

BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.
Form N-CSR
January 09, 2009

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 811-21286

Name of Fund: BlackRock Preferred Income Strategies Fund, Inc. (PSY)

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Date of fiscal year end: 10/31/2008

Date of reporting period: 11/01/2007 - 10/31/2008

Item 1 Report to Stockholders

EQUITIES FIXED INCOME REAL ESTATE LIQUIDITY ALTERNATIVES BLACKROCK SOLUTIONS

Annual Report

OCTOBER 31, 2008

[BlackRock Broad Investment Grade 2009 Term Trust Inc. \(BCT\)](#)

[BlackRock Enhanced Capital and Income Fund, Inc. \(CII\)](#)

[BlackRock Global Floating Rate Income Trust \(BGT\)](#)

[BlackRock Preferred and Corporate Income Strategies Fund, Inc. \(PSW\)](#)

[BlackRock Preferred and Equity Advantage Trust \(BTZ\)](#)

BlackRock Preferred Income Strategies Fund, Inc. (PSY)

BlackRock Preferred Opportunity Trust (BPP)

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

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A Letter to Shareholders

Dear Shareholder

It has been a tumultuous period for investors, marked by almost daily headlines of deepening turmoil in financial markets and a darkening economic outlook. The news took an extraordinarily heavy tone late in the period as the credit crisis boiled over and triggered unprecedented failures and consolidation in the financial sector, stoking fears of a market and economic collapse and

prompting a series of new government programs designed to contain and combat the fallout.

The Federal Reserve Board (the Fed) has taken decisive measures to restore liquidity and stabilize the financial system. Key moves included slashing the target federal funds rate 250 basis points (2.50%) between November 2007 and April 2008 and providing massive cash injections and lending programs. In October, as credit conditions further deteriorated, the central bank cut the key interest rate by 50 basis points on two separate occasions on October 8 in coordination with five other global central banks, and again during its regularly scheduled meeting on October 29. This left the key short-term rate at just 1.0%, its lowest level since 2004. While the U.S. economy appeared fairly resilient through the second quarter of 2008, the third quarter saw a contraction of 0.5%, and a more significant decline is expected for the fourth quarter. Moreover, on December 1, the National Bureau of Economic Research confirmed that the U.S. had entered a recession in December 2007.

Against this backdrop, U.S. equity markets experienced intense volatility, with periods of downward pressure punctuated by sharp rebounds. Losses were significant and broad-based, though small-cap stocks fared moderately better than their larger counterparts. Non-U.S. markets decelerated at a considerably faster pace than domestic equities a stark reversal of recent years trends, when international stocks generally outpaced U.S. stocks.

Treasury issues also traded in a volatile fashion, but rallied overall (yields fell and prices correspondingly rose) and outperformed other fixed income assets as investors continued their flight to higher quality and more liquid securities. Tax-exempt issues generally

underperformed, as problems among municipal bond insurers and the collapse in the market for auction rate securities afflicted the group throughout the course of the past year. At the same time, the above mentioned economic headwinds and malfunctioning credit markets plagued the high yield sector, with the third quarter of 2008 marking one of the worst periods in history for the asset class.

Facing unprecedented volatility and macro pressures, the major benchmark indexes generally recorded losses for the six- and 12-month reporting periods:

Total Returns as of October 31, 2008	6-month	12-month
U.S. equities (S&P 500 Index)	(29.28)%	(36.10)%
Small cap U.S. equities (Russell 2000 Index)	(24.39)	(34.16)
International equities (MSCI Europe, Australasia, Far East Index)	(41.21)	(46.62)
Fixed income (Barclays Capital U.S. Aggregate Index*)	(3.63)	0.30
Tax-exempt fixed income (Barclays Capital Municipal Bond Index*)	(4.70)	(3.30)
High yield bonds		

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(Barclays Capital U.S. Corporate High Yield 2% Issuer Capped Index*)

(24.86)

(25.41)

*Formerly a Lehman Brothers Index.

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

Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit www.blackrock.com/funds. As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

THIS PAGE NOT PART OF YOUR FUND REPORT

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Fund Summary as of October 31, 2008

BlackRock Broad Investment Grade 2009 Term Trust Inc.

Investment Objective

BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT) (the Fund) seeks to manage a portfolio of fixed income securities that will return \$15 per share (the initial public offering price per share) to investors on or about December 31, 2009 while providing high monthly income.

Performance

For the 12 months ended October 31, 2008, the Fund returned (13.82)% based on market price and (0.07)% based on net asset value (NAV). For the same period, the closed-end Lipper U.S. Mortgage Funds category posted an average return of (10.48)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund 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 Fund matures in December 2009 and has an effective duration of 0.72 years, which is shorter than its Lipper category peers. While its shorter duration hindered performance versus funds investing in U.S. agency mortgage-backed securities (MBS), the Fund significantly outperformed funds that invest in non-agency MBS.

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.

Fund Information

Symbol on American Stock Exchange

BCT

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Initial Offering Date	June 17, 1993
Yield on Closing Market Price as of October 31, 2008 (\$12.50) ¹	4.70%
Current Monthly Distribution per share ²	\$0.049
Current Annualized Distribution per share ²	\$0.588

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

Past performance does not guarantee future results.

² The Monthly Distribution per share was decreased to \$0.00 due to a plan of liquidation. The Yield on Closing Market Price, Current Monthly Distribution and Current Annualized Distribution do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

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

	10/31/08	10/31/07	Change	High	Low
Market Price	\$12.50	\$15.15	(17.49)%	\$15.24	\$11.41
Net Asset Value	\$12.80	\$13.38	(4.33)%	\$13.58	\$12.62

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

Portfolio Composition

	10/31/08	10/31/07
U.S. Government Obligations	72%	
Non-U.S. Government Agency Mortgage-Backed Securities	11	23%
U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations	7	47
Corporate Bonds	6	9
Taxable Municipal Bonds	3	18
U.S. Government Agency Mortgage-Backed Securities	1	3

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Fund Summary as of October 31, 2008

BlackRock Enhanced Capital and Income Fund, Inc.

Investment Objective

BlackRock Enhanced Capital and Income Fund, Inc. (CII) (the Funds) seeks to provide investors with a combination of current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in a diversified portfolio of common stocks in an attempt to generate current income and by employing a strategy of writing (selling) call options on equity indexes in an attempt to generate gains from option premiums primarily on the S&P 500 Index.

Performance

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The Fund recently changed its fiscal year end to October 31. For the 12 months ended October 31, 2008, the Fund returned (32.17)% based on market price and (31.00)% based on NAV. For the same period, the benchmark S&P 500 Citigroup Value Index returned (38.07)% . All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund's options investments were the most significant contributor to performance over the period. From a sector perspective, stock selection in consumer staples, healthcare and utilities proved advantageous, as did an underweight in financials and an overweight in energy. Conversely, stock selection in information technology, materials, financials and energy hindered performance, as did an underweight in utilities.

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Fund Information

Symbol on New York Stock Exchange	CII
Initial Offering Date	April 30, 2004
Yield on Closing Market Price as of October 31, 2008 (\$12.37) ¹	15.68%
Current Quarterly Distribution per share ²	\$0.485
Current Annualized Distribution per share ²	\$1.940

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

Past performance does not guarantee future results.

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

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

	10/31/08	12/31/07	Change	High	Low
Market Price	\$12.37	\$20.06	(38.33)%	\$20.06	\$ 8.08
Net Asset Value	\$13.78	\$21.36	(35.49)%	\$21.36	\$12.32

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

Portfolio Composition

	10/31/08	12/31/07
Common Stocks	100%	100%

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Fund Summary as of October 31, 2008

BlackRock Global Floating Rate Income Trust

Investment Objective

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BlackRock Global Floating Rate Income Trust (BGT) (the Fund) seeks to provide a high level of current income and to seek the preservation of capital. The Fund seeks to achieve its objective by investing in a global portfolio of primarily floating and variable rate securities.

Performance

The Fund recently changed its fiscal year end to October 31. For the 12 months ended October 31, 2008, the Fund returned (36.76)% based on market price and (32.72)% based on NAV. For the same period, the closed-end Lipper Loan Participation Funds category posted an average return of (32.26)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which widened during the period, accounts for the difference between performance based on price and performance based on NAV. The high yield loan market came under intense pressure during the period due to adverse credit conditions and forced liquidations of loan portfolios by financial institutions, hedge funds and other leveraged investors. The average price of a loan in the Barclays Capital High Yield Loan Index dropped from 96.8 to 73.0.

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Fund Information

Symbol on New York Stock Exchange	BGT
Initial Offering Date	August 30, 2004
Yield on Closing Market Price as of October 31, 2008 (\$9.63) ¹	13.08%
Current Monthly Distribution per Common Share ²	\$0.105
Current Annualized Distribution per Common Share ²	\$1.260
Leverage as of October 31, 2008 ³	41%

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

Past performance does not guarantee future results.

² A change in the distribution rate was declared on November 3, 2008. The Monthly Distribution per share was decreased to \$0.100. The Yield on Closing Market Price, Current Monthly Distribution and Current Annualized Distribution do not reflect the new distribution rate. The new distribution rate is not constant and is subject to further change in the future.

³ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to any Auction Market Preferred Shares (AMPS) and any borrowings that may be outstanding) minus the sum of accrued liabilities (other than AMPS and debt representing financial leverage).

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

	10/31/08	12/31/07	Change	High	Low
Market Price	\$ 9.63	\$15.78	(38.97)%	\$16.54	\$ 6.70
Net Asset Value	\$11.24	\$17.71	(36.53)%	\$17.76	\$11.07

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

Portfolio Composition

	10/31/08	12/31/07
Floating Rate Loan Interests	79%	74%
Corporate Bonds	14	14
Foreign Government Obligations	7	12

Credit Quality Allocations⁴

Credit Rating	10/31/08	12/31/07
A/A	20%	
BBB/Baa	30	39%
BB/Ba	16	26
B/B	23	27
CCC/Caa	10	8
Not Rated	1	

⁴ Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

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Fund Summary as of October 31, 2008

BlackRock Preferred and Corporate Income Strategies Fund, Inc.

Investment Objective

BlackRock Preferred and Corporate Income Strategies Fund, Inc. (PSW) (the Fund) seeks to provide shareholders with high current income. The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives by investing primarily in a portfolio of preferred securities and debt securities, including convertible securities that may be converted into common stock or other securities of the same or a different issuer.

Performance

For the 12 months ended October 31, 2008, the Fund returned (55.38)% based on market price and (58.09)% based on NAV. For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (47.54)% on a NAV basis.

All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund's Lipper category contains both preferred bond and equity funds, both of which suffered large losses as financial markets sold off sharply and preferred securities of financial issuers, who make up a significant percentage of the market, came under extreme pressure due to uncertainty about their financial condition.

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Fund Information

Symbol on New York Stock Exchange	PSW
Initial Offering Date	August 1, 2003
Yield based on Closing Market Price as of October 31, 2008 (\$7.00) ¹	17.71%
Current Monthly Distribution per Common Share ²	\$0.1033
Current Annualized Distribution per Common Share ²	\$1.2396
Leverage as of October 31, 2008 ³	49%

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

Past performance does not guarantee future results.

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

³ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to AMPS and any borrowings that may be

outstanding) minus the sum of accrued liabilities (other than AMPS and debt representing financial leverage).

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

	10/31/08	10/31/07	Change	High	Low
Market Price	\$7.00	\$17.29	(59.51)%	\$17.50	\$3.79
Net Asset Value	\$7.43	\$19.54	(61.98)%	\$19.57	\$7.43

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

Fund's Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	10/31/08	10/31/07
Preferred Securities	98%	82%
Corporate Bonds	2	17
U.S. Government Obligations		1

Credit Quality Allocations⁴

Credit Rating	10/31/08	10/31/07
AAA/Aaa		4%
AA/Aa	14%	17
A/A	46	29
BBB/Baa	36	42
BB/Ba	4	5
Not Rated		3

⁴ Using the higher of S&P's or Moody's ratings.

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Fund Summary as of October 31, 2008

BlackRock Preferred and Equity Advantage Trust

Investment Objective

BlackRock Preferred and Equity Advantage Trust (BTZ) (the Fund) seeks to achieve current income, current gains and capital appreciation. The Fund will invest primarily in preferred and equity securities and derivatives with economic characteristics similar to individual or groups of equity securities. The Fund will seek to generate income through an allocation of Qualified Dividend Income-eligible preferreds, common stocks that generate qualified dividend income and an index options strategy.

Performance

For the 12 months ended October 31, 2008, the Fund returned (43.51)% based on market price and (44.27)% based on NAV. For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (47.54)% on a NAV basis.

All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The Fund's Lipper category contains both preferred bond and equity funds, both of which suffered large losses as financial markets sold off sharply and preferred securities of financial issuers, who make up a significant percentage of the market, came under extreme pressure due to uncertainty about their financial condition.

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Fund Information

Symbol on New York Stock Exchange	BTZ
Initial Offering Date	December 27, 2006
Yield on Closing Market Price as of October 31, 2008 (\$9.36) ¹	16.67%
Current Monthly Distribution per Common Share ²	\$0.13
Current Annualized Distribution per Common Share ²	\$1.56
Leverage as of October 31, 2008 ³	45%

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

Past performance does not guarantee future results.

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

³ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to AMPS and any borrowings that may be outstanding) minus the sum of accrued liabilities (other AMPS and debt representing financial leverage).

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

	10/31/08	10/31/07	Change	High	Low
Market Price	\$ 9.36	\$18.65	(49.81)%	\$18.65	\$ 5.05
Net Asset Value	\$10.59	\$21.39	(50.49)%	\$21.39	\$10.10

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

Fund's Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	10/31/08	10/31/07
Preferred Securities	75%	61%
Common Stocks	20	28
Corporate Bonds	5	11

Credit Quality Allocations⁴

Credit Rating	10/31/08	10/31/07
AA/Aa	21%	20%
A/A	42	42
BBB/Baa	34	29
BB/Ba	3	1
B/B		6
CCC/Caa		1
Not Rated		1

⁴ Using the higher of S&P's or Moody's ratings.

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Fund Summary as of October 31, 2008

BlackRock Preferred Income Strategies Fund, Inc.

Investment Objective

BlackRock Preferred Income Strategies Fund, Inc. (PSY) (the Fund) seeks to provide shareholders with high current income.

The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives

by investing primarily in a portfolio of preferred securities, including convertible preferred securities that may be converted into common

stock or other securities of the same or a different issuer.

Performance

For the 12 months ended October 31, 2008, the Fund returned (46.97)% based on market price and (55.71)% based on NAV. For

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the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (47.54)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund moved from a discount to NAV to a premium by period-end, which accounts for the difference between performance based on price and performance based on NAV. The Fund's Lipper category contains both preferred bond and equity funds, both of which suffered large losses as financial markets sold off sharply and preferred securities of financial issuers, who make up a significant percentage of the market, came under extreme pressure due to uncertainty about their financial condition.

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Fund Information

Symbol on New York Stock Exchange	PSY
Initial Offering Date	March 28, 2003
Yield on Closing Market Price as of October 31, 2008 (\$8.10) ¹	16.98%
Current Monthly Distribution per Common Share ²	\$0.114583
Current Annualized Distribution per Common Share ²	\$1.374996
Leverage as of October 31, 2008 ³	50%

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

Past performance does not guarantee future results.

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

³ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to AMPS and any borrowings that may be outstanding) minus the sum of accrued liabilities (other than AMPS and debt representing financial leverage).

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

	10/31/08	10/31/07	Change	High	Low
Market Price	\$8.10	\$16.94	(52.18)%	\$17.65	\$4.25
Net Asset Value	\$7.96	\$19.93	(60.06)%	\$19.95	\$7.96

The following unaudited charts show the portfolio composition of the Fund's long-term investments and credit quality allocations of the Fund's Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	10/31/08	10/31/07
Preferred Securities	97%	87%
Corporate Bonds	3	12
U.S. Government Obligations		1

Credit Quality Allocations⁴

Credit Rating	10/31/08	10/31/07
AAA/Aaa		1%

AA/Aa	16%	18
A/A	49	41
BBB/Baa	28	33
BB/Ba	7	3
Not Rated		4

⁴ Using the higher of S&P's or Moody's ratings.

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Fund Summary as of October 31, 2008

BlackRock Preferred Opportunity Trust

Investment Objective

BlackRock Preferred Opportunity Trust (BPP) (the Fund) seeks high current income consistent with capital preservation by investing primarily in preferred securities.

Performance

The Fund recently changed its fiscal year end to October 31. For the 12 months ended October 31, 2008, the Fund returned (52.70)% based on market price and (55.09)% based on NAV. For the same period, the closed-end Lipper Income & Preferred Stock Funds category posted an average return of (47.54)% on a NAV basis. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

The Fund's Lipper category contains both preferred bond and equity funds, both of which suffered large losses as financial markets sold off sharply and preferred securities of financial issuers, who make up a significant percentage of the market, came under extreme pressure due to uncertainty about their financial condition.

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Fund Information

Symbol on New York Stock Exchange	BPP
Initial Offering Date	February 28, 2003
Yield on Closing Market Price as of October 31, 2008 (\$8.51) ¹	17.63%
Current Monthly Distribution per Common Share ²	\$0.125
Current Annualized Distribution per Common Share ²	\$1.50
Leverage as of October 31, 2008 ³	49%

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

Past performance does not guarantee future results.

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

³ As a percentage of total managed assets, which is the total assets of the Fund (including any assets attributable to AMPS and any borrowings that may

be outstanding minus the sum of accrued liabilities (other than AMPS and debt representing financial leverage).

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

	10/31/08	12/31/07	Change	High	Low
Market Price	\$8.51	\$17.31	(50.84)%	\$19.90	\$5.90
Net Asset Value	\$8.77	\$19.47	(54.96)%	\$20.18	\$8.28

The following unaudited chart shows the portfolio composition of the Fund's long-term investments and credit quality allocations of the

Fund's Capital Trust, Trust Preferred and Corporate Bond investments:

Portfolio Composition

	10/31/08	12/31/07
Preferred Securities	93%	72%
Corporate Bonds	7	28

Credit Quality Allocations⁴

Credit Rating	10/31/08	12/31/07
AA/Aa	12%	26%
A/A	11	39
BBB/Baa	56	24
BB/Ba	18	5
B	3	6

⁴ Using the higher of S&P's or Moody's ratings.

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The Benefits and Risks of Leveraging

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

To leverage, BlackRock Global Floating Rate Income Trust, BlackRock Preferred and Corporate Income Strategies Fund, Inc., BlackRock Preferred and Equity Advantage Trust, BlackRock Preferred Income Strategies Fund, Inc. and BlackRock Preferred Opportunity Trust issue Preferred Shares, which pay dividends at prevailing short-term interest rates. In addition, certain Funds may utilize leverage through borrowings or issuance of short-term debt securi-

ties including reverse repurchase agreements and credit facility borrowings. In general, the concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's Common Shareholders will benefit from the incremental yield.

The interest earned on securities purchased with the proceeds from leverage is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV of each Fund's Common Shares. However, in order to benefit Common 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, returns to Common Shareholders will be lower than if the Funds had not used leverage.

To illustrate these concepts, assume a Fund'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 Fund pays dividends on the \$50 million of Preferred Shares based on the lower short-term interest rates. At the same time, the Fund's total portfolio of \$150 million earns the income based on long-term interest rates. Conversely, if prevailing short-term interest rates rise above long-term interest rates of 6%, the yield curve has a negative slope. In this case, the Fund pays dividends on the higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

In this case, the dividends paid to Preferred Shareholders are significantly lower than the income earned on the fund's long-term investments, and therefore the Common Shareholders are the beneficiaries of the incremental yield. However, if short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental yield pickup on the Common Shares will be reduced or eliminated completely.

Furthermore, the value of the Fund's 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 Fund's Preferred Shares does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAV positively or negatively in addition to the impact on Fund performance from leverage from Preferred Shares or other methods discussed above.

The use of leverage may enhance opportunities for increased returns to the Fund and Common Shareholders, but as described above, they also create risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in a Fund's NAV, market price and dividend rate than

a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Fund's 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, the Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. The Fund may be required to sell portfolio securities at inopportune times or below fair market values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments which may cause a Fund to incur losses. The use of leverage may limit a Fund'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 ratings agencies that rate preferred shares issued by the Fund. The Fund will incur expenses in connection with the use of leverage, all of which are borne by the holders of the Common Shares and may reduce returns on the Common Shares.

Under the Investment Company Act of 1940, BlackRock Global Floating Rate Income Trust, BlackRock Preferred and Corporate Income Strategies Fund, Inc., BlackRock Preferred and Equity Advantage Trust, BlackRock Preferred Income Strategies Fund, Inc. and BlackRock Preferred Opportunity Trust are permitted to issue Preferred Shares in an amount of up to 50% of their total managed assets at the time of issuance. Under normal circumstances, each Fund anticipates that the total economic leverage from Preferred Shares, reverse repurchase agreements and credit facility borrowings will not exceed 50% of its total managed assets at the time such leverage is incurred. As of October 31, 2008, the Funds had economic leverage from Preferred Shares, reverse repurchase agreements and/or credit facility borrowings as a percentage of their total managed assets as follows:

	Percent of Leverage
BlackRock Global Floating Rate Income Trust	41%
BlackRock Preferred and Corporate Income Strategies Fund, Inc	49%
BlackRock Preferred and Equity Advantage Trust	45%
BlackRock Preferred Income Strategies Fund, Inc	50%
BlackRock Preferred Opportunity Trust	49%

Derivative Instruments

The Funds may invest in various derivative instruments, including swap agreements, futures and forward currency contracts, and other instruments specified in the Notes to Financial Statements, which constitute additional forms of economic leverage. Such instruments are used to obtain exposure to a market without owning or taking physical custody of securities or to hedge market and/or interest rate risks. Such derivative instruments involve risks, including the imperfect correlation between the value of a derivative instrument and the underlying asset, possible default of the other party to the transaction and illiquidity of the derivative instrument. The Funds' ability

to successfully use a derivative instrument depends on the Advisor's ability to accurately predict pertinent market movements, which cannot be assured. The use of derivative instruments may result in losses greater than if they had not been used, may require the Funds to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Funds can realize on an investment or may cause the Funds to hold a security that it might otherwise sell. The Funds' investments in these instruments are discussed in detail in the Notes to Financial Statements.

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Schedule of Investments October 31, 2008 **BlackRock Broad Investment Grade 2009 Term Trust Inc. (BCT)**
(Percentages shown are based on Net Assets)

	Par (000)	Value
Asset-Backed Securities		
Global Rated Eligible Asset Trust Series 1998-A Class 1, 7.45%, 9/15/07 (a)(b)(c)(d)	\$ 234	\$ 23
Structured Mortgage Asset Residential Trust Series 2, 8.24%, 11/07/07 (a)(b)(c)	568	57
Total Asset-Backed Securities 0.0%		80
Corporate Bonds		
Media 5.1%		
Comcast Corp., 5.119%, 7/14/09 (e)	2,000	1,916,132
Total Corporate Bonds 5.1%		1,916,132
U.S. Government Agency Mortgage-Backed Securities		
Fannie Mae Guaranteed Pass Through Certificates:		
5.50%, 1/01/17 - 2/01/17	250	251,460
6.50%, 7/01/29	14	14,259
Total U.S. Government Agency Mortgage-Backed Securities 0.7%		265,719
U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations		
Fannie Mae Trust:		
Series G-21 Class L, 949.50%, 7/25/21 (f)	(g)	4,452
Series 1992-174 Class S, 129.33%, 9/25/22 (e)(f)	2	8,656
Series 1993-49 Class L, 444.9167%, 4/25/13 (f)	2	11,157
Series 1993-214 Class SH, 9.868%, 12/25/08 (e)	3	2,548
Series 1993-214 Class SK, 10%, 12/25/08 (e)	4	3,540
Series 2004-13 Class IG, 5%, 10/25/22 (f)	373	4,916
Freddie Mac Multiclass Certificates:		

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Series 65 Class I, 918.0295%, 8/15/20 (f)	1	14,219
Series 141 Class H, 1,060%, 5/15/21 (f)	1	3,423
Series 1510 Class G, 7.05%, 5/15/13	1,204	1,256,487
Series 1618 Class SA, 8.25%, 11/15/08 (e)	5	5,048
Series 1661 Class SB, 14.076%, 1/15/09 (e)	2	1,985
Series 2412 Class SE, 6.628%, 2/15/09 (e)	64	64,622
Series 2517 Class SE, 4.781%, 10/15/09 (e)	199	203,788
Series 2523 Class EH, 5.50%, 4/15/20 (f)	748	21,598
Series 2564 Class NC, 5%, 2/15/33	81	74,011
Series 2739 Class PI, 5%, 3/15/22 (f)	1,195	11,886
Series 2976 Class KI, 5.50%, 11/15/34 (f)	1,019	189,481
Series 3189 Class KI, 6%, 1/15/35 (f)	1,361	197,646
Series 3207 Class QL, 6%, 2/15/35 (f)	2,154	174,711
<hr/>		
Total U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations 6.0%		2,254,174
	Par	Value
	(000)	
Taxable Municipal Bonds		
Fresno, California, Taxable Pension Obligation Revenue Bonds, 7.80%, 6/01/14 (h)(i)	\$ 440	\$ 489,443
Kern County, California, Taxable Pension Obligation Revenue Bonds, 6.98%, 8/15/09 (i)(j)	500	507,160
Total Taxable Municipal Bonds 2.6%		996,603
<hr/>		
Non-U.S. Government Agency Mortgage-Backed Securities		
Citicorp Mortgage Securities, Inc. Series 1993-14 Class A-4, 14.147%, 11/25/23 (e)	107	125,040
JPMorgan Mortgage Trust Series 2006-A7 Class 2A2, 5.802%, 1/25/37 (e)	1,362	1,213,452
Nomura Asset Acceptance Corp. Series 2004-AR4 Class 2A3, 3.594%, 12/25/34 (e)	77	48,570
Residential Accredited Loans, Inc. Series 2002-QS16 Class A3, 9.809%, 10/25/17 (e)	495	516,312
Salomon Brothers Mortgage Securities VI, Inc. Series 1987-3 Class A, 12.50%, 10/23/17 (k)	8	7,532
Structured Adjustable Rate Mortgage Loan Trust Series 2004-11 Class A, 5.419%, 8/25/34 (e)	390	382,583
Vendee Mortgage Trust Series 2002-1 Class 11O, 0.043%, 10/15/31 (e)(f)	10,306	22,484
WaMu Mortgage Pass-Through Certificates Series 2005-AR4 Class A3, 4.585%, 4/25/35 (e)	1,000	960,365
Wells Fargo Mortgage Backed Securities Trust Series 2004-N Class A6, 4%, 8/25/34 (e)	500	482,583
Total Non-U.S. Government Agency Mortgage-Backed Securities 9.9%		3,758,921
U.S. Government Agency Obligations (l)		
Fannie Mae, 5.967%, 10/09/19	50,000	23,818,000
Total U.S. Government Agency Obligations 62.9%		23,818,000
Total Long-Term Investments (Cost \$35,337,491) 87.2%		33,009,629

Short-Term Securities

U.S. Government Agency Obligations

Fannie Mae Discount Note, 2.11%, 11/04/08 (i)(m)	3,100	3,099,822
Total Short-Term Securities (Cost \$3,099,822) 8.2%		3,099,822
Total Investments (Cost \$38,437,313*) 95.4%		36,109,451
Other Assets Less Liabilities 4.6%		1,753,772
Net Assets 100.0%		\$ 37,863,223

See Notes to Financial Statements.

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Schedule of Investments (concluded)

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

* The cost and unrealized appreciation (depreciation) of investments as of October 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$ 38,437,313
Gross unrealized appreciation	\$ 575,661
Gross unrealized depreciation	(2,903,523)
Net unrealized depreciation	\$ (2,327,862)

- (a) Security is fair valued.
- (b) Issuer filed for bankruptcy and/or is in default of interest payments.
- (c) Non-income producing security.
- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (e) Variable rate security. Rate shown is as of report date.
- (f) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.
- (g) Amount is less than \$1,000.
- (h) Security is collateralized by Municipal or U.S. Treasury Obligations.
- (i) All or a portion of security has been pledged as collateral in connection with open financial futures contracts.
- (j) MBIA Insured.
- (k) Represents the principal only portion of a mortgage-backed security.
- (l) Represents a zero-coupon bond. Rate shown reflects the yield at time of purchase.
- (m) Rate shown is the yield to maturity as of the date of purchase.

futures contracts sold as of October 31, 2008 were as follows:

Contracts	Issue	Expiration Date	Face Value	Unrealized Appreciation (Depreciation)
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82	2-Year U.S. Treasury Bond	December 2008	\$17,446,677	\$ (169,229)
380	10-Year U.S. Treasury Bond	December 2008	\$44,286,977	1,317,289
Total				\$ 1,148,060

Swaps outstanding as of October 31, 2008 were as follows:

	Notional Amount (000)	Unrealized Depreciation
Receive a fixed rate of 2.7425% and pay a floating rate based on 3-month LIBOR Broker, Deutsche Bank AG Expires October 2010	\$ 2,100	\$ (1,525)
Receive a fixed rate of 2.745% and pay a floating rate based on 3-month LIBOR Broker, Credit Suisse International Expires October 2010	\$ 2,100	(1,424)
Total		\$ (2,949)

See Notes to Financial Statements.

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Schedule of Investments October 31, 2008 **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**
(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
Aerospace & Defense 4.4%		
Honeywell International, Inc.	43,000	\$ 1,309,350
Northrop Grumman Corp.	38,900	1,824,021
Raytheon Co.	84,200	4,303,462
		7,436,833
Capital Markets 1.9%		
The Bank of New York Mellon Corp.	95,925	3,127,155
Chemicals 2.0%		
E.I. du Pont de Nemours & Co.	107,600	3,443,200
Commercial Banks 0.1%		
Wells Fargo & Co.	2,700	91,935
Computers & Peripherals 4.2%		
Hewlett-Packard Co.	95,000	3,636,600
International Business Machines Corp.	36,700	3,411,999
		7,048,599

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Diversified Financial Services 8.0%		
Bank of America Corp.	186,327	4,503,524
Citigroup, Inc.	94,900	1,295,385
JPMorgan Chase & Co.	183,472	7,568,220
		13,367,129
Diversified Telecommunication Services 6.0%		
AT&T Inc.	139,570	3,736,289
Qwest Communications International Inc.	1,083,800	3,099,668
Verizon Communications, Inc.	111,800	3,317,106
		10,153,063
Electric Utilities 3.6%		
FPL Group, Inc.	68,000	3,212,320
The Southern Co.	82,400	2,829,616
		6,041,936
Energy Equipment & Services 4.8%		
BJ Services Co.	305,000	3,919,250
Halliburton Co.	209,300	4,142,047
		8,061,297
Food Products 9.0%		
General Mills, Inc.	83,300	5,642,742
Kraft Foods, Inc.	171,810	5,006,543
Ralcorp Holdings, Inc. (a)	1	68
Unilever NV (b)	186,100	4,475,705
		15,125,058
Health Care Equipment & Supplies 2.3%		
Baxter International, Inc.	23,400	1,415,466
Covidien Ltd.	53,925	2,388,338
		3,803,804
Health Care Providers & Services 1.3%		
Cardinal Health, Inc.	56,900	2,173,580
Household Products 3.6%		
Clorox Co.	19,500	1,185,795
Kimberly-Clark Corp.	78,900	4,835,781
		6,021,576
Industrial Conglomerates 1.0%		
Tyco International Ltd.	67,825	1,714,616
Common Stocks	Shares	Value
Insurance 6.1%		
Hartford Financial Services Group, Inc.	42,600	\$ 439,632
MetLife, Inc.	76,900	2,554,618
Prudential Financial, Inc.	22,900	687,000
The Travelers Cos., Inc.	155,800	6,629,290
		10,310,540
Machinery 1.5%		
Deere & Co.	67,000	2,583,520
Media 6.2%		
Time Warner, Inc.	591,500	5,968,235
Viacom, Inc. Class B (a)	80,600	1,629,732
Walt Disney Co.	106,600	2,760,940

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		10,358,907
Metals & Mining	1.4%	
Alcoa, Inc.	208,100	2,395,231
Multi-Utilities	1.3%	
Dominion Resources, Inc.	59,400	2,155,032
Multiline Retail	0.2%	
Nordstrom, Inc.	22,900	414,261
Office Electronics	3.0%	
Xerox Corp.	623,800	5,002,876
Oil, Gas & Consumable Fuels	10.4%	
Anadarko Petroleum Corp.	45,200	1,595,560
Chevron Corp.	43,900	3,274,940
Exxon Mobil Corp.	118,400	8,775,808
Marathon Oil Corp.	36,400	1,059,240
Peabody Energy Corp.	78,300	2,702,133
		17,407,681
Pharmaceuticals	11.0%	
Bristol-Myers Squibb Co.	345,800	7,106,190
Johnson & Johnson	39,600	2,429,064
Pfizer, Inc.	132,900	2,353,659
Schering-Plough Corp.	234,800	3,402,252
Wyeth	100,100	3,221,218
		18,512,383
Semiconductors & Semiconductor Equipment	7.7%	
Analog Devices, Inc.	80,100	1,710,936
Fairchild Semiconductor International, Inc. (a)	279,100	1,585,288
Intel Corp.	153,400	2,454,400
LSI Corp. (a)	927,700	3,571,645
Micron Technology, Inc. (a)	767,800	3,616,338
		12,938,607
Software	0.8%	
Microsoft Corp.	60,800	1,357,664
Total Long-Term Investments		
(Cost \$227,407,947)	101.8%	171,046,483
	Beneficial	
	Interest	
	(000)	
Short-Term Securities		
BlackRock Liquidity Series, LLC Cash Sweep Series, 4.60% (c)(d)	\$ 2,451	2,450,990
Total Short-Term Securities (Cost \$2,450,990)		2,450,990
Total Investments Before Options Written		
(Cost \$229,858,937*)	103.3%	173,497,473

See Notes to Financial Statements.

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OCTOBER 31, 2008

Schedule of Investments (concluded) BlackRock Enhanced Capital and Income Fund, Inc. (CII)

(Percentages shown are based on Net Assets)

Options Written	Contracts	Value
Call Options		
S&P 500 Index:		
expiring December 2008 at \$965	145	\$ (1,051,250)
expiring December 2008 at \$1,005	1,010	(5,166,150)
expiring December 2008 at \$1,070	70	(173,950)
Total Options Written		
(Premiums Received \$3,449,258) (3.8)%		(6,391,350)
Total Investments, Net of Options Written 99.5%		167,106,123
Other Assets Less Liabilities 0.5%		889,735
Net Assets 100.0%		\$167,995,858

* The cost and unrealized appreciation (depreciation) of investments as of October 31, 2008, as computed for federal income tax purposes, were as follows:

Aggregate cost	\$230,310,635
Gross unrealized appreciation	\$ 4,788,296
Gross unrealized depreciation	(61,601,458)
Net unrealized depreciation	\$ (56,813,162)

(a) Non-income producing security.

(b) Depository receipts.

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

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

	Net Activity	Income
BlackRock Liquidity Series, LLC Cash Sweep Series	\$(11,221,904)	\$206,280

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. These industry classifications are unaudited.

Effective January 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value, establishes a framework for

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measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 price quotations in active markets/exchanges for identical securities

Level 2 other observable inputs (including, but not limited to: quoted prices for 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 circumstance, to the extent observable inputs are not available (including the Fund's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of October 31, 2008 in determining the fair valuation of the Fund's investments:

Valuation Inputs	Investments in Securities	Other Financial Instruments**
Level 1	\$171,046,483	\$(6,391,350)
Level 2	2,450,990	
Level 3		
Total	\$173,497,473	\$(6,391,350)

** Other financial instruments are options.

See Notes to Financial Statements.

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Schedule of Investments October 31, 2008 BlackRock Global Floating Rate Income Trust (BGT)

(Percentages shown are based on Net Assets)

Corporate Bonds		Par (000)	Value
Air Freight & Logistics 0.0%			
Park-Ohio Industries, Inc., 8.375%, 11/15/14	USD	125	\$ 73,125
Auto Components 0.0%			
The Goodyear Tire & Rubber Co., 6.678%, 12/01/09 (a)		60	54,975
Lear Corp., 8.75%, 12/01/16		60	22,200

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Metaldyne Corp., 10%, 11/01/13	120	25,200
		102,375
Building Products 0.0%		
CPG International I, Inc., 10.50%, 7/01/13	90	58,050
Capital Markets 1.4%		
E*Trade Financial Corp., 12.50%, 11/30/17	2,500	2,250,000
Marsico Parent Co., LLC, 10.625%, 1/15/16	1,501	915,610
Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(c)	571	319,591
Marsico Parent Superholdco, LLC 14.50%, 1/15/18 (b)(c)	386	196,996
		3,682,197
Chemicals 0.6%		
American Pacific Corp., 9%, 2/01/15	125	110,000
Ames True Temper, Inc., 8.753%, 1/15/12 (a)	1,100	649,000
Hercules, Inc., 6.75%, 10/15/29	750	690,000
Key Plastics LLC, 11.75%, 3/15/13 (c)	625	62,500
		1,511,500
Commercial Banks 1.0%		
TuranAlem Finance BV, 5.434%, 1/22/09 (a)(c)	3,000	2,700,000
Commercial Services & Supplies 0.1%		
DI Finance Series B, 9.50%, 2/15/13	307	262,485
Containers & Packaging 0.1%		
Berry Plastics Holding Corp., 6.694%, 9/15/14 (a)	300	162,000
Impress Holdings BV, 7.878%, 9/15/13 (a)(c)	150	97,500
		259,500
Diversified Telecommunication Services 1.1%		
Cincinnati Bell, Inc., 7.25%, 7/15/13	310	235,600
Qwest Communications International, Inc., 6.304%, 2/15/09 (a)	784	756,560
Qwest Corp., 6.069%, 6/15/13 (a)	2,500	1,812,500
Wind Acquisition Finance SA, 10.75%, 12/01/15 (c)	150	115,500
		2,920,160
Electronic Equipment & Instruments 0.3%		
Sanmina-SCI Corp., 8.125%, 3/01/16	1,120	705,600
Energy Equipment & Services 0.0%		
Compagnie Generale de Geophysique-Veritas: 7.50%, 5/15/15	70	46,900
7.75%, 5/15/17	50	33,500
Grant Prideco, Inc. Series B, 6.125%, 8/15/15	40	34,948
		115,348
Health Care Equipment & Supplies 0.5%		
DJO Finance LLC, 10.875%, 11/15/14	1,500	1,207,500
Health Care Providers & Services 0.1%		
Tenet Healthcare Corp., 6.50%, 6/01/12	250	208,750
Hotels, Restaurants & Leisure 0.1%		
American Real Estate Partners LP, 7.125%, 2/15/13	140	88,200
Greektown Holdings, LLC, 10.75%, 12/01/13 (c)(d)	122	26,230
Universal City Florida Holding Co. I, 7.943%, 5/01/10 (a)	80	59,200
Wynn Las Vegas LLC, 6.625%, 12/01/14	20	14,750
		188,380
Household Durables 0.0%		
Berkline/BenchCraft, LLC, 4.50%, 11/03/12 (b)(d)(e)	400	0

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Independent Power Producers & Energy Traders 0.0%

AES Ironwood LLC, 8.875%, 11/30/25		85	75,187
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		Par	
Corporate Bonds		(000)	Value

Machinery 0.2%

Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (c)	USD	210	\$ 100,800
Synventive Molding Solutions Sub-Series A, 14%, 1/14/11		897	376,729
			477,529

Media 0.9%

Affinion Group, Inc., 10.125%, 10/15/13		50	35,000
Cablevision Systems Corp. Series B, 8.334%, 4/01/09 (a)		100	97,000
Charter Communications Holdings II, LLC, 10.25%, 9/15/10		625	433,475
EchoStar DBS Corp.:			
6.375%, 10/01/11		135	120,150
7%, 10/01/13		158	131,140
7.125%, 2/01/16		230	184,575
Nielsen Finance LLC, 10%, 8/01/14		410	297,250
R.H. Donnelley Corp., 11.75%, 5/15/15 (c)		39	15,210
Rainbow National Services LLC, 8.75%, 9/01/12 (c)		750	660,000
Windstream Regatta Holdings, Inc., 11%, 12/01/17 (c)		977	459,190
			2,432,990

Metals & Mining 0.4%

AK Steel Corp., 7.75%, 6/15/12		495	396,000
Foundation PA Coal Co., 7.25%, 8/01/14		505	402,738
Freeport-McMoRan Copper & Gold, Inc., 7.084%, 4/01/15 (a)		250	194,920
			993,658

Oil, Gas & Consumable Fuels 9.7%

Chaparral Energy, Inc., 8.50%, 12/01/15		135	68,850
Morgan Stanley Bank AG for OAO Gazprom, 9.625%, 3/01/13		14,430	11,399,700
Pemex Project Funding Master Trust:			
9.375%, 12/02/08		404	404,000
6.553%, 10/15/09 (a)(f)		12,700	12,446,000
SandRidge Energy, Inc., 7.508%, 4/01/14 (a)		1,400	1,118,515
Whiting Petroleum Corp., 7.25%, 5/01/13		300	225,000
			25,662,065

Paper & Forest Products 1.2%

Abitibi-Consolidated, Inc., 6.319%, 6/15/11 (a)		840	176,400
Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (c)		460	322,347
Bowater, Inc., 5.819%, 3/15/10 (a)		2,040	887,400
Domtar Corp., 7.125%, 8/15/15		20	14,900
NewPage Corp., 9.443%, 5/01/12 (a)		1,500	