 | (0.58)             | 1.00               | (0.55)             |
| Dividends to AMPS shareholders from net investment income  |                              | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             | (0.10)             |
| Net increase (decrease) from investment operations   | (1.71)                       | 2.95                 | 0.37               | 1.94               | 0.26               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>   | (0.94)                       | (0.93)               | (0.92)             | (0.85)             | (0.75)             |
| Net asset value, end of year   | \$ 13.46                     | \$ 16.11             | \$ 14.09           | \$ 14.64           | \$ 13.55           |
| Market price, end of year  | \$ 12.59                     | \$ 16.73             | \$ 13.85           | \$ 15.26           | \$ 13.69           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>4</sup></b>   |                              |                      |                    |                    |                    |
| Based on net asset value   | (11.13)%                     | 21.54%               | 3.09%              | 14.74%             | 2.83%              |
| Based on market price  | (19.96)%                     | 28.40%               | (2.79)%            | 18.42%             | 10.58%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>  |                              |                      |                    |                    |                    |
| Total expenses   | 1.55%                        | 1.46% <sup>5</sup>   | 1.25% <sup>5</sup> | 1.15% <sup>5</sup> | 1.38% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly   | 1.55%                        | 1.46% <sup>5</sup>   | 1.24% <sup>5</sup> | 1.06% <sup>5</sup> | 1.20% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees, and amortization of offering costs <sup>6</sup> | 0.96%                        | 1.00% <sup>5,7</sup> | 1.07% <sup>5</sup> | 0.92% <sup>5</sup> | 0.93% <sup>5</sup> |
| Net investment income  | 5.77%                        | 6.12% <sup>5</sup>   | 7.15% <sup>5</sup> | 6.85% <sup>5</sup> | 7.23% <sup>5</sup> |
| Dividends to AMPS shareholders   |                              | 0.03%                | 0.14%              | 0.15%              | 0.76%              |
| Net investment income to Common Shareholders   | 5.77%                        | 6.09%                | 7.01%              | 6.70%              | 6.47%              |
| <b>Supplemental Data</b>   |                              |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)  | \$ 355,372                   | \$ 424,785           | \$ 371,014         | \$ 384,563         | \$ 355,334         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)   |                              |                      | \$ 137,250         | \$ 137,250         | \$ 137,250         |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)  | \$ 137,200                   | \$ 137,200           |                    |                    |                    |
| Portfolio turnover   | 24%                          | 17%                  | 19%                | 13%                | 18%                |
| Asset coverage per AMPS Shares at \$25,000 liquidation value, end of year  |                              |                      | \$ 92,580          | \$ 95,049          | \$ 89,725          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year   | \$ 359,018                   | \$ 409,610           |                    |                    |                    |

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- <sup>1</sup> Based on average shares outstanding.
- <sup>2</sup> Amount is greater than \$(0.005) per share.
- <sup>3</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>4</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>5</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>6</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.
- <sup>7</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.99%.

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**Table of Contents****Financial Highlights****BlackRock Municipal Income Trust II (BLE)**

|   | <b>Year Ended August 31,</b> |                      |                    |                    |                    |
|---|------------------------------|----------------------|--------------------|--------------------|--------------------|
|   | <b>2013</b>                  | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>  |                              |                      |                    |                    |                    |
| Net asset value, beginning of year  | \$ 16.10                     | \$ 13.96             | \$ 14.63           | \$ 12.78           | \$ 13.60           |
| Net investment income <sup>1</sup>  | 0.97                         | 1.02                 | 1.08               | 1.08               | 1.09               |
| Net realized and unrealized gain (loss)   | (2.72)                       | 2.14                 | (0.73)             | 1.77               | (0.95)             |
| Dividends to AMPS shareholders from net investment income   |                              | (0.01)               | (0.02)             | (0.03)             | (0.12)             |
| Net increase (decrease) from investment operations  | (1.75)                       | 3.15                 | 0.33               | 2.82               | 0.02               |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (1.03)                       | (1.01)               | (1.00)             | (0.97)             | (0.84)             |
| Net asset value, end of year  | \$ 13.32                     | \$ 16.10             | \$ 13.96           | \$ 14.63           | \$ 12.78           |
| Market price, end of year   | \$ 13.20                     | \$ 16.74             | \$ 14.13           | \$ 15.22           | \$ 13.45           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>  |                              |                      |                    |                    |                    |
| Based on net asset value  | (11.60)%                     | 23.25%               | 2.70%              | 22.83%             | 1.54%              |
| Based on market price   | (15.75)%                     | 26.61%               | (0.07)%            | 21.42%             | 9.52%              |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                      |                    |                    |                    |
| Total expenses  | 1.67%                        | 1.55% <sup>4</sup>   | 1.18% <sup>4</sup> | 1.16% <sup>4</sup> | 1.36% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.67%                        | 1.48% <sup>4</sup>   | 1.10% <sup>4</sup> | 1.08% <sup>4</sup> | 1.19% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.00%                        | 0.96% <sup>4,6</sup> | 1.01% <sup>4</sup> | 0.99% <sup>4</sup> | 1.05% <sup>4</sup> |
| Net investment income   | 6.17%                        | 6.74% <sup>4</sup>   | 7.94% <sup>4</sup> | 7.89% <sup>4</sup> | 9.69% <sup>4</sup> |
| Dividends to AMPS shareholders  |                              | 0.03%                | 0.17%              | 0.20%              | 1.07%              |
| Net investment income to Common Shareholders  | 6.17%                        | 6.71%                | 7.77%              | 7.69%              | 8.62%              |
| <b>Supplemental Data</b>  |                              |                      |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 312,329                   | \$ 376,774           | \$ 325,713         | \$ 340,269         | \$ 296,070         |
| AMPS Shares outstanding at \$25,000 liquidation preference, end of year (000)   |                              |                      | \$ 151,300         | \$ 151,300         | \$ 151,300         |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 151,300                   | \$ 151,300           |                    |                    |                    |
| Portfolio turnover  | 17%                          | 24%                  | 16%                | 29%                | 19%                |
| Asset coverage per AMPS Share at \$25,000 liquidation preference, end of year   |                              |                      | \$ 78,819          | \$ 81,226          | \$ 73,923          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 306,430                   | \$ 349,025           |                    |                    |                    |



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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>3</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>4</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>5</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 1 and Note 7 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.
- <sup>6</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.94%.

See Notes to Financial Statements.

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**Table of Contents****Financial Highlights****BlackRock MuniHoldings Investment Quality Fund (MFL)**

|   | <b>Year Ended August 31,</b> |                    |                    |                    |                    |
|---|------------------------------|--------------------|--------------------|--------------------|--------------------|
|   | <b>2013</b>                  | <b>2012</b>        | <b>2011</b>        | <b>2010</b>        | <b>2009</b>        |
| <b>Per Share Operating Performance</b>  |                              |                    |                    |                    |                    |
| Net asset value, beginning of year  | \$ 15.96                     | \$ 14.00           | \$ 14.69           | \$ 13.57           | \$ 13.50           |
| Net investment income <sup>1</sup>  | 0.87                         | 0.86               | 0.95               | 0.96               | 0.94               |
| Net realized and unrealized gain (loss)   | (2.66)                       | 2.02               | (0.71)             | 1.04               | (0.03)             |
| Dividends to AMPS shareholders from net investment income   |                              |                    | (0.02)             | (0.03)             | (0.13)             |
| Net increase (decrease) from investment operations  | (1.79)                       | 2.88               | 0.22               | 1.97               | 0.78               |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (0.90)                       | (0.92)             | (0.91)             | (0.85)             | (0.71)             |
| Net asset value, end of year  | \$ 13.27                     | \$ 15.96           | \$ 14.00           | \$ 14.69           | \$ 13.57           |
| Market price, end of year   | \$ 12.59                     | \$ 16.13           | \$ 13.84           | \$ 14.65           | \$ 12.63           |
| <b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>  |                              |                    |                    |                    |                    |
| Based on net asset value  | (11.70)%                     | 21.22%             | 2.01%              | 15.22%             | 7.36%              |
| Based on market price   | (17.11)%                     | 23.93%             | 1.12%              | 23.46%             | 16.19%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                    |                    |                    |                    |
| Total expenses  | 1.71%                        | 1.87%              | 1.37% <sup>4</sup> | 1.17% <sup>4</sup> | 1.32% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.62%                        | 1.80%              | 1.30% <sup>4</sup> | 1.09% <sup>4</sup> | 1.20% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.29% <sup>6</sup>           | 1.39% <sup>6</sup> | 1.14% <sup>4</sup> | 1.01% <sup>4</sup> | 1.07% <sup>4</sup> |
| Net investment income   | 5.55%                        | 5.76%              | 7.03% <sup>4</sup> | 6.85% <sup>4</sup> | 7.48% <sup>4</sup> |
| Dividends to AMPS shareholders  |                              |                    | 0.18%              | 0.21%              | 1.05%              |
| Net investment income to Common Shareholders  | 5.55%                        | 5.76%              | 6.85%              | 6.64%              | 6.43%              |
| <b>Supplemental Data</b>  |                              |                    |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 501,810                   | \$ 602,780         | \$ 528,173         | \$ 553,367         | \$ 511,013         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                    |                    | \$ 274,650         | \$ 274,650         |
| VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 274,600                   | \$ 274,600         | \$ 274,600         |                    |                    |
| Portfolio turnover  | 59%                          | 44%                | 32%                | 38%                | 40%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |                    |                    | \$ 75,371          | \$ 71,516          |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year  | \$ 282,742                   | \$ 319,512         | \$ 292,343         |                    |                    |

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- <sup>1</sup> Based on average shares outstanding.
- <sup>2</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>3</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>4</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>5</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VRDP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VRDP Shares, respectively.
- <sup>6</sup> For the years ended August 31, 2013 and August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.92% and 0.99%, respectively.

See Notes to Financial Statements.

**Table of Contents****Financial Highlights****BlackRock MuniVest Fund, Inc. (MVF)**

|   | <b>Year Ended August 31,</b> |                    |             |             |             |
|---|------------------------------|--------------------|-------------|-------------|-------------|
|   | <b>2013</b>                  | <b>2012</b>        | <b>2011</b> | <b>2010</b> | <b>2009</b> |
| <b>Per Share Operating Performance</b>  |                              |                    |             |             |             |
| Net asset value, beginning of year  | \$ 10.68                     | \$ 9.55            | \$ 10.01    | \$ 8.98     | \$ 8.91     |
| Net investment income <sup>1</sup>  | 0.67                         | 0.69               | 0.73        | 0.73        | 0.70        |
| Net realized and unrealized gain (loss)   | (1.50)                       | 1.16               | (0.47)      | 0.97        | (0.03)      |
| Dividends to AMPS shareholders from net investment income   |                              | (0.01)             | (0.02)      | (0.02)      | (0.06)      |
| Net increase (decrease) from investment operations  | (0.83)                       | 1.84               | 0.24        | 1.68        | 0.61        |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (0.71)                       | (0.71)             | (0.70)      | (0.65)      | (0.54)      |
| Net asset value, end of year  | \$ 9.14                      | \$ 10.68           | \$ 9.55     | \$ 10.01    | \$ 8.98     |
| Market price, end of year   | \$ 8.91                      | \$ 11.28           | \$ 9.73     | \$ 10.38    | \$ 8.91     |
| <b>Total Investment Return Applicable to Common Shareholders<sup>3</sup></b>  |                              |                    |             |             |             |
| Based on net asset value  | (8.39)%                      | 19.85%             | 2.90%       | 19.31%      | 8.18%       |
| Based on market price   | (15.45)%                     | 24.24%             | 1.11%       | 24.69%      | 14.81%      |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                    |             |             |             |
| Total expenses <sup>4</sup>   | 1.54%                        | 1.51%              | 1.28%       | 1.22%       | 1.53%       |
| Total expenses after fees waived and paid indirectly <sup>4</sup>   | 1.54%                        | 1.51%              | 1.28%       | 1.22%       | 1.50%       |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>4,5</sup> | 0.91%                        | 0.98% <sup>6</sup> | 1.05%       | 1.03%       | 1.14%       |
| Net investment income <sup>4</sup>  | 6.43%                        | 6.79%              | 7.93%       | 7.71%       | 8.74%       |
| Dividends to AMPS shareholders  |                              | 0.05%              | 0.18%       | 0.19%       | 0.78%       |
| Net investment income to Common Shareholders  | 6.43%                        | 6.74%              | 7.75%       | 7.52%       | 7.96%       |
| <b>Supplemental Data</b>  |                              |                    |             |             |             |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 584,718                   | \$ 679,207         | \$ 602,234  | \$ 625,195  | \$ 555,889  |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                    | \$ 243,825  | \$ 243,825  | \$ 243,825  |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 243,800                   | \$ 243,800         |             |             |             |
| Portfolio turnover  | 11%                          | 11%                | 10%         | 25%         | 31%         |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |                    | \$ 86,749   | \$ 89,106   | \$ 81,999   |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 339,835                   | \$ 378,592         |             |             |             |

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- <sup>1</sup> Based on average Common shares outstanding.
- <sup>2</sup> Dividends are determined in accordance with federal income tax regulations.
- <sup>3</sup> Total investment returns based on market price, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Where applicable, total investment returns exclude the effects of any sales charges and assume the reinvestment of dividends and distributions.
- <sup>4</sup> Do not reflect the effect of dividends to AMPS shareholders.
- <sup>5</sup> Interest expense, fees and amortization of offering costs relate to TOBs and/or VMTP Shares. See Note 3 and Note 9 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs and VMTP Shares, respectively.
- <sup>6</sup> For the year ended August 31, 2012, the total expense ratio after fees waived and paid indirectly and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 0.96%.

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## Notes to Financial Statements

**1. Organization:**

BlackRock Municipal Bond Investment Trust ( BIE ), BlackRock Municipal Bond Trust ( BBK ), BlackRock Municipal Income Investment Quality Trust ( BAF ), BlackRock Municipal Income Quality Trust ( BYM ) and BlackRock Municipal Income Trust II ( BLE ) are organized as Delaware statutory trusts. BlackRock MuniHoldings Investment Quality Fund ( MFL ) and BlackRock MuniVest Fund, Inc. ( MVF ) are organized as a Massachusetts business trust and as a Maryland corporation, respectively. BIE, BBK, BAF, BYM, BLE, MFL, and MVF are referred to herein collectively as the Trusts . BBK, BYM and BLE are registered under the Investment Company Act of 1940, as amended (the 1940 Act ), as diversified, closed-end management investment companies. BAF, BIE, MFL, and MVF are registered under the 1940 Act as non-diversified, closed-end management investment companies. The Boards of Directors and Boards of Trustees of the Trusts are collectively referred to throughout this report as the Board of Trustees or the Board , and the trustees thereof are collectively referred to throughout this report as Trustees . The Trusts determine and make available for publication the NAVs of their Common Shares on a daily basis.

**2. Significant Accounting Policies:**

The Trusts' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ( US GAAP ), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. The following is a summary of the significant accounting policies followed by the Trusts:

**Valuation:** US GAAP defines fair value as the price the Trusts would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Trusts determine the fair values of their financial instruments at market value using independent dealers or pricing services under policies approved by the Board. The BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee ) is the committee formed by management to develop global pricing policies and procedures and to provide oversight of the pricing function for the Trusts for all financial instruments.

Municipal investments (including commitments to purchase such investments on a when-issued basis) are valued on the basis of prices provided by dealers or pricing services. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments and information with respect to various relationships between investments. Financial futures contracts traded on exchanges are valued at their last sale price. Investments in open-end registered investment companies are valued at NAV each business day. Short-term securities with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

In the event that application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the Global Valuation Committee, or its delegate, seeks to determine the price that each Trust might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deem relevant consistent with the principles of fair value measurement which include the market approach, income approach and/or in the case of recent investments, the cost approach, as appropriate. The market approach generally consists of using comparable market transactions. The income approach generally is used to discount future cash flows to present value and is adjusted for liquidity as appropriate. These factors include but are not limited to: (i) attributes specific to the investment or asset; (ii) the principal market for the investment or asset; (iii) the customary participants in the principal market for the investment or asset; (iv) data assumptions by market participants for the investment or asset, if reasonably available; (v) quoted prices for similar investments or assets in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates. Due to the inherent uncertainty of valuations of such investments, the fair values may differ from the values that would have been used had an active market existed. The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Trusts' pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof on a quarterly basis.

**Segregation and Collateralization:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ( SEC ) require that the Trusts either deliver collateral or segregate assets in connection with certain investments (e.g., TOBs and financial futures

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contract), the Trusts will, consistent with SEC rules and/or certain interpretive letters issued by the SEC, segregate collateral or designate on its books and records cash or liquid securities having a market value at least equal to the amount that would otherwise be required to be physically segregated. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each Trust engaging in such transactions may have requirements to deliver/deposit securities to/with an exchange or broker-dealer as collateral for certain investments.

Investment Transactions and Investment Income: For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income,

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Notes to Financial Statements (continued)

including amortization and accretion of premiums and discounts on debt securities, is recognized on the accrual basis.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. The character and timing of dividends and distributions are determined in accordance with federal income tax regulations, which may differ from US GAAP. Dividends and distributions to Preferred Shareholders are accrued and determined as described in Note 9.

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

Each Trust files US federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Trust's US federal tax return remains open for each of the four years ended August 31, 2013. The statutes of limitations on each Trust's state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe there are any uncertain tax positions that require recognition of a tax liability.

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

**Deferred Compensation Plan:** Under the Deferred Compensation Plan (the "Plan") approved by each Trust's Board, the independent Trustees ( "Independent Trustees") may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts had been invested in common shares of certain other BlackRock Closed-End Funds selected by the Independent Trustees. This has the same economic effect for the Independent Trustees as if the Independent Trustees had invested the deferred amounts directly in certain other BlackRock Closed-End Funds.

The Plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Trust. Deferred compensation liabilities are included in officer's and trustee's fees payable in the Statement of Assets and Liabilities and will remain as a liability of the Trusts until such amounts are distributed in accordance with the Plan.

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

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

**3. Securities and Other Investments:**

**Zero-Coupon Bonds:** The Trusts may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Forward Commitments and When-Issued Delayed Delivery Securities:** The Trusts may purchase securities on a when-issued basis and may purchase or sell securities on a forward commitment basis. Settlement of such transactions normally occurs within a month or more after the purchase or sale commitment is made. The Trusts may purchase securities under such conditions with the intention of actually acquiring them,



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but may enter into a separate agreement to sell the securities before the settlement date. Since the value of securities purchased may fluctuate prior to settlement, the Trusts may be required to pay more at settlement than the security is worth. In addition, the Trusts are not entitled to any of the interest earned prior to settlement. When purchasing a security on a delayed delivery basis, the Trusts assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. In the event of default by the counterparty, the Trusts' maximum amount of loss is the unrealized appreciation of unsettled when-issued transactions, which is shown in the Schedules of Investments.

**Municipal Bonds Transferred to TOBs:** The Trusts leverage their assets through the use of TOBs. A TOB is a special purpose entity established by a third party sponsor, into which a trust, or an agent on behalf of a trust, transfers municipal bonds into a trust ( TOB Trust ). Other trusts managed by the investment advisor may also contribute municipal bonds to a TOB into which a Trust has contributed bonds. A TOB typically issues two classes of beneficial interests: short-term floating rate certificates ( TOB Trust Certificates ), which are sold to third party investors, and residual certificates ( TOB Residuals ), which are generally issued to the participating trusts that contributed the municipal bonds to the TOB Trust. If multiple trusts participate in the same TOB, the rights and obligations under the TOB Residual will be shared among the trusts ratably in proportion to their participation.

The TOB Residuals held by a Trust include the right of a Trust (1) to cause the holders of a proportional share of the TOB Trust Certificates to tender their certificates at par plus accrued interest upon the occurrence of certain mandatory tender events defined in the TOB agreements, and (2) to transfer, subject to a specified number of days' prior notice, a

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## Notes to Financial Statements (continued)

corresponding share of the municipal bonds from the TOB to a Trust. The TOB may also be collapsed without the consent of a Trust, as the TOB Residual holder, upon the occurrence of certain termination events as defined in the TOB agreements. Such termination events may include the bankruptcy or default of the municipal bond, a substantial downgrade in credit quality of the municipal bond, the inability of the TOB to obtain renewal of the liquidity support agreement, a substantial decline in market value of the municipal bond and a judgment or ruling that interest on the municipal bond is subject to federal income taxation. Upon the occurrence of a termination event, the TOB would generally be liquidated in full with the proceeds typically applied first to any accrued fees owed to the trustee, remarketing agent and liquidity provider, and then to the holders of the TOB Trust Certificates up to par plus accrued interest owed on the TOB Trust Certificates, with the balance paid out to the TOB Residual holder. During the year ended August 31, 2013, no TOBs in which the Trusts participated were terminated without the consent of the Trusts.

The cash received by the TOB from the sale of the TOB Trust Certificates, less transaction expenses, is paid to a Trust. The Trust typically invests the cash received in additional municipal bonds. Each Trust's transfer of the municipal bonds to a TOB Trust is accounted for as a secured borrowing; therefore, the municipal bonds deposited into a TOB are presented in the Trusts' Schedules of Investments and the TOB Trust Certificates are shown in other liabilities in the Statements of Assets and Liabilities. The carrying amount of each Trust's payable to the holder of the TOB Trust Certificates, as reported in Statement of Assets and Liabilities as TOB Trust Certificates, approximates its fair value.

The Trusts may invest in TOBs on either a non-recourse or recourse basis. TOB Trusts are typically supported by a liquidity facility provided by a bank or other financial institution (the Liquidity Provider) that allows the holders of the TOB Trust Certificates to tender their certificates in exchange for payment from the Liquidity Provider of par plus accrued interest on any business day prior to the occurrence of the termination events described above. When a Trust invests in TOBs on a non-recourse basis, and the Liquidity Provider is required to make a payment under the liquidity facility due to a termination event, the Liquidity Provider will typically liquidate all or a portion of the municipal securities held in the TOB Trust and then Trust, on a net basis, the balance, if any, of the amount owed under the liquidity facility over the liquidation proceeds (the Liquidation Shortfall). If a Trust invests in a TOB on a recourse basis, the Trust will typically enter into a reimbursement agreement with the Liquidity Provider where the Trust is required to repay the Liquidity Provider the amount of any Liquidation Shortfall. As a result, a Trust investing in a recourse TOB will bear the risk of loss with respect to any Liquidation Shortfall. If multiple trusts participate in any such TOB, these losses will be shared ratably including the maximum potential amounts owed by the Trusts at August 31, 2013, in proportion to their participation. The recourse TOB Trusts are identified in the Schedule of Investments.

Interest income, including amortization and accretion of premiums and discounts, from the underlying municipal bonds is recorded by the Trusts on an accrual basis. Interest expense incurred on the secured borrowing and other expenses related to remarketing, administration and trustee services to a TOB are shown as interest expense, fees and amortization of offering costs in the Statement of Operations. The TOB Trust Certificates have interest rates that generally reset weekly and their holders have the option to tender such certificates to the TOB for redemption at par at each reset date. As of August 31, 2013, the aggregate value of the underlying municipal bonds transferred to TOBs, the related liability for TOB Trust Certificates and the range of interest rates on the liability for TOB Trust Certificates were as follows:

|     | Underlying<br>Municipal Bonds<br>Transferred to<br>TOBs | Liability for<br>TOB Trust<br>Certificates | Range of<br>Interest Rates |
|-----|---|--|----------------------------|
| BIE | \$ 30,363,376   | \$ 16,755,823                              | 0.06% - 0.31%              |
| BBK | \$ 28,621,098   | \$ 17,039,244                              | 0.06% - 0.11%              |
| BAF | \$ 57,899,496   | \$ 33,845,143                              | 0.06% - 0.31%              |
| BYM | \$ 202,779,695  | \$ 114,947,707                             | 0.06% - 0.34%              |
| BLE | \$ 122,350,419  | \$ 73,531,145                              | 0.06% - 0.11%              |
| MFL | \$ 177,085,345  | \$ 95,959,167                              | 0.06% - 0.31%              |
| MVF | \$ 278,664,673  | \$ 149,084,654                             | 0.06% - 0.15%              |

For the year ended August 31, 2013, the Trusts' average TOB trust certificates outstanding and the daily weighted average interest rate, including fees, were as follows:

|     | Average TOB<br>Trust Certificates | Daily Weighted<br>Average<br>Interest Rate |
|-----|-----------------------------------|--|
|     | Outstanding                       |  |
| BIE | \$ 19,047,265                     | 0.73%                                      |
| BBK | \$ 17,545,761                     | 0.72%                                      |
| BAF | \$ 41,886,384                     | 0.74%                                      |
| BYM | \$ 115,036,505                    | 0.69%                                      |
| BLE | \$ 91,739,088                     | 0.72%                                      |
| MFL | \$ 131,844,852                    | 0.77%                                      |
| MVF | \$ 195,776,797                    | 0.70%                                      |

Should short-term interest rates rise, the Trusts' investments in TOBs may adversely affect the Trusts' net investment income and dividends to Common Shareholders. Also, fluctuations in the market value of municipal bonds deposited into the TOB Trust may adversely affect the Trusts' NAVs per share.

#### 4. Derivative Financial Instruments:

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

**Financial Futures Contracts:** The Trusts purchase and/or sell financial futures contracts and options on financial futures contracts to gain exposure to, or economically hedge against, changes in interest rates (interest rate risk). Financial futures contracts are agreements between the Trusts and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and at a specified date. Depending on the terms of the particular contract, financial futures contracts are settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date. Upon entering into a financial futures contract, the Trusts are required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained.

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## Notes to Financial Statements (continued)

at an established level over the life of the contract. Securities deposited as initial margin are designated on the Schedule of Investments and cash deposited is recorded on the Statement of Assets and Liabilities as cash pledged for financial futures contracts. Pursuant to the contract, the Trusts agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin. Variation margin is recorded by the Trusts as unrealized appreciation or depreciation, and if applicable, as a receivable or payable for variation margin in the Statements of Assets and Liabilities. When the contract is closed, the Trusts record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The use of financial futures contracts involves the risk of an imperfect correlation in the movements in the price of financial futures contracts, interest and the underlying assets.

Options: The Trusts purchase and write call and put options to increase or decrease their exposure to underlying instruments (interest rate risk) and/or, in the case of options written, to generate gains from option premiums. A call option gives the purchaser (holder) of the option the right (but not the obligation) to buy, and obligates the seller (writer) to sell (when the option is exercised) the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying instrument at the exercise or strike price at any time or at a specified time during the option period. When the Trusts purchase (write) an option, an amount equal to the premium paid (received) by the Trusts is reflected as an asset (liability). The amount of the asset (liability) is subsequently marked-to-market to reflect the current market value of the option purchased (written). When an instrument is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the instrument acquired or deducted from (or added to) the proceeds of the instrument sold. When an option expires (or the Trusts enter into a closing transaction), the Trusts realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premiums received or paid). When the Trusts write a call option, such option is covered, meaning that the Trusts hold the underlying instrument subject to being called by the option counterparty. When the Trusts write a put option, such option is covered by cash in an amount sufficient to cover the obligation.

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

The following is a summary of the Trusts' derivative financial instruments categorized by risk exposure:

**The Effect of Derivative Financial Instruments in the Statements of Operations Year Ended August 31, 2013**

| <b>Net Realized Gain (Loss) From</b> | <b>BIE</b> | <b>BBK</b> | <b>BAF</b> | <b>BYM</b> | <b>BLE</b> | <b>MFL</b>   |
|--------------------------------------|------------|------------|------------|------------|------------|--------------|
| Interest rate contracts:             |            |            |            |            |            |              |
| Financial futures contracts          | \$ 198,918 | \$ 111,541 | \$ 496,500 | \$ 675,270 | \$ 408,756 | \$ 2,076,871 |
| Options <sup>1</sup>                 |            | (57,863)   |            |            |            |              |
| <b>Total</b>                         | \$ 198,918 | \$ 53,678  | \$ 496,500 | \$ 675,270 | \$ 408,756 | \$ 2,076,871 |

<sup>1</sup> Options purchased are included in the net realized gain (loss) from investments.

For the year ended August 31, 2013, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | <b>BIE</b>   | <b>BBK</b>             | <b>BAF</b>   | <b>BYM</b>    | <b>BLE</b>   | <b>MFL</b>    |
|--|--------------|------------------------|--------------|---------------|--------------|---------------|
| Financial futures contracts:                         |              |                        |              |               |              |               |
| Average number of contracts sold                     | 14           | 11                     | 34           | 84            | 57           | 141           |
| Average notional value of contracts sold             | \$ 1,744,453 | \$ 1,469,195           | \$ 4,361,133 | \$ 10,981,523 | \$ 7,300,859 | \$ 18,219,844 |
| Options:   |              |                        |              |               |              |               |
| Average number of option contracts purchased         |              | 366 <sup>2</sup>       |              |               |              |               |
| Average notional value of option contracts purchased |              | \$ 47,763 <sup>2</sup> |              |               |              |               |

<sup>2</sup> Actual contract amount shown due to limited activity.

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Counterparty Credit Risk: A derivative contract may suffer a mark to market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With exchange traded purchased options and futures, there is less counterparty credit risk to the Trusts since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. Credit risk exists in exchange traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Trusts.

### **5. Investment Advisory Agreement and Other Transactions with Affiliates:**

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

Each Trust entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the "Manager" ), the Trusts' investment advisor, an indirect, wholly owned subsidiary of BlackRock, to provide investment advisory and

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## Notes to Financial Statements (continued)

administration services. The Manager is responsible for the management of each Trust's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Trust. For such services, each Trust pays the Manager a monthly fee based on a percentage of each Trust's average weekly net assets, except MFL and MVF, which are based on average daily net assets, at the following annual rates:

|     |       |
|-----|-------|
| BIE | 0.65% |
| BBK | 0.65% |
| BAF | 0.55% |
| BYM | 0.55% |
| BLE | 0.55% |
| MFL | 0.55% |
| MVF | 0.50% |

Average weekly net assets and average daily net assets are the average weekly or the average daily value of each Trust's total assets minus the sum of its accrued liabilities.

The Manager entered into a sub-advisory agreement with BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager, with respect to BIE, BBK, BAF, BYM and BLE, and BlackRock Investment Management, LLC ( BIM ), an affiliate of the Manager, with respect to MFL and MVF. The Manager pays BFM and BIM, for services they provide, a monthly fee that is a percentage of the investment advisory fees paid by each Trust to the Manager.

The Manager voluntarily agreed to waive a portion of the investment advisory fees or other expenses, with respect to BIE as a percentage of its average weekly net assets of 0.08%. With respect to MFL, the Manager voluntarily agreed to waive its investment advisory fees on the proceeds of Preferred Shares and TOBs that exceed 35% of its total assets minus the sum of its accrued liabilities. For the year ended August 31, 2013, each Trust reimbursed the Manager for certain accounting services, which is included in accounting services in the Statements of Operations. The reimbursements were as follows:

|     |            |
|-----|------------|
| BIE | \$ 73,696  |
| MFL | \$ 489,913 |

The Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Trust pays to the Manager indirectly through its investment in affiliated money market funds. However, the Manager does not waive its investment advisory fees by the amount of investment advisory fees paid in connection with each Trust's investment in other affiliated investment companies, if any. This amount is included in fees waived by Manager in the Statements of Operations. For the year ended August 31, 2013, the amounts waived were as follows:

|     |          |
|-----|----------|
| BIE | \$ 527   |
| BBK | \$ 1,438 |
| BAF | \$ 902   |
| BYM | \$ 2,274 |
| BLE | \$ 2,627 |
| MFL | \$ 6,545 |
| MVF | \$ 6,990 |

These voluntary waivers may be reduced or discontinued at any time without notice.

Certain officers and/or Trustees of the Trusts are officers and/or directors of BlackRock or its affiliates. The Trusts reimburse the Manager for a portion of the compensation paid to the Trusts' Chief Compliance Officer, which is included in officer and trustees in the Statements of

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Operations.

The Trusts may purchase securities from, or sell securities to, an affiliated fund provided the affiliation is solely due to having a common investment adviser, common officers, or common trustees. For the year ended August 31, 2013, the purchase and sale transactions with an affiliated trust in compliance with Rule 17a-7 under the 1940 Act were as follows:

|     | Purchases | Sales        |
|-----|-----------|--------------|
| BIE |           | \$ 740,373   |
| BBK |           | \$ 772,238   |
| BAF |           | \$ 1,876,289 |
| BLE |           | \$ 4,700,000 |
| MFL |           | \$ 8,823,627 |

### 6. Purchases and Sales:

Purchases and sales of investments excluding short-term securities for the year ended August 31, 2013 were as follows:

|     | Purchases      | Sales          |
|-----|----------------|----------------|
| BIE | \$ 28,849,395  | \$ 31,078,619  |
| BBK | \$ 84,286,718  | \$ 95,607,598  |
| BAF | \$ 96,353,584  | \$ 97,028,259  |
| BYM | \$ 165,755,112 | \$ 156,201,420 |
| BLE | \$ 113,089,837 | \$ 101,027,992 |
| MFL | \$ 575,205,607 | \$ 606,086,741 |
| MVF | \$ 122,749,493 | \$ 170,143,514 |

### 7. Income Tax Information:

US GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. The following permanent differences, as of August 31, 2013, amortization and accretion methods on fixed income securities, the characterization of expenses and income recognized from pass-through entities were reclassified to the following accounts:

|                                      | BIE         | BBK          | BAF         | BYM         | BLE         | MFL         | MVF          |
|--------------------------------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| Paid-in capital                      | \$ (18,564) | \$ (59,885)  | \$ (48,986) | \$ (81,263) | \$ (85,106) | \$ (16,708) | \$ (130,706) |
| Undistributed net investment income  | \$ 17,845   | \$ 166,156   | \$ 47,329   | \$ 79,636   | \$ 84,706   | \$ 13,529   | \$ 124,469   |
| Accumulated net realized gain (loss) | \$ 719      | \$ (106,271) | \$ 1,657    | \$ 1,627    | \$ 400      | \$ 3,179    | \$ 6,237     |

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## Notes to Financial Statements (continued)

The tax character of distributions paid during the fiscal years ended August 31, 2013 and August 31, 2012 was as follows:

|                                      |         | BIE          | BBK           | BAF          | BYM           | BLE           | MFL           | MVF           |
|--------------------------------------|---------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Tax-exempt income <sup>1</sup>       | 8/31/13 | \$ 3,137,694 | \$ 11,043,650 | \$ 7,701,866 | \$ 26,255,131 | \$ 25,589,833 | \$ 35,043,625 | \$ 47,946,356 |
|                                      | 8/31/12 | \$ 3,303,406 | 11,798,953    | 8,145,514    | 25,744,362    | 24,994,461    | 35,611,547    | 47,212,073    |
| Ordinary income <sup>2</sup>         | 8/31/13 | 149          | 772,204       |              | 410           | 214,942       | 2,525         | 1,054         |
|                                      | 8/31/12 |              | 44,619        |              |               |               |               | 18,977        |
| Long term capital gains <sup>3</sup> | 8/31/13 |              | 815,068       |              |               |               |               |               |
| <b>Total</b>                         | 8/31/13 | \$ 3,137,843 | \$ 12,630,922 | \$ 7,701,866 | \$ 26,255,541 | \$ 25,804,775 | \$ 35,046,150 | \$ 47,947,410 |
|                                      | 8/31/12 | \$ 3,303,406 | \$ 11,843,572 | \$ 8,145,514 | \$ 25,744,362 | \$ 24,994,461 | \$ 35,611,547 | \$ 47,231,050 |

<sup>1</sup> The Trusts designate these amounts paid during the fiscal year ended August 31, 2013, as exempt-interest dividends.

<sup>2</sup> Ordinary income consists primarily of taxable income recognized from market discount and net short-term capital gains. Additionally, all ordinary income distributions are comprised of interest related dividends and qualified short-term capital dividends for non-US residents and are eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

<sup>3</sup> The Trust designates this amount paid during the fiscal year ended August 31, 2013 as a capital gain dividend.

As of August 31, 2013, the tax components of accumulated net earnings (losses) were as follows:

|  | BIE        | BBK          | BAF            | BYM             | BLE             | MFL             | MVF           |
|--|------------|--------------|----------------|-----------------|-----------------|-----------------|---------------|
| Undistributed tax-exempt income            | \$ 401,462 | \$ 2,560,451 | \$ 1,430,838   | \$ 4,921,818    | \$ 5,395,364    | \$ 5,987,370    | \$ 10,170,502 |
| Undistributed ordinary income              |            | 447,312      |                |                 | 11,560          |                 | 34,089        |
| Undistributed long-term capital gains      |            | 509,853      |                |                 |                 |                 |               |
| Capital loss carryforwards                 | (868,706)  |              |                | (11,855,746)    | (8,881,562)     | (13,598,354)    | (19,587,630)  |
| Net unrealized gains (losses) <sup>4</sup> | 1,808,008  | (3,937,515)  | (2,463,309)    | (11,941,271)    | (16,797,753)    | (181,638)       | 14,811,202    |
| Qualified late-year losses <sup>5</sup>    | (967,674)  |              | (2,089,616)    | (511,102)       |                 | (16,338,505)    | (2,477,322)   |
| <b>Total</b>                               | \$ 373,090 | \$ (419,899) | \$ (3,122,087) | \$ (19,386,301) | \$ (20,272,391) | \$ (24,131,127) | \$ 2,950,841  |

<sup>4</sup> The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, amortization and accretion methods of premiums and discounts on fixed income securities, the accrual of income on securities in default, the treatment of residual interests in TOB Trusts and the deferral of compensation to Trustees.

<sup>5</sup> The Trusts have elected to defer certain qualified late-year losses and recognize such losses in the year ending August 31, 2014.

As of August 31, 2013, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires August 31,              | BIE        | BYM          | BLE          | MFL          | MVF          |
|---------------------------------|------------|--------------|--------------|--------------|--------------|
| 2016                            |            | \$ 3,216,104 |              |              |              |
| 2017                            |            | 6,430,212    | \$ 2,066,643 | \$ 1,863,647 | \$ 7,618,622 |
| 2018                            | \$ 150,549 | 2,209,430    | 4,366,226    | 11,734,707   |              |
| 2019                            |            | 718,157      | 2,448,693    |              | 5,276,524    |
| No expiration date <sup>6</sup> |            |              |              |              | 6,692,484    |



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**Total** \$ 868,706   \$ 11,855,746   \$ 8,881,562   \$ 13,598,354   \$ 19,587,630

<sup>6</sup> Must be utilized prior to losses subject to expiration.

During the year ended August 31, 2013, the Trusts listed below utilized the following amounts of their respective capital loss carryforward:

|     |              |
|-----|--------------|
| BIE | \$ 510,855   |
| BAF | \$ 709,003   |
| BYM | \$ 4,188,132 |
| BLE | \$ 2,980,023 |
| MFL | \$ 6,943,699 |

As of August 31, 2013, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

|  | BIE           | BBK            | BAF            | BYM             | BLE             | MFL            | MVF            |
|--|---------------|----------------|----------------|-----------------|-----------------|----------------|----------------|
| Tax cost                                   | \$ 63,733,995 | \$ 230,670,368 | \$ 165,296,975 | \$ 501,633,889  | \$ 473,936,312  | \$ 802,978,168 | \$ 799,116,323 |
| Gross unrealized appreciation              | \$ 3,430,568  | \$ 8,457,867   | \$ 5,497,786   | \$ 14,861,714   | \$ 13,627,249   | \$ 23,856,564  | \$ 43,070,313  |
| Gross unrealized depreciation              | (1,615,929)   | (12,339,382)   | (7,943,548)    | (26,748,342)    | (30,307,874)    | (23,869,963)   | (23,761,331)   |
| Net unrealized appreciation (depreciation) | \$ 1,814,639  | \$ (3,881,515) | \$ (2,445,762) | \$ (11,886,628) | \$ (16,680,625) | \$ (13,399)    | \$ 19,308,982  |

## 8. Concentration, Market and Credit Risk:

Each Trust invests a substantial amount of their assets in issuers located in a single state or limited number of states. Please see the Schedules of Investments for concentrations in specific states or US territories.

Many municipalities insure repayment of their bonds, which may reduce the potential for loss due to credit risk. The market value of these bonds may fluctuate for other reasons, including market perception of the value of such insurance, and there is no guarantee that the insurer will meet its obligation.

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## Notes to Financial Statements (continued)

In the normal course of business, the Trusts invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Trusts may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Trusts; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Trusts may be exposed to counterparty credit risk, or the risk that an entity with which the Trusts have unsettled or open transactions may fail to or be unable to perform on its commitments. The Trusts manage counterparty credit risk by entering into transactions only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Trusts to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Trusts exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Trusts.

As of August 31, 2013, BIE, BAF and BYM invested a significant portion of their assets in securities in the county/city/special district/school district sectors. BIE, BAF, BYM, BLE, MFL and MVF invested a significant portion of their assets in securities in the transportation sector. BBK and MVF invested a significant portion of their assets in securities in the health sector. BAF, BYM and MFL invested a significant portion of their assets in securities in the utilities sector. Changes in economic conditions affecting the county/city/special district/school district, transportation, health and utilities sectors would have a greater impact on the Trusts and could affect the value, income and/or liquidity of positions in such securities.

The Trusts may hold a significant amount of bonds subject to calls by the issuers at defined dates and prices. When bonds are called by issuers and the Trusts reinvest the proceeds received, such investments may be in securities with lower yields than the bonds originally held, and correspondingly, could adversely impact the yield and total return performance of a trust.

**9. Capital Share Transactions:**

Each of BIE, BBK, BAF, BYM and BLE is authorized to issue an unlimited number of shares, including Preferred Shares, par value \$0.001 per share, all of which were initially classified as Common Shares. The Board is authorized, however, to reclassify any unissued Common Shares to Preferred Shares, including AMPS, without approval of Common Shareholders.

MFL is authorized to issue an unlimited number of shares, including 1 million Preferred Shares, including AMPS, par value \$0.10 per share.

MVF is authorized to issue 160 million shares, 150 million of which were initially classified as Common Shares, par value \$0.10 per share and 10 million of which were classified as Preferred Shares, including AMPS, par value \$0.10 per share.

## Common Shares

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

|     | Year Ended<br>August 31, 2013 | Year Ended<br>August 31, 2012 |
|-----|-------------------------------|-------------------------------|
| BIE | 937                           | 2,729                         |
| BBK | 15,055                        | 32,815                        |
| BAF | 2,424                         | 4,717                         |
| BYM | 30,719                        | 42,891                        |
| BLE | 40,304                        | 66,755                        |
| MFL | 45,928                        | 46,224                        |
| MVF | 361,054                       | 537,279                       |

## Preferred Shares

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Each Trust's Preferred Shares rank prior to the Trust's Common Shares as to the payment of dividends by the Trust and distribution of assets upon dissolution or liquidation of the Trust. The 1940 Act prohibits the declaration of any dividend on the Trust's Common Shares or the repurchase of the Trust's Common Shares if the Trust fails to maintain the asset coverage of at least 200% of the liquidation preference of the outstanding Preferred Shares. In addition, pursuant to the Preferred Shares' governing instrument, the Trust is restricted from declaring and paying dividends on classes of shares ranking junior to or on parity with the Preferred Shares or repurchasing such shares if the Trust fails to declare and pay dividends on the Preferred Shares, redeem any Preferred Shares required to be redeemed under the Preferred Shares governing instrument or comply with the basic maintenance amount requirement of the rating agencies then rating the Preferred Shares.

The holders of Preferred Shares have voting rights equal to the holders of Common Shares (one vote per share) and will vote together with holders of Common Shares (one vote per share) as a single class. However, the holders of Preferred Shares, voting as a separate class, are also entitled to elect two Trustees for each Trust. In addition, the 1940 Act requires that along with approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding Preferred Shares, voting separately as a class would be required to (a) adopt any plan of reorganization that would adversely affect the Preferred Shares, (b) change a Trust's sub-classification as a closed-end investment company or change its fundamental investment restrictions or (c) change its business so as to cease to be an investment company.

### VRDP Shares

BIE and MFL (collectively, the VRDP Trusts), have issued Series W-7 VRDP Shares, \$100,000 liquidation value per share, in a privately negotiated offering. The VRDP Shares were offered to qualified institutional buyers as defined pursuant to Rule 144A under the Securities Act of 1933, as amended, (the Securities Act) and include a liquidity feature, pursuant to a liquidity agreement, that allows the holders of VRDP Shares to have their shares purchased by the liquidity provider in the event of a failed remarketing. The VRDP Trusts are required to redeem the VRDP Shares owned by the liquidity provider after six months of continuous, unsuccessful remarketing. Upon the occurrence of the first unsuccessful remarketing, the VRDP Trusts are required to segregate liquid assets to fund the redemption. The VRDP Shares are subject to certain restrictions on transfer.

**Table of Contents****Notes to Financial Statements (continued)**

The VRDP Shares outstanding as of the year ended August 31, 2013 were as follows:

|     | <b>Issue Date</b> | <b>Shares Issued</b> | <b>Aggregate Principal</b> | <b>Maturity Date</b> |
|-----|-------------------|----------------------|----------------------------|----------------------|
| BIE | 9/15/11           | 178                  | \$ 17,800,000              | 10/01/41             |
| MFL | 6/30/11           | 2,746                | \$ 274,600,000             | 7/01/41              |

The VRDP Trusts entered into a fee agreement with the liquidity provider that required a per annum liquidity fee payable to the liquidity provider. These fees, if applicable, are shown as liquidity fees in the Statements of Operations.

The initial fee agreement between BIE and the liquidity provider was for a 364 day term and was scheduled to expire on September 12, 2012 and subsequently extended until March 15, 2013, unless renewed or terminated in advance. On November 29, 2012, BIE entered into a new fee agreement with an alternate liquidity provider. The new fee agreement is for a 2-year term and is scheduled to expire on December 4, 2014, unless renewed or terminated in advance. The change in liquidity provider resulted in a mandatory tender of BIE's VRDP Shares on November 28, 2012, which were successfully remarketed by the remarketing agent. The fee agreement between MFL and its liquidity provider was renewed for a 364-day term and is scheduled to expire on June 25, 2014, unless renewed or terminated in advance.

In the event the fee agreement is not renewed or is terminated in advance, and the VRDP Trusts do not enter into a fee agreement with an alternate liquidity provider, the VRDP Shares will be subject to mandatory purchase by the liquidity provider prior to the termination of the fee agreement. The VRDP Trusts are required to redeem any VRDP Shares purchased by the liquidity provider six months after the purchase date. Immediately after the purchase of any VRDP Shares by the liquidity provider, the VRDP Trusts are required to begin to segregate liquid assets with the VRDP Trust's custodian to fund the redemption. There is no assurance the VRDP Trusts will replace such redeemed VRDP Shares with any other preferred shares or other form of leverage.

Each VRDP Trust is required to redeem its VRDP Shares on the maturity date, unless earlier redeemed or repurchased. Six months prior to the maturity date, each VRDP Trust is required to begin to segregate liquid assets with the Trust's custodian to fund the redemption. In addition, VRDP Trusts are required to redeem certain of its outstanding VRDP Shares if it fails to maintain certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, the VRDP Shares may be redeemed, in whole or in part, at any time at the option of the VRDP Trusts. The redemption price per VRDP Share is equal to the liquidation value per share plus any outstanding unpaid dividends. In the event of an optional redemption of the VRDP Shares prior to the initial termination date of the fee agreement, the VRDP Trusts must pay the respective liquidity provider fees on such redeemed VRDP Shares for the remaining term of the fee agreement up to the initial termination date.

Dividends on the VRDP Shares are payable monthly at a variable rate set weekly by the remarketing agent. Such dividend rates are generally based upon a spread over a base rate and cannot exceed a maximum rate. In the event of a failed remarketing, the dividend rate of the VRDP Shares will be reset to a maximum rate. The maximum rate is determined based on, among other things, the long-term preferred share rating assigned to the VRDP Shares and the length of time that the VRDP Shares fail to be remarketed. At the date of issuance, the VRDP Shares were assigned a long-term rating of Aaa from Moody's and AAA from Fitch. In May 2012, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of August 31, 2013, the VRDP Shares were assigned a long-term rating of Aa1 from Moody's under its new ratings methodology. The VRDP Shares continue to be assigned a long-term rating of AAA from Fitch.

The short-term ratings on the VRDP Shares are directly related to the short-term ratings of the liquidity provider for such VRDP Shares. Changes in the credit quality of the liquidity provider could cause a change in the short-term credit ratings of the VRDP Shares as rated by Moody's, Fitch and/or S&P. A change in the short-term credit rating of the liquidity provider or the VRDP Shares may adversely affect the dividend rate paid on such shares, although the dividend rate paid on the VRDP Shares is not directly related based upon either short-term rating. As of August 31, 2013, the short-term ratings of the liquidity provider and the VRDP Shares for BIE were P1, F1 and A1 and for MFL were P2, F1 and A1 as rated by Moody's, Fitch and/or S&P, respectively, which is within the two highest rating categories. The liquidity provider may be

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terminated prior to the scheduled termination date if the liquidity provider fails to maintain short-term debt ratings in one of the two highest rating categories.

For financial reporting purposes, the VRDP Shares are considered debt of the issuer; therefore, the liquidation value, which approximates fair value, of the VRDP Shares is recorded as a liability in the Statements of Assets and Liabilities. Unpaid dividends are included in interest expense and fees payable in the Statements of Assets and Liabilities, and the dividends accrued and paid on the VRDP Shares are included as a component of interest expense, fees and amortization of offering costs in the Statements of Operations. The VRDP Shares are treated as equity for tax purposes. Dividends paid to holders of the VRDP Shares are generally classified as tax-exempt income for tax-reporting purposes.

The VRDP Trusts may incur remarketing fees of 0.10% on the aggregate principal amount of all the VRDP Shares, which, if any, are included in remarketing fees on Preferred Shares in the Statements of Operations. All of BIE s and MFL s VRDP Shares that were tendered for remarketing during the year ended August 31, 2013 were successfully remarketed.

The annualized dividend rates for the VRDP Shares for the year ended August 31, 2013 were as follows:

|     |       |
|-----|-------|
| BIE | 0.24% |
| MFL | 0.33% |

VRDP Shares issued and outstanding remained constant for the year ended August 31, 2013 for BIE and MFL.

### VMTP Shares

BBK, BAF, BYM, BLE and MVF (collectively, the VMTP Trusts ), have issued Series W-7 VMTP Shares, \$100,000 liquidation value per share, in

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## Notes to Financial Statements (continued)

a privately negotiated offering and sale of VMTP Shares exempt from registration under the Securities Act.

The VMTP Shares outstanding as of the year ended August 31, 2013 were as follows:

|     | <b>Issue<br/>Date</b> | <b>Shares<br/>Issued</b> | <b>Aggregate<br/>Principal</b> | <b>Term<br/>Date</b> |
|-----|-----------------------|--------------------------|--------------------------------|----------------------|
| BBK | 12/16/11              | 799                      | \$ 79,900,000                  | 1/02/15              |
| BAF | 12/16/11              | 422                      | \$ 42,200,000                  | 1/02/15              |
| BYM | 12/16/11              | 1,372                    | \$ 137,200,000                 | 1/02/15              |
| BLE | 12/16/11              | 1,513                    | \$ 151,300,000                 | 1/02/15              |
| MVF | 12/16/11              | 2,438                    | \$ 243,800,000                 | 1/02/15              |

Each VMTP Trust is required to redeem its VMTP Shares on the term date, unless earlier redeemed or repurchased or unless extended. There is no assurance that the term of a Trust's VMTP Shares will be extended or that a Trust's VMTP Shares will be replaced with any other preferred shares or other form of leverage upon the redemption or repurchase of the VMTP Shares. Six months prior to term date, each VMTP Trust is required to begin to segregate liquid assets with the Trust's custodian to fund the redemption. In addition, each VMTP Trust is required to redeem certain of its outstanding VMTP Shares if it fails to maintain certain asset coverage, basic maintenance amount or leverage requirements.

Subject to certain conditions, a Trust's VMTP Shares may be redeemed, in whole or in part, at any time at the option of the Trust. The redemption price per VMTP Share is equal to the liquidation value per share plus any outstanding unpaid dividends and applicable redemption premium. If the Trust redeems the VMTP Shares on a date that is one year or more prior to the term date and the VMTP Shares are rated above A1/A+ by Moody's and Fitch, respectively, then such redemption is subject to a prescribed redemption premium (up to 3% of the liquidation preference) payable to the holder of the VMTP Shares based on the time remaining to the term date, subject to certain exceptions for redemptions that are required to maintain minimum asset coverage requirements. The VMTP Shares are subject to certain restrictions on transfer, and a Trust may also be required to register the VMTP Shares for sale under the Securities Act under certain circumstances. In addition, amendments to the VMTP governing document generally require the consent of the holders of VMTP Shares.

Dividends on the VMTP Shares are declared daily and payable monthly at a variable rate set weekly at a fixed rate spread to the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). The fixed spread is determined based on the long-term preferred share rating assigned to the VMTP Shares by Moody's and Fitch. At the date of issuance, the VMTP Shares were assigned long-term ratings of Aaa from Moody's and AAA from Fitch. In May 2012, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of August 31, 2013, the VMTP Shares were assigned a long-term rating of Aa1 from Moody's under its new rating methodology. The VMTP Shares continue to be assigned a long-term rating of AAA from Fitch. The dividend rate on the VMTP Shares is subject to a step-up spread if the Trust fails to comply with certain provisions, including, among other things, the timely payment of dividends, redemptions or gross-up payments, and maintaining certain asset coverage and leverage requirements.

The average annualized dividend rates for the VMTP Shares for the year ended August 31, 2013 were as follows:

|     |       |
|-----|-------|
| BBK | 1.13% |
| BAF | 1.13% |
| BYM | 1.13% |
| BLE | 1.13% |
| MVF | 1.13% |

For financial reporting purposes, the VMTP Shares are considered debt of the issuer; therefore the liquidation value, which approximates fair value, of the VMTP Shares is recorded as a liability in the Statements of Assets and Liabilities. Unpaid dividends are included in interest expense and fees payable in the Statements of Assets and Liabilities, and the dividends accrued and paid on the VMTP Shares are included as a component of interest expense, fees and amortization of offering costs in the Statements of Operations. The VMTP Shares are treated as equity for tax purposes. Dividends paid to holders of the VMTP Shares are generally classified as tax-exempt income for tax-reporting purposes.

VMTP Shares issued and outstanding remained constant for the year ended August 31, 2013.

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Offering Costs: The Trusts incurred costs in connection with the issuance of VRDP Shares or VMTP Shares. For VRDP Shares, these costs were recorded as a deferred charge and will be amortized over the 30-year life of the VRDP Shares with the exception of upfront fees paid to the liquidity provider which were amortized over the life of the liquidity agreement. For VMTP Shares, these costs were recorded as a deferred charge and will be amortized over the 3-year life of the VMTP Shares. Amortization of these costs is included in interest expense, fees and amortization of offering costs in the Statement of Operations.

### AMPS

The AMPS were redeemable at the option of each Trust, in whole or in part, on any dividend payment date at their liquidation preference per share plus any accumulated and unpaid dividends whether or not declared. The AMPS were also subject to mandatory redemption at their liquidation preference plus any accumulated and unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of a Trust, as set forth in each Trust's Articles Supplementary /Statement of Preferences and/or Certificate of Designation (the "Governing Instrument") were not satisfied.

From February 13, 2008 to the redemption date listed below, the AMPS of the Trusts failed to clear any of their auctions. A failed auction was not an event of default for the Trusts, but it had negative impact on the liquidity of AMPS. A failed auction occurs when there are more sellers of a Trust's AMPS than buyers.

As of August 31, 2013, the Trusts did not have any AMPS outstanding.

During the year ended August 31, 2012, BIE, BBK, BAF, BYM, BLE and MVF announced the following redemptions of AMPS at a price of \$25,000

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## Notes to Financial Statements (concluded)

per share plus any accrued and unpaid dividends through the redemption date:

|     | Redemption | Shares   | Aggregate |               |
|-----|------------|----------|-----------|---------------|
|     | Series     | Date     | Redeemed  | Principal     |
| BIE | W-7        | 10/06/11 | 714       | \$ 17,850,000 |
| BBK | T-7        | 1/11/12  | 1,598     | \$ 39,950,000 |
|     | R-7        | 1/13/12  | 1,598     | \$ 39,950,000 |
| BAF | M-7        | 1/10/12  | 1,691     | \$ 42,275,000 |
| BYM | M-7        | 1/10/12  | 1,830     | \$ 45,750,000 |
|     | F-7        | 1/13/12  | 1,830     | \$ 45,750,000 |
|     | R-7        | 1/09/12  | 1,830     | \$ 45,750,000 |
| BLE | M-7        | 1/10/12  | 1,513     | \$ 37,825,000 |
|     | T-7        | 1/11/12  | 1,513     | \$ 37,825,000 |
|     | R-7        | 1/13/12  | 1,513     | \$ 37,825,000 |
|     | F-7        | 1/12/12  | 1,513     | \$ 37,825,000 |
| MVF | A          | 1/09/12  | 1,460     | \$ 36,500,000 |
|     | B          | 1/17/12  | 1,460     | \$ 36,500,000 |
|     | C          | 1/23/12  | 1,460     | \$ 36,500,000 |
|     | D          | 1/03/12  | 1,460     | \$ 36,500,000 |
|     | E          | 1/03/12  | 2,190     | \$ 54,750,000 |
|     | F          | 1/11/12  | 1,723     | \$ 43,075,000 |

BIE financed the AMPS redemptions with the proceeds received from the issuance of VRDP Shares of \$17,800,000.

BBK, BAF, BYM, BLE, and MVF financed the AMPS redemptions with proceeds received from the issuance of VMTP Shares as follows:

|     |                |
|-----|----------------|
| BBK | \$ 79,900,000  |
| BAF | \$ 42,200,000  |
| BYM | \$ 137,200,000 |
| BLE | \$ 151,300,000 |
| MVF | \$ 243,800,000 |

**10. Subsequent Events:**

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

Each Trust paid a net investment income dividend in the following amounts per share on October 1, 2013 to Common Shareholders of record on September 16, 2013:

|     | Common Dividend Per Share |
|-----|---------------------------|
| BIE | \$ 0.0760                 |
| BBK | \$ 0.0785                 |
| BAF | \$ 0.0685                 |
| BYM | \$ 0.0780                 |
| BLE | \$ 0.0850                 |
| MFL | \$ 0.0715                 |
| MVF | \$ 0.0590                 |



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Additionally, the Trusts declared a net investment income dividend on October 1, 2013 payable to Common Shareholders of record on October 16, 2013 for the same amounts noted above.

The dividends declared on VRDP Shares or VMTP Shares for the period September 1, 2013 to September 30, 2013 for the Trusts were as follows:

|     | <b>Series</b> | <b>Dividends Declared</b> |
|-----|---------------|---------------------------|
| BIE | W-7           | \$ 2,395                  |
| BBK | W-7           | \$ 69,721                 |
| BAF | W-7           | \$ 36,824                 |
| BYM | W-7           | \$ 119,721                |
| BLE | W-7           | \$ 132,025                |
| MFL | W-7           | \$ 58,832                 |
| MVF | W-7           | \$ 212,741                |

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**Report of Independent Registered Public Accounting Firm**

**To the Shareholders and Board of Trustees of**

**BlackRock Municipal Bond Investment Trust,**

**BlackRock Municipal Bond Trust,**

**BlackRock Municipal Income Investment Quality Trust,**

**BlackRock Municipal Income Quality Trust,**

**BlackRock Municipal Income Trust II, and**

**BlackRock MuniHoldings Investment Quality Fund,**

**and to the Shareholders and Board of Directors of**

**BlackRock MuniVest Fund, Inc.:**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Municipal Bond Investment Trust, BlackRock Municipal Bond Trust, BlackRock Municipal Income Investment Quality Trust, BlackRock Municipal Income Quality Trust, BlackRock Municipal Income Trust II, BlackRock MuniHoldings Investment Quality Fund, and BlackRock MuniVest Fund, Inc. (collectively, the Trusts ), as of August 31, 2013, 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 five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trusts management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trusts are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting.

Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2013, by correspondence with the custodians and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of BlackRock Municipal Bond Investment Trust, BlackRock Municipal Bond Trust, BlackRock Municipal Income Investment Quality Trust, BlackRock Municipal Income Quality Trust, BlackRock Municipal Income Trust II, BlackRock MuniHoldings Investment Quality Fund, and BlackRock MuniVest Fund, Inc. as of August 31, 2013, the results of their operations and cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts

October 25, 2013



**Table of Contents****Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements**

The Board of Directors or Trustees, as applicable (each, a Board, collectively, the Boards, and the members of which are referred to as Board Members) of BlackRock Municipal Bond Investment Trust ( BIE ), BlackRock Municipal Bond Trust ( BBK ), BlackRock Municipal Income Investment Quality Trust ( BAF ), BlackRock Municipal Income Quality Trust ( BYM ), BlackRock Municipal Income Trust II ( BLE ), BlackRock MuniHoldings Investment Quality Fund ( MFL ) and BlackRock MuniVest Fund, Inc. ( MVF ) and together with BIE, BBK, BAF, BYM, BLE and MFL, each a Fund, and, collectively, the Funds ) met in person on April 18, 2013 (the April Meeting ) and June 4-5, 2013 (the June Meeting ) to consider the approval of each Fund's investment advisory agreement (each, an Advisory Agreement ) with BlackRock Advisors, LLC (the Manager ), each Fund's investment advisor. The Board of each Fund also considered the approval of the sub-advisory agreement (each, a Sub-Advisory Agreement ) among the Manager, BlackRock Financial Management, Inc. or BlackRock Investment Management, LLC, as applicable (the Sub-Advisor ), and its Fund. The Manager and the Sub-Advisor are referred to herein as BlackRock. The Advisory Agreements and the Sub-Advisory Agreements are referred to herein as the Agreements.

**Activities and Composition of the Board**

Each Board consists of eleven individuals, nine of whom are not interested persons of such Fund as defined in the Investment Company Act of 1940 (the 1940 Act ) (the Independent Board Members ). The Board Members are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chairman of each Board is an Independent Board Member. Each Board has established six standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight Committee, an Executive Committee, and a Leverage Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee and the Leverage Committee, each of which also has one interested Board Member).

**The Agreements**

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Agreements on an annual basis. The Boards have four quarterly meetings per year, each extending over two days, and a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Agreements. In connection with this process, the Boards assessed, among other things, the nature, scope and quality of the services provided to the Funds by BlackRock, its personnel and its affiliates, including investment management, administrative and shareholder services, oversight of fund accounting and custody, marketing services, risk oversight, compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, considered at each of their meetings, and from time to time as appropriate, factors that are relevant to their annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. Among the matters the Boards considered were: (a) investment performance for one-year, three-year, five-year and/or since inception periods, as applicable, against peer funds, and applicable benchmarks, if any, as well as senior management's and portfolio managers' analysis of the reasons for any over-performance or underperformance against their peers and/or benchmark, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services such as call center and fund accounting; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of the Funds' investment objectives, policies and restrictions; (e) the Funds' compliance with their Code of Ethics and other compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls and risk and compliance oversight mechanisms; (h) BlackRock's implementation of the proxy voting policies approved by the Boards; (i) execution quality of portfolio transactions; (j) BlackRock's implementation of the Funds' valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment objectives across the open-end fund, closed-end fund and institutional account product channels, as applicable; (l) BlackRock's compensation methodology for its investment professionals and the incentives it creates; and (m) periodic updates on BlackRock's business.

The Boards have engaged in an ongoing strategic review with BlackRock of opportunities to consolidate funds and of BlackRock's commitment to investment performance. In addition, the Boards requested and BlackRock provided an analysis of fair valuation and stale pricing policies. BlackRock also furnished information to the Boards in response to specific questions. These questions covered issues such as BlackRock's profitability, investment performance and management fee levels. The Boards further considered the importance of: (i) organizational and structural variables to investment performance; (ii) rates of portfolio turnover; (iii) BlackRock's performance accountability for portfolio managers; (iv) marketing support for the funds; (v) services provided to the Funds by BlackRock affiliates; and (vi) BlackRock's oversight of

relationships with third party service providers.

The Board of each Fund considered BlackRock's efforts during the past year with regard to refinancing outstanding AMPS, as well as ongoing time and resources devoted to other forms of preferred shares and alternative leverage. As of the date of this report, the Funds have redeemed 100% of their outstanding AMPS.

**Board Considerations in Approving the Agreements**

The Approval Process: Prior to the April Meeting, the Boards requested and received materials specifically relating to the Agreements. The Boards are engaged in a process with its independent legal counsel and BlackRock to review the nature and scope of the information provided to better assist their deliberations. The materials provided in connection with the April Meeting included (a) information independently compiled and prepared by Lipper, Inc. (Lipper) on Fund fees and expenses as compared with a peer group of funds as determined by Lipper (Expense Peers) and the investment performance of the Funds as compared with a

**Table of Contents****Disclosure of Investment Advisory Agreements and Sub-Advisory Agreements (continued)**

peer group of funds as determined by Lipper<sup>1</sup> and a customized peer group selected by BlackRock; (b) information on the profits realized by BlackRock and its affiliates pursuant to the Agreements and a discussion of fall-out benefits to BlackRock and its affiliates; (c) a general analysis provided by BlackRock concerning investment management fees charged to other clients, such as institutional clients and open-end funds, under similar investment mandates, as applicable; (d) review of non-management fees; (e) the existence, impact and sharing of potential economies of scale; (f) a summary of aggregate amounts paid by each Fund to BlackRock and (g) if applicable, a comparison of management fees to similar BlackRock closed-end funds, as classified by Lipper.

At the April Meeting, the Boards reviewed materials relating to their consideration of the Agreements. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Boards' year-long deliberative process, the Boards presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the June Meeting.

At the June Meeting, each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund, and the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund, each for a one-year term ending June 30, 2014. In approving the continuation of the Agreements, the Boards considered: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of the Funds and BlackRock; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) the Funds' costs to investors compared to the costs of Expense Peers and performance compared to the relevant performance comparison as previously discussed; (e) economies of scale; (f) fall-out benefits to BlackRock as a result of its relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Boards also considered other matters they deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to securities lending, services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds and advice from independent legal counsel with respect to the review process and materials submitted for the Boards' review. The Boards noted the willingness of BlackRock personnel to engage in open, candid discussions with the Boards. The Boards did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

A. Nature, Extent and Quality of the Services Provided by BlackRock: The Boards, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of the Funds. Throughout the year, the Boards compared Fund performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, if any. The Boards met with

<sup>1</sup> Lipper ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. BlackRock's senior management personnel responsible for investment operations, including the senior investment officers. Each Board also reviewed the materials provided by its Fund's portfolio management team discussing the Fund's performance and the Fund's investment objective, strategies and outlook.

The Boards considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and their Funds' portfolio management teams; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Boards engaged in a review of BlackRock's compensation structure with respect to their Funds' portfolio management teams and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to advisory services, the Boards considered the quality of the administrative and other non-investment advisory services provided to the Funds. BlackRock and its affiliates provide the Funds with certain services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with the following administrative services including, among others: (i) preparing disclosure documents, such as the prospectus, the summary prospectus (as applicable) and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications with analysts to support secondary market trading of the Funds; (iii) assisting with daily

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accounting and pricing; (iv) preparing periodic filings with regulators and stock exchanges; (v) overseeing and coordinating the activities of other service providers; (vi) organizing Board meetings and preparing the materials for such Board meetings; (vii) providing legal and compliance support; (viii) furnishing analytical and other support to assist the Boards in their consideration of strategic issues such as the merger or consolidation of certain closed-end funds; and (ix) performing other administrative functions necessary for the operation of the Funds, such as tax reporting, fulfilling regulatory filing requirements and call center services. The Boards reviewed the structure and duties of BlackRock's fund administration, shareholder services, legal and compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

B. The Investment Performance of the Funds and BlackRock: Each Board, including the Independent Board Members, also reviewed and considered the performance history of its Funds. In preparation for the April Meeting, the Boards worked with its independent legal counsel, BlackRock and Lipper to develop a template for, and were provided with reports independently prepared by Lipper, which included a comprehensive analysis of each Fund's performance. The Boards also reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper's rankings. In connection with their review, each Board received and reviewed information regarding the investment performance, based on net asset value (NAV), of its Fund as compared to other funds in its applicable

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

Lipper category and a customized peer group selected by BlackRock. The Boards were provided with a description of the methodology used by Lipper to select peer funds and periodically meets with Lipper representatives to review their methodology. Each Board and its Performance Oversight Committee regularly review, and meet with Fund management to discuss, the performance of its Fund throughout the year.

The Board of each of BBK, BLE and MVF noted that its respective Fund ranked in the first quartile against its Customized Lipper Peer Group Composite for each of the one-, three- and five-year periods reported.

The Board of each of BYM and MFL noted that its respective Fund ranked in the first, second and first quartiles against its Customized Lipper Peer Group Composite for the one-, three- and five-year periods reported, respectively.

The Board of BIE noted that BIE ranked in the third quartile against its Customized Lipper Peer Group Composite for each of the one-, three- and five-year periods reported.

The Board of BAF noted that BAF ranked in the third, third and second quartiles against its Customized Lipper Peer Group Composite for the one-, three- and five-year periods reported, respectively.

BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for each Fund in that it measures a blend of total return and yield.

The Board of each of BIE and BAF and BlackRock reviewed and discussed the reasons for its respective Fund's underperformance during the periods in which the Fund underperformed compared to its Customized Lipper Peer Group Composite. The Board of each of BIE and BAF was informed that, among other things, underperformance is attributed to the Fund's below market distribution yield for the periods in which BIE and BAF underperformed. The continued challenge going forward for BIE and BAF is seeking ways to increase their yield component. One disadvantage each Fund has versus its Customized Lipper Peer Group Composite is that its investment policies do not allow it to purchase securities that are subject to the alternative minimum tax (AMT), which provides peer funds with additional yield.

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

The Boards noted that BlackRock has recently made, and continues to make, changes to the organization of BlackRock's overall portfolio management structure designed to result in strengthened leadership teams.

C. Consideration of the Advisory/Management Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds: Each Board, including the Independent Board Members, reviewed its Fund's contractual management fee rate compared with the other funds in its Lipper category. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. Each Board also compared its Fund's total net operating expense ratio, as well as actual management fee rate, to those of other funds in its Lipper category. The total net operating expense ratio and actual management fee rate both give effect to any expense reimbursements or fee waivers that benefit the funds. The Boards considered the services provided and the fees charged by BlackRock to other types of clients with similar investment mandates, including institutional accounts.

The Boards received and reviewed statements relating to BlackRock's financial condition. The Boards were also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to the Funds. The Boards reviewed BlackRock's profitability with respect to the Funds and other funds the Boards currently oversee for the year ended December 31, 2012 compared to available aggregate profitability data provided for the prior two years. The Boards reviewed BlackRock's profitability with respect to certain other fund complexes managed by the Manager and/or its affiliates. The Boards reviewed BlackRock's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Boards recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, comparing profitability is difficult.

The Boards noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Boards reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Boards



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considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Boards considered the cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' profits relating to the management of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Boards reviewed BlackRock's methodology in allocating its costs to the management of the Funds. The Boards also considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Boards.

The Board of BIE noted that BIE's contractual management fee rate ranked in the third quartile relative to BIE's Expense Peers. The Board of BIE determined that BIE's contractual management fee rate was reasonable relative to the median contractual management fee rate paid by BIE's Expense Peers. After discussions between the Board, including the Independent Board Members, and BlackRock, the Board of BIE and BlackRock agreed to a continuation of the voluntary advisory fee reduction, which results in savings to shareholders, implemented on June 1, 2012.

The Board of BBK noted that BBK's contractual management fee rate ranked in the second quartile relative to BBK's Expense Peers.

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

The Board of each of BAF, BYM, BLE, MFL and MVF noted that its respective Fund's contractual management fee rate ranked in the first quartile relative to the Fund's Expense Peers.

D. Economies of Scale: Each Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of its Fund increase. Each Board also considered the extent to which its Fund benefits from such economies and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Fund to participate in these economies of scale, for example through the use of breakpoints in the advisory fee based upon the asset level of the Fund.

Based on the Boards' review and consideration of the issue, the Boards concluded that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial growth after the initial public offering. They are typically priced at scale at a fund's inception. The Boards noted that only one closed-end fund in the Fund Complex has breakpoints in its advisory fee structure.

E. Other Factors Deemed Relevant by the Board Members: The Boards, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from their respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including securities lending and cash management services. The Boards also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Boards also noted that BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts. The Boards further noted that they had considered the investment by BlackRock's funds in exchange traded funds (i.e., ETFs) without any offset against the management fees payable by the funds to BlackRock.

In connection with its consideration of the Agreements, the Boards also received information regarding BlackRock's brokerage and soft dollar practices. The Boards received reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Boards noted the competitive nature of the closed-end fund marketplace, and that shareholders are able to sell their Fund shares in the secondary market if they believe that the Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

The Boards also considered the various notable initiatives and projects BlackRock performed in connection with its closed-end fund product line. These initiatives included completion of the refinancing of auction rate preferred securities; efforts to eliminate product overlap with fund mergers; ongoing services to manage leverage that has become increasingly complex; share repurchases and other support initiatives for certain BlackRock funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted BlackRock's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive secondary market communication program designed to raise investor and analyst awareness and understanding of closed-end funds. BlackRock's support services included, among other things: continuing communications concerning the refinancing efforts related to auction rate preferred securities; sponsoring and participating in conferences; communicating with closed-end fund analysts covering the BlackRock funds throughout the year; providing marketing and product updates for the closed-end funds; and maintaining and enhancing its closed-end fund website.

**Conclusion**

Each Board, including the Independent Board Members, unanimously approved the continuation of the Advisory Agreement between the Manager and its Fund for a one-year term ending June 30, 2014, and the Sub-Advisory Agreement among the Manager, the Sub-Advisor, and its Fund for a one-year term ending June 30, 2014. Based upon its evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Agreements, the Boards did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making these determinations. The contractual fee arrangements for the Funds reflect the results of several years of review by the Board Members and predecessor Board Members, and discussions between such Board Members (and predecessor Board Members) and BlackRock. As a result, the Board Members' conclusions may be based in part on their consideration of these arrangements in prior years.



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**Table of Contents****Automatic Dividend Reinvestment Plans**

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

After the Trusts declare a dividend or determine to make a capital gain distribution, the Reinvestment Plan Agents will acquire shares for the participants' accounts, depending upon the following circumstances, either (i) through receipt of unissued but authorized shares from the Trust ("newly issued shares") or (ii) by purchase of outstanding shares on the open market or on the Trust's primary exchange ("open-market purchases"). If, on the dividend payment date, the net asset value per share ("NAV") is equal to or less than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market premium"), the Reinvestment Plan Agent will invest the dividend amount in newly issued shares acquired on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the dividend payment date, the dollar amount of the dividend will be divided by 95% of the market price on the dividend payment date. If, on the dividend payment date, the NAV is greater than the market price per share plus estimated brokerage commissions (such condition often referred to as a "market discount"), the Reinvestment Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases. If the Reinvestment Plan Agent is unable to invest the full dividend amount in open-market purchases, or if the market discount shifts to a market premium during the purchase period, the Reinvestment Plan Agent will invest any un-invested portion in newly issued shares. Investments in newly issued shares made in this manner would be made pursuant to the same process described above and the date of issue for such newly issued shares will substitute for the dividend payment date.

Participation in the Reinvestment Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Reinvestment Plan Agent prior to the dividend record date. Additionally, the Reinvestment Plan Agent seeks to process notices received after the record date but prior to the payable date and such notices often will become effective by the payable date. Where late notices are not processed by the applicable payable date, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

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

Each Trust reserves the right to amend or terminate the Reinvestment Plan. There is no direct service charge to participants in the Reinvestment Plan. However, each Trust reserves the right to amend the Reinvestment Plan to include a service charge payable by the participants. Participants in BIE, BBK, BAF, BYM and BLE that request a sale of shares are subject to a \$2.50 sales fee and a \$0.15 per share fee. Per share fees include any applicable brokerage commissions the Reinvestment Plan Agent is required to pay. Participants in MFL and MVF that request a sale of shares are subject to a \$0.02 per share sold brokerage commission. All correspondence concerning the Reinvestment Plan should be directed to Computershare Trust Company, N.A., through the internet at <http://www.computershare.com/blackrock>, or in writing to Computershare, P.O. Box 43078, Providence, RI 02940-3078, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at 250 Royall Street, Canton, MA 02021.

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## Officers and Trustees

| Name, Address<br>and Year of Birth  | Position(s)<br>Held with<br>Trusts   | Length<br>of Time<br>Served as<br>a Trustee <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-<br>Advised Registered<br>Investment Companies<br>( RICs ) Consisting of<br>investment Portfolios<br>( Portfolios ) Overseen | Public<br>Directorships                                       |
|---|--|--|---|--|---|
| <b>Independent Trustees<sup>1</sup></b>   |  |  |   |  |   |
| <b>Richard E. Cavanagh</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1946   | Chairman of<br>the Board and<br>Trustee  | Since<br>1994  | Trustee, Aircraft Finance Trust from 1999 to 2009; Director, The Guardian Life Insurance Company of America since 1998; Director, Arch Chemical (chemical and allied products) from 1999 to 2011; Trustee, Educational Testing Service from 1997 to 2009 and Chairman thereof from 2005 to 2009; Senior Advisor, The Fremont Group since 2008 and Director thereof since 1996; Faculty Member/Adjunct Lecturer, Harvard University since 2007; President and Chief Executive Officer, The Conference Board, Inc. (global business research organization) from 1995 to 2007. | 94 RICs consisting of<br>90 Portfolios   | None  |
| <b>Karen P. Robards</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1946      | Vice Chairperson<br>of the Board,<br>Chairperson<br>of the Audit<br>Committee and<br>Trustee | Since<br>2007  | Partner of Robards & Company, LLC (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development (a not-for-profit organization) since 1987; Director of Care Investment Trust, Inc. (health care real estate investment trust) from 2007 to 2010; Investment Banker at Morgan Stanley from 1976 to 1987.   | 94 RICs consisting of<br>90 Portfolios   | AtriCure, Inc.<br>(medical devices);<br>Greenhill & Co., Inc. |
| <b>Michael J. Castellano</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1950 | Trustee and<br>Member<br>of the Audit<br>Committee   | Since<br>2011  | Chief Financial Officer of Lazard Group LLC from 2001 to 2011; Chief Financial Officer of Lazard Ltd from 2004 to 2011; Director, Support Our Aging Religious (non-profit) since 2009; Director, National Advisory Board of Church Management at Villanova University since 2010. Trustee, Domestic Church Media Foundation since 2012.   | 94 RICs consisting of<br>90 Portfolios   | None  |
| <b>Frank J. Fabozzi</b><br>55 East 52nd Street<br>New York, NY 10055<br><br>1946      | Trustee and<br>Member<br>of the Audit<br>Committee   | Since<br>1988  | Editor of and Consultant for The Journal of Portfolio Management since 2006; Professor of Finance, EDHEC Business School since 2011; Professor in the Practice of Finance and Becton Fellow, Yale University School of Management from 2006 to 2011; Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006.   | 94 RICs consisting of<br>90 Portfolios   | None  |

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|  |  |                          |  |   |  |
|--|--|--------------------------|--|---|--|
| <p>1948</p> <p><b>Kathleen F. Feldstein</b></p> <p>Trustee</p> <p>Since</p> <p>2005</p> <p>55 East 52nd Street</p> <p>New York, NY 10055</p>   | <p>Trustee</p>                                   | <p>Since</p> <p>2005</p> | <p>President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Board of Partners Community Healthcare, Inc. from 2005 to 2009; Member of the Corporation of Partners HealthCare since 1995; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Director, Catholic Charities of Boston since 2009.</p> | <p>94 RICs consisting of</p> <p>90 Portfolios</p> | <p>The McClatchy Company (publishing)</p>  |
| <p>1941</p> <p><b>James T. Flynn</b></p> <p>Trustee and Member of the Audit Committee</p> <p>55 East 52nd Street</p> <p>New York, NY 10055</p> | <p>Trustee and Member of the Audit Committee</p> | <p>Since</p> <p>2007</p> | <p>Chief Financial Officer of JPMorgan &amp; Co., Inc. from 1990 to 1995.</p>  | <p>94 RICs consisting of</p> <p>90 Portfolios</p> | <p>None</p>  |
| <p>1939</p> <p><b>Jerrold B. Harris</b></p> <p>Trustee</p> <p>55 East 52nd Street</p> <p>New York, NY 10055</p>                                | <p>Trustee</p>                                   | <p>Since</p> <p>2007</p> | <p>Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation from 2010 to 2012; President and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.</p>  | <p>94 RICs consisting of</p> <p>90 Portfolios</p> | <p>BlackRock Kelso Capital Corp. (business development company)</p>  |
| <p>1942</p> <p><b>R. Glenn Hubbard</b></p> <p>Trustee</p> <p>55 East 52nd Street</p> <p>New York, NY 10055</p>                                 | <p>Trustee</p>                                   | <p>Since</p> <p>2004</p> | <p>Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988.</p>   | <p>94 RICs consisting of</p> <p>90 Portfolios</p> | <p>ADP (data and information services); KKR Financial Corporation (finance); Metropolitan Life Insurance Company (insurance)</p> |

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## Officers and Trustees (continued)

| Name, Address<br>and Year of Birth  | Position(s)<br>Held with<br>Trusts                 | Length<br>of Time<br>Served as<br>a Trustee <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-<br>Advised Registered<br>Investment Companies<br>( RICs ) Consisting of<br>investment Portfolios<br>( Portfolios ) Overseen | Public<br>Directorships |
|---|--|--|---|--|-------------------------|
| <b>Independent Trustees<sup>1</sup> (concluded)</b>   |  |  |   |  |                         |
| <b>W. Carl Kester</b><br><br>55 East 52nd Street<br><br>New York, NY 10055<br><br>1951  | Trustee and<br>Member<br>of the Audit<br>Committee | Since<br><br>2007  | George Fisher Baker Jr. Professor of Business<br>Administration, Harvard Business School since 2008;<br>Deputy Dean for Academic Affairs from 2006 to 2010;<br>Chairman of the Finance Unit, 2005 to 2006; Senior<br>Associate Dean and Chairman of the MBA Program from<br>1999 to 2005; Member of the faculty of Harvard Business<br>School since 1981.   | 94 RICs consisting of<br><br>90 Portfolios   | None                    |
| <sup>1</sup> Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 74. In 2013, the Board of Trustees unanimously approved further extending the mandatory retirement age for James T. Flynn by one additional year, which the Board believed would be in the best interest of shareholders. Mr. Flynn can serve until December 31, 2014, when he turns 75.<br><sup>2</sup> Date shown is the earliest date a person has served for the Trusts covered by this annual report. Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Trustees as joining the Trusts board in 2007, those Trustees first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: Richard E. Cavanagh, 1994; Frank J. Fabozzi, 1988; Kathleen F. Feldstein, 2005; James T. Flynn, 1996; Jerrold B. Harris, 1999; R. Glenn Hubbard, 2004; W. Carl Kester, 1995; and Karen P. Robards, 1998. |  |  |   |  |                         |
| <b>Interested Trustees<sup>3</sup></b>  |  |  |   |  |                         |
| <b>Paul L. Audet</b><br><br>55 East 52nd Street<br><br>New York, NY 10055<br><br>1953   | President <sup>4</sup><br>and Trustee              | Since<br><br>2011  | Senior Managing Director of BlackRock and Head of U.S.<br>Mutual Funds since 2011; Chair of the U.S. Mutual Funds<br>Committee reporting to the Global Executive Committee<br>since 2011; Head of BlackRock's Real Estate business from<br>2008 to 2011; Member of BlackRock's Global Operating and<br>Corporate Risk Management Committees and of the<br>BlackRock Alternative Investors Executive Committee and<br>Investment Committee for the Private Equity Fund of Funds<br>business since 2008; Head of BlackRock's Global Cash<br>Management business from 2005 to 2010; Acting Chief<br>Financial Officer of BlackRock from 2007 to 2008; Chief<br>Financial Officer of BlackRock from 1998 to 2005. | 155 RICs consisting of<br><br>282 Portfolios   | None                    |
| <b>Henry Gabbay</b><br><br>55 East 52nd Street<br><br>New York, NY 10055<br><br>1947  | Trustee  | Since<br><br>2007  | Consultant, BlackRock from 2007 to 2008; Managing<br>Director, BlackRock from 1989 to 2007; Chief<br>Administrative Officer, BlackRock Advisors, LLC from<br>1998 to 2007; President of BlackRock Funds and<br>BlackRock Bond Allocation Target Shares from 2005 to<br>2007; Treasurer of certain closed-end funds in the<br>BlackRock fund complex from 1989 to 2006.  | 155 RICs consisting of<br><br>282 Portfolios.  | None                    |

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<sup>3</sup> Mr. Audet is an interested person, as defined in the 1940 Act, of the Trusts based on his position with BlackRock and its affiliates as well as his ownership of BlackRock securities. Mr. Gabbay is an interested person of the Trusts based on his former positions with BlackRock and its affiliates as well as his ownership of BlackRock and The PNC Financial Services Group, Inc. securities. Mr. Audet and Mr. Gabbay are also Trustees of two complexes of BlackRock registered open-end funds, the BlackRock Equity-Liquidity Complex and the BlackRock Equity-Bond Complex. Trustees of the BlackRock Closed-End Complex serve until their resignation, removal or death, or until December 31 of the year in which they turn 74. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding good cause thereof.

<sup>4</sup> For MFL.

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## Officers and Trustees (continued)

| Name, Address<br>and Year of Birth   | Position(s)<br>Held with<br>Trusts                          | Length<br>of Time<br>Served    | Principal Occupation(s) During Past Five Years  |
|--|---|--------------------------------|---|
|  |   |                                |   |
| <b>Officers<sup>1</sup></b>  |   |                                |   |
| <b>John M. Perlowski</b><br><br>55 East 52nd Street<br><br>New York, NY 10055          | President <sup>2</sup><br>and Chief<br>Executive<br>Officer | Since<br><br>2011              | Managing Director of BlackRock since 2009; Global Head of BlackRock Fund Services since 2009; Managing Director and Chief Operating Officer of the Global Product Group at Goldman Sachs Asset Management, L.P. from 2003 to 2009; Treasurer of Goldman Sachs Mutual Funds from 2003 to 2009 and Senior Vice President thereof from 2007 to 2009; Director of Goldman Sachs Offshore Funds from 2002 to 2009; Director of Family Resource Network (charitable foundation) since 2009. |
| 1964<br><b>Anne Ackerley</b><br><br>55 East 52nd Street<br><br>New York, NY 10055      | Vice<br>President   | Since<br><br>2007 <sup>3</sup> | Managing Director of BlackRock since 2000; Chief Marketing Officer of BlackRock since 2012; President and Chief Executive Officer of the BlackRock-advised funds from 2009 to 2011; Vice President of the BlackRock-advised funds from 2007 to 2009; Chief Operating Officer of BlackRock's Global Client Group since 2009 to 2012; Chief Operating Officer of BlackRock's U.S. Retail Group from 2006 to 2009; Head of BlackRock's Mutual Fund Group from 2000 to 2006.              |
| 1962<br><b>Brendan Kyne</b><br><br>55 East 52nd Street<br><br>New York, NY 10055       | Vice<br>President   | Since<br>2009                  | Managing Director of BlackRock since 2010; Director of BlackRock from 2008 to 2009; Head of Product Development and Management for BlackRock's U.S. Retail Group since 2009 and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.   |
| 1977<br><b>Robert W. Crothers</b><br><br>55 East 52nd Street<br><br>New York, NY 10055 | Vice<br>President   | Since<br>2012                  | Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010; Associate of BlackRock from 2006 to 2007.  |

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1981  
**Neal Andrews** Chief Financial Officer Since 2007 Managing Director of BlackRock since 2006; Senior Vice President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. from 1992 to 2006.

55 East 52nd Street  
 New York, NY 10055

1966  
**Jay Fife** Treasurer Since 2007 Managing Director of BlackRock since 2007; Director of BlackRock in 2006; Assistant Treasurer of the MLIM and Fund Asset Management, L.P. advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.

55 East 52nd Street  
 New York, NY 10055

1970  
**Brian Kindelan** Chief Compliance Officer Since 2007 Chief Compliance Officer of the BlackRock-advised funds since 2007; Managing Director and Senior Counsel of BlackRock since 2005.

55 East 52nd Street  
 New York, NY 10055  
 Officer and  
 Anti-Money  
 Laundering

1959  
**Janey Ahn** Secretary Since 2012 Director of BlackRock since 2009; Vice President of BlackRock from 2008 to 2009; Assistant Secretary of the Funds from 2008 to 2012; Associate at Willkie Farr & Gallagher LLP from 2006 to 2008.

55 East 52nd Street  
 New York, NY 10055

1975

<sup>1</sup> Officers of the Trusts serve at the pleasure of the Board.  
<sup>2</sup> For all Trusts except MFL.  
<sup>3</sup> Ms. Ackerley was President and Chief Executive Officer from 2009 to 2011. Effective September 13, 2013, Ms. Ackerley resigned as Vice President of the Trusts.

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Officers and Trustees (concluded)

|   |   |   |  |   |
|---|---|---|--|---|
| <p><b>Investment Advisor</b><br/>BlackRock Advisors, LLC<br/>Wilmington, DE 19809</p>                             | <p><b>Custodians</b><br/><br/>The Bank of New York Mellon<sup>1</sup><br/>New York, NY 10286</p>          | <p><b>VRDP Tender and Paying Agent and VMTP Redemption and Paying Agent</b><br/><br/>The Bank of New York Mellon<br/>New York, NY 10289</p>   | <p><b>Accounting Agent</b><br/>State Street Bank and Trust Company<br/>Boston, MA 02110</p>                    | <p><b>Legal Counsel</b><br/>Skadden, Arps, Slate, Meagher &amp; Flom LLP<br/>New York, NY 10036</p> |
| <p><b>Sub-Advisors</b><br/><br/>BlackRock Investment Management, LLC<sup>1</sup><br/><br/>Princeton, NJ 08540</p> | <p>State Street Bank and Trust Company<sup>2</sup><br/>Boston, MA 02110</p>                               | <p><b>VRDP Liquidity Providers</b><br/><br/>Bank of America, N.A.<sup>3</sup><br/><br/>New York, NY 10036</p>                                 | <p><b>Independent Registered Public Accounting Firm</b><br/>Deloitte &amp; Touche LLP<br/>Boston, MA 02116</p> | <p><b>Address of the Trusts</b><br/>100 Bellevue Parkway<br/>Wilmington, DE 19809</p>               |
| <p>BlackRock Financial Management, Inc.<sup>2</sup><br/>New York, NY 10055</p>                                    | <p><b>Transfer Agent</b><br/>Common Shares<br/>Computershare Trust Company, N.A.<br/>Canton, MA 02021</p> | <p>Barclays Bank PLC<sup>4</sup><br/><br/>New York, NY 10019</p>  |  |   |
|   |   | <p><b>VRDP Remarketing Agents</b><br/><br/>Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated<sup>3</sup><br/><br/>New York, NY 10036</p> |  |   |
|   |   | <p>Barclays Capital Inc.<sup>4</sup><br/><br/>New York, NY 10019</p>  |  |   |

<sup>1</sup> For MFL and MVF.

<sup>2</sup> For BIE, BBK, BAF, BYM and BLE.

<sup>3</sup> For MFL.

<sup>4</sup> For BIE.

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The Annual Meeting of Shareholders was held on July 30, 2013 for shareholders of record on June 3, 2013 to elect trustee nominees for each Trust. There were no broker non-votes with regard to any of the Trusts.

Approved the Class III Trustees as follows:

|     | <b>Richard E. Cavanagh</b> |                 |                | <b>Kathleen F. Feldstein</b> |                 |                | <b>Henry Gabbay</b> |                 |                |
|-----|----------------------------|-----------------|----------------|------------------------------|-----------------|----------------|---------------------|-----------------|----------------|
|     | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>    | <b>Withheld</b> | <b>Abstain</b> |
| BYM | 20,760,349                 | 822,159         | 0              | 20,565,941                   | 1,016,567       | 0              | 20,954,966          | 627,542         | 0              |
| BAF | 7,064,003                  | 421,715         | 0              | 7,055,262                    | 430,456         | 0              | 7,063,958           | 421,760         | 0              |
| BBK | 9,389,524                  | 193,733         | 0              | 9,235,871                    | 347,386         | 0              | 9,388,772           | 194,485         | 0              |
| BIE | 2,747,817                  | 25,035          | 0              | 2,710,817                    | 62,035          | 0              | 2,747,817           | 25,035          | 0              |
| BLE | 17,761,124                 | 580,120         | 0              | 17,705,230                   | 636,014         | 0              | 17,816,634          | 524,610         | 0              |
|     | <b>Jerrold B. Harris</b>   |                 |                |                              |                 |                |                     |                 |                |
|     | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |                              |                 |                |                     |                 |                |
| BYM | 20,920,300                 | 662,208         | 0              |                              |                 |                |                     |                 |                |
| BAF | 7,042,157                  | 443,561         | 0              |                              |                 |                |                     |                 |                |
| BBK | 9,372,598                  | 210,659         | 0              |                              |                 |                |                     |                 |                |
| BIE | 2,747,817                  | 25,035          | 0              |                              |                 |                |                     |                 |                |
| BLE | 17,779,611                 | 561,633         | 0              |                              |                 |                |                     |                 |                |

For the Trusts listed above, Trustees whose term of office continued after the Annual Meeting of Shareholders because they were not up for election are Paul L. Audet, Michael J. Castellano, Frank J. Fabozzi, James T. Flynn, R. Glenn Hubbard, W. Carl Kester and Karen P. Robards.

Approved the Trustees as follows:

|     | <b>Paul L. Audet</b>                |                 |                | <b>Michael J. Castellano</b> |                 |                | <b>Richard E. Cavanagh</b> |                 |                |
|-----|-------------------------------------|-----------------|----------------|------------------------------|-----------------|----------------|----------------------------|-----------------|----------------|
|     | <b>Votes For</b>                    | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| MFL | 32,664,150                          | 466,024         | 0              | 32,643,968                   | 486,206         | 0              | 32,612,268                 | 517,906         | 0              |
| MVF | 54,636,644                          | 2,842,098       | 0              | 54,657,002                   | 2,821,740       | 0              | 54,651,052                 | 2,827,690       | 0              |
|     | <b>Frank J. Fabozzi<sup>1</sup></b> |                 |                | <b>Kathleen F. Feldstein</b> |                 |                | <b>James T. Flynn</b>      |                 |                |
|     | <b>Votes For</b>                    | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| MFL | 2,746                               | 0               | 0              | 32,548,709                   | 581,465         | 0              | 32,598,018                 | 532,156         | 0              |
| MVF | 2,438                               | 0               | 0              | 54,326,769                   | 3,151,973       | 0              | 54,580,429                 | 2,898,313       | 0              |
|     | <b>Henry Gabbay</b>                 |                 |                | <b>Jerrold B. Harris</b>     |                 |                | <b>R. Glenn Hubbard</b>    |                 |                |
|     | <b>Votes For</b>                    | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>           | <b>Withheld</b> | <b>Abstain</b> |
| MFL | 32,644,521                          | 485,653         | 0              | 32,635,778                   | 494,396         | 0              | 32,632,694                 | 497,480         | 0              |
| MVF | 54,682,130                          | 2,796,612       | 0              | 54,632,888                   | 2,845,854       | 0              | 54,294,122                 | 3,184,620       | 0              |
|     | <b>W. Carl Kester<sup>1</sup></b>   |                 |                | <b>Karen P. Robards</b>      |                 |                |                            |                 |                |
|     | <b>Votes For</b>                    | <b>Withheld</b> | <b>Abstain</b> | <b>Votes For</b>             | <b>Withheld</b> | <b>Abstain</b> |                            |                 |                |
| MFL | 2,746                               | 0               | 0              | 32,662,298                   | 467,876         | 0              |                            |                 |                |
| MVF | 2,438                               | 0               | 0              | 54,517,284                   | 2,961,458       | 0              |                            |                 |                |

<sup>1</sup> Voted on by holders of Preferred Shares only.

**Trust Certification**

Certain Trusts are listed for trading on the NYSE and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE's listing standards. The Trusts filed with the SEC the certification of their chief executive officer and chief financial officer required by section 302 of the Sarbanes-Oxley Act.

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**Table of Contents****Additional Information (continued)****Regulation Regarding Derivatives**

Effective December 31, 2012, the Commodity Futures Trading Commission ( CFTC ) adopted certain regulatory changes that subject registered investment companies and advisers to registered investment companies to regulation by the CFTC if a fund invests more than a prescribed level of its net assets in CFTC-regulated futures, options and swaps ( CFTC Derivatives ), or if the fund markets itself as providing investment exposure to such instruments. To the extent a Trust uses CFTC-regulated futures, options and swaps, it intends to do so below such prescribed levels and will not market itself as a commodity pool or a vehicle for trading such instruments. Accordingly, BlackRock Advisors, LLC has claimed an exclusion from the definition of the term commodity pool operator under the Commodity Exchange Act ( CEA ) pursuant to Rule 4.5 under the CEA. BlackRock Advisors, LLC is not, therefore, subject to registration or regulation as a commodity pool operator under the CEA in respect of each Trust.

**Dividend Policy**

Each Trusts dividend policy is to distribute all or a portion of their net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Trusts may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Trusts for any particular month may be more or less than the amount of net investment income earned by the Trusts during such month. The Trusts current accumulated but undistributed net investment income, if any, is disclosed in the Statements of Assets and Liabilities, which comprises part of the financial information included in this report.

**General Information**

On July 29, 2010, the Manager announced that a derivative complaint had been filed by shareholders of BYM, BAF and BIE on July 27, 2010 in the Supreme Court of the State of New York, New York County. The complaint named the Manager, BlackRock, Inc. and certain of the trustees, officers and portfolio managers of BYM, BAF and BIE as defendants. The complaint alleged, among other things, that the parties named in the complaint breached fiduciary duties owed to BYM, BAF and BIE and their Common Shareholders by redeeming auction-market preferred shares, auction rate preferred securities, auction preferred shares and auction rate securities (collectively, AMPS ) at their liquidation preference. The complaint sought unspecified damages for losses purportedly suffered by BYM, BAF and BIE as a result of the prior redemptions and injunctive relief preventing BYM, BAF and BIE from redeeming AMPS at their liquidation preference in the future. On March 15, 2012, the Supreme Court of the State of New York, New York County entered an order consolidating the above-referenced derivative complaint with another derivative complaint, containing almost identical allegations, already pending in that court. The court on March 15, 2012, also granted plaintiffs permission to file an amended complaint. On April 16, 2012, the plaintiffs filed a Consolidated Shareholder Derivative Complaint containing allegations substantially similar to those in the original complaint as to, among others, BAF. However, the Consolidated Shareholder Derivative Complaint did not include either BIE or BYM as a nominal defendant. Defendants, including BAF, moved to dismiss the Consolidated Shareholder Derivative Complaint on July 20, 2012. Plaintiffs on September 14, 2012 moved to hold the defendants motion to dismiss in abeyance and allow plaintiffs to conduct limited discovery before responding to the motion. After the parties agreed to proceed with limited discovery, plaintiffs advised defendants that they would withdraw their action and, on June 10, 2013, the parties filed a stipulation dismissing the Consolidated Shareholder Derivative Complaint without prejudice, subject to the approval of the court. The court dismissed the case without prejudice on June 17, 2013.

On August 11, 2010, the Manager announced that a derivative complaint had been filed by shareholders of MFL on August 3, 2010 in the Supreme Court of the State of New York, New York County. The complaint named the Manager, BlackRock, Inc. and certain of the directors, officers and portfolio managers of MFL as defendants. The complaint alleged, among other things, that the parties named in the complaint breached fiduciary duties owed to MFL and its Common Shareholders by redeeming AMPS at their liquidation preference. The complaint

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sought unspecified damages for losses purportedly suffered by MFL as a result of the prior redemptions and injunctive relief preventing MFL from redeeming AMPS at their liquidation preference in the future. On March 15, 2012, the Supreme Court of the State of New York, New York County entered an order consolidating the above-referenced derivative complaint with another derivative complaint, containing almost identical allegations, already pending in that court. The court on March 15, 2012, also granted plaintiffs permission to file an amended complaint. On April 16, 2012, the plaintiffs filed a Consolidated Shareholder Derivative Complaint containing allegations substantially similar to those in the original complaint as to, among others, MFL. Defendants, including MFL, moved to dismiss the Consolidated Shareholder Derivative Complaint on July 20, 2012. Plaintiffs on September 14, 2012 moved to hold the defendants' motion to dismiss in abeyance and allow plaintiffs to conduct limited discovery before responding to the motion. After the parties agreed to proceed with limited discovery, plaintiffs advised defendants that they would withdraw their action and, on June 10, 2013, the parties filed a stipulation dismissing the Consolidated Shareholder Derivative Complaint without prejudice, subject to the approval of the court. The court dismissed the case without prejudice on June 17, 2013.

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**Additional Information (continued)**

**General Information (continued)**

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

On June 7, 2013, the Board approved an amendment to MVF's non-fundamental investment policies, which permitted MVF to invest up to 20% of its total assets in securities rated below investment grade at time of purchase, or deemed equivalent. Effective July 1, 2013, MVF no longer restricts its investments to long-term municipal obligations that are rated investment grade at time of purchase; instead MVF may invest up to 20% of its total assets in securities rated below investment grade at time of purchase, or deemed equivalent. Below investment grade quality are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Below investment grade securities, though high yielding, are characterized by high risk and subject to greater market fluctuations than certain lower yielding, higher rated securities. The value of high yield, lower quality bonds is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. Issuers of high yield bonds are not as strong financially as those with higher credit ratings. These issuers are more vulnerable to financial setbacks and recession than more creditworthy issuers, which may impair their ability to make interest and principal payments. Below investment grade securities may also be less liquid than higher rated securities and more susceptible to economic downturns. It is likely that an economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

During the period, other than as described above, there were no material changes in the Trusts' investment objectives or policies or to the Trusts' charters or by-laws that would delay or prevent a change of control of the Trusts that were not approved by the shareholders or in the principal risk factors associated with investment in the Trusts. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts' portfolios.

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

**Electronic Delivery**

Electronic copies of most financial reports are available on the Trusts' websites or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports by enrolling in the Trusts' electronic delivery program.

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

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

**Householding**

The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call (800) 882-0052.

**Availability of Quarterly Schedule of Investments**

Each Trust files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Trusts' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on how to access documents on the SEC's website without charge may be obtained by calling (800)

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SEC-0330. Each Trust's Forms N-Q may also be obtained upon request and without charge by calling (800) 882-0052.

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Additional Information (continued)

**General Information (concluded)**

Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Trusts use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling (800) 882-0052; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

Availability of Proxy Voting Record

Information about how the Trusts voted proxies relating to securities held in the Trusts' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 882-0052 and (2) on the SEC's website at <http://www.sec.gov>.

Availability of Trust Updates

BlackRock will update performance and certain other data for the Trusts on a monthly basis on its website in the "Closed-end Funds" section of <http://www.blackrock.com> as well as certain other material information as necessary from time to time. Investors and others are advised to periodically check the website for updated performance information and the release of other material information about the Trusts. This reference to BlackRock's website is intended to allow investors public access to information regarding the Trusts and does not, and is not intended to, incorporate BlackRock's website into this report.

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Additional Information (concluded)

**BlackRock Privacy Principles**

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following:

(i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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

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Item 2 Code of Ethics The registrant (or the Fund ) has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).

Item 3 Audit Committee Financial Expert The registrant's board of directors (the board of directors ), has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Michael Castellano  
Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. The designation or identification of a person as an audit committee financial expert does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

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## Item 4 Principal Accountant Fees and Services

The following table presents fees billed by Deloitte & Touche LLP ( D&T ) in each of the last two fiscal years for the services rendered to the Fund:

| <u>Entity</u><br><u>Name</u>                         | <u>(a) Audit Fees</u> |                    | <u>(b) Audit-Related Fees<sup>1</sup></u> |                    | <u>(c) Tax Fees<sup>2</sup></u> |                    | <u>(d) All Other Fees<sup>3</sup></u> |                    |
|--|-----------------------|--------------------|---|--------------------|---------------------------------|--------------------|---------------------------------------|--------------------|
|  | <u>Current</u>        | <u>Previous</u>    | <u>Current</u>                            | <u>Previous</u>    | <u>Current</u>                  | <u>Previous</u>    | <u>Current</u>                        | <u>Previous</u>    |
|  | <u>Fiscal Year</u>    | <u>Fiscal Year</u> | <u>Fiscal Year</u>                        | <u>Fiscal Year</u> | <u>Fiscal Year</u>              | <u>Fiscal Year</u> | <u>Fiscal Year</u>                    | <u>Fiscal Year</u> |
|  | <u>End</u>            | <u>End</u>         | <u>End</u>                                | <u>End</u>         | <u>End</u>                      | <u>End</u>         | <u>End</u>                            | <u>End</u>         |
| BlackRock<br>Municipal<br>Income<br>Quality<br>Trust | \$32,063              | \$31,800           | \$0                                       | \$5,500            | \$15,100                        | \$15,100           | \$0                                   | \$0                |

The following table presents fees billed by D&T that were required to be approved by the registrant's audit committee (the Committee) for services that relate directly to the operations or financial reporting of the Fund and that are rendered on behalf of BlackRock Advisors, LLC ( Investment Adviser or BlackRock ) and entities controlling, controlled by, or under common control with BlackRock (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) that provide ongoing services to the Fund ( Fund Service Providers ):

|   | <u>Current Fiscal Year End</u> | <u>Previous Fiscal Year End</u> |
|---|--------------------------------|---------------------------------|
| <b>(b) Audit-Related Fees<sup>1</sup></b> | \$0                            | \$0                             |
| <b>(c) Tax Fees<sup>2</sup></b>           | \$0                            | \$0                             |
| <b>(d) All Other Fees<sup>3</sup></b>     | \$2,865,000                    | \$2,970,000                     |

<sup>1</sup> The nature of the services includes assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services includes tax compliance, tax advice and tax planning.

<sup>3</sup> Aggregate fees borne by BlackRock in connection with the review of compliance procedures and attestation thereto performed by D&T with respect to all of the registered closed-end funds and some of the registered open-end funds advised by BlackRock.

## (e)(1) Audit Committee Pre-Approval Policies and Procedures:

The Committee has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the Investment Adviser and Fund Service Providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are (a) consistent with the SEC's auditor independence rules and (b)

routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ( general pre-approval ). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operations or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 per project. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g.,



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unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to the Committee Chairman the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

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

(f) Not Applicable

(g) The aggregate non-audit fees paid to the accountant for services rendered by the accountant to the registrant, the Investment Adviser and the Fund Service Providers were:

|   | <b><u>Current Fiscal Year</u></b> | <b><u>Previous Fiscal Year</u></b> |
|---|-----------------------------------|------------------------------------|
| <b><u>Entity Name</u></b>                   | <b><u>End</u></b>                 | <b><u>End</u></b>                  |
| BlackRock Municipal<br>Income Quality Trust | \$15,100                          | \$20,600                           |

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,865,000 and \$2,970,000, respectively, were billed by D&T to the Investment Adviser.

(h) The Committee has considered and determined that the provision of non-audit services that were rendered to the Investment Adviser, and the Fund Service Providers that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

**Item 5 Audit Committee of Listed Registrants**

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

Michael Castellano  
 Frank J. Fabozzi  
 James T. Flynn  
 W. Carl Kester  
 Karen P. Robards

(b) Not Applicable

**Item 6 Investments**

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this Form.



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(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7 Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies  
 The board of directors has delegated the voting of proxies for the Fund’s portfolio securities to the Investment Adviser pursuant to the Investment Adviser’s proxy voting guidelines. Under these guidelines, the Investment Adviser will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund’s stockholders, on the one hand, and those of the Investment Adviser, or any affiliated person of the Fund or the Investment Adviser, on the other. In such event, provided that the Investment Adviser’s Equity Investment Policy Oversight Committee, or a sub-committee thereof (the Oversight Committee) is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Adviser’s clients. If the Investment Adviser determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Adviser’s Portfolio Management Group and/or the Investment Adviser’s Legal and Compliance Department and concluding that the vote cast is in its client’s best interest notwithstanding the conflict. A copy of the Fund’s Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC’s website at <http://www.sec.gov>.

Item 8 Portfolio Managers of Closed-End Management Investment Companies as of August 31, 2013.

(a)(1) The registrant is managed by a team of investment professionals comprised of Michael Kalinoski, Director at BlackRock, Theodore R. Jaeckel, Jr., CFA, Managing Director at BlackRock, and Walter O Connor, Managing Director at BlackRock. Each is a member of BlackRock’s municipal tax-exempt management group. Each is jointly responsible for the day-to-day management of the registrant’s portfolio, which includes setting the registrant’s overall investment strategy, overseeing the management of the registrant and/or selection of its investments. Messrs. Kalinoski, Jaeckel and O Connor have been members of the registrant’s portfolio management team since 2006.

| <b>Portfolio Manager</b> | <b>Biography</b>  |
|--------------------------|---|
| Michael Kalinoski        | Director of BlackRock since 2006; Director of Merrill Lynch Investment Managers, L.P. ( MLIM ) from 1999 to 2006.           |
| Theodore R. Jaeckel, Jr. | Managing Director at BlackRock since 2006; Managing Director of MLIM from 2005 to 2006; Director of MLIM from 1997 to 2005. |
| Walter O Connor          | Managing Director of BlackRock since 2006; Managing Director of MLIM from 2003 to 2006; Director of MLIM from 1998 to 2003. |

(a)(2) As of August 31, 2013:

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| (i) Name of<br>Portfolio Manager | (ii) Number of Other Accounts Managed<br>and Assets by Account Type |  |                   | (iii) Number of Other Accounts and<br>Assets for Which Advisory Fee is<br>Performance-Based |  |                   |
|----------------------------------|---|--|-------------------|---|--|-------------------|
|                                  | Other<br>Registered<br>Investment<br>Companies                      | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts | Other<br>Registered<br>Investment<br>Companies  | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts |
|                                  | Michael Kalinoski   | 11<br>\$5.25 Billion                   | 0<br>\$0          | 0<br>\$0  | 0<br>\$0                               | 0<br>\$0          |
| Theodore R. Jaeckel, Jr.         | 63<br>\$22.52 Billion   | 0<br>\$0                               | 0<br>\$0          | 0<br>\$0  | 0<br>\$0                               | 0<br>\$0          |
| Walter O Connor                  | 63<br>\$22.52 Billion   | 0<br>\$0                               | 0<br>\$0          | 0<br>\$0  | 0<br>\$0                               | 0<br>\$0          |

## (iv) Potential Material Conflicts of Interest

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

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts,

with no account

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receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

(a)(3) As of August 31, 2013:

**Portfolio Manager Compensation Overview**

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

**Base Compensation.**

Generally, portfolio managers receive base compensation based on their position with BlackRock, Inc.

**Discretionary Incentive Compensation.**

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. With respect to these portfolio managers, such benchmarks for the Fund and other accounts are:

| Portfolio Manager        | Benchmark   |
|--------------------------|---|
| Theodore R. Jaeckel, Jr. | A combination of peer based fund classifications or subsets thereof (e.g., Lipper Intermediate Debt Funds classification, Lipper NJ Municipal Debt Funds classification, Lipper Closed-End General Bond Fund classification, subset of Lipper Closed-End High Quality/Insured Muni Debt Leveraged Fund classification, subset of Lipper Closed-End Other Single State High Quality/Insured Muni Fund classification). |
| Michael A. Kalinoski     | A combination of peer based fund classifications or subsets thereof (e.g., Lipper Closed-End General Bond Fund classification, a subset of Lipper Closed-End High Quality/Insured Muni Debt Leveraged Fund classification, a subset of Lipper Closed-End CPG Other  |



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Single State High Quality/Insured Muni Fund classification).

Walter O Connor A combination of market-based indices (e.g., Barclays Muni Bond Index, Standard & Poor's Municipal Bond Index), certain customized indices and certain fund industry peer groups.

**Distribution of Discretionary Incentive Compensation**

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock, Inc. restricted stock units, upon vesting, will be settled in BlackRock, Inc. common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock stock puts compensation earned by a portfolio manager for a given year at risk based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

*Long-Term Incentive Plan Awards* From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock, Inc. restricted stock units that, once vested, settle in BlackRock, Inc. common stock. Messrs. Jaeckel and O Connor have unvested long-term incentive awards.

*Deferred Compensation Program* A portion of the compensation paid to eligible United States-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock is eligible to participate in the deferred compensation program.

**Other Compensation Benefits.** In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock, Inc. employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at \$5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service limit (\$255,000 for 2013). The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock, Inc. contributions follow the investment direction set by participants for their own



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contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock, Inc. common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of \$25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities* As of August 31, 2013.

| <b>Portfolio Manager</b> | <b>Dollar Range of Equity Securities<br/>of the Fund Beneficially Owned</b> |
|--------------------------|---|
| Michael Kalinoski        | None  |
| Theodore R. Jaeckel, Jr. | None  |
| Walter O Connor          | None  |

(b) Not Applicable

Item 9 Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers  
Not Applicable due to no such purchases during the period covered by this report.

Item 10 Submission of Matters to a Vote of Security Holders There have been no material changes to these procedures.

Item 11 Controls and Procedures

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 Exhibits attached hereto

(a)(1) Code of Ethics See Item 2

(a)(2) Certifications Attached hereto

(a)(3) Not Applicable

(b) Certifications Attached hereto

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

BlackRock Municipal Income Quality Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Municipal Income Quality Trust

Date: November 4, 2013

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

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Municipal Income Quality Trust

Date: November 4, 2013

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Municipal Income Quality Trust

Date: November 4, 2013