

BLACKROCK MUNIHOLDINGS INVESTMENT QUALITY FUND

Form N-CSR

November 03, 2014

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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 811-08349

Name of Fund: BlackRock MuniHoldings Investment Quality Fund (MFL)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock MuniHoldings Investment Quality Fund, 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: 08/31/2014

Date of reporting period: 08/31/2014

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Item 1 Report to Stockholders

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AUGUST 31, 2014

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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### Shareholder Letter

Dear Shareholder,

The latter part of 2013 was a strong period for most risk assets such as equities and high yield bonds, despite the mixed tone of economic and financial news and uncertainty as to when and by how much the U.S. Federal Reserve would begin to gradually reduce (or taper) its asset purchase programs. Stock markets rallied in September when the Fed defied investors' expectations with its decision to delay tapering. The momentum was disrupted temporarily, however, when the U.S. debt ceiling debate led to a partial government shutdown, roiling financial markets globally until a compromise was struck in mid-October. The remainder of 2013 was generally positive for developed market stocks, while fixed income and emerging market investments struggled as Fed tapering became increasingly imminent. When the central bank ultimately announced its tapering plans in mid-December, equity investors reacted positively, as this action signaled the Fed's perception of real improvement in the economy.

Most asset classes moved higher in 2014 despite the pull back in Fed stimulus. The year got off to a rocky start, however, as a number of developing economies showed signs of stress while facing the onset of diminishing global liquidity. These risks, combined with disappointing U.S. economic data, caused equities to decline in January while bond markets found renewed strength from investors seeking relatively safer assets. Although these headwinds persisted, equities were back on the rise in February as investors were relieved by a one-year extension of the U.S. debt ceiling and market-friendly comments from the Fed's new Chairwoman, Janet Yellen. While it was clear that U.S. economic data had softened, investors were assuaged by increasing evidence that the trend was temporary and weather-related, and continued to take on risk with the expectation that growth would pick up later in the year.

In the months that followed, interest rates trended lower and bond prices climbed higher in the modest growth environment. Financial markets exhibited a remarkably low level of volatility despite rising geopolitical risks and mixed global economic news. Tensions in Russia and Ukraine and signs of decelerating growth in China caused some turbulence, but markets were resilient as investors focused on signs of improvement in the U.S. recovery, stronger corporate earnings and increased merger-and-acquisition activity. Importantly, investors were comforted by reassurance from the Fed that no changes to short-term interest rates were on the horizon.

In the ongoing low-rate environment, investors looked to equities as a source of yield, pushing major indices to record levels. As stock prices continued to move higher, investors soon became wary of stretched valuations and a new theme emerged. Stocks that had experienced significant price appreciation in 2013, particularly growth and momentum names, broadly declined as investors fled to stocks with cheaper valuations. This rotation resulted in the strongest performers of 2013 struggling most in 2014, and vice versa. Especially hard hit were U.S. small cap and European stocks, where earnings growth had not kept pace with recent market gains. In contrast, emerging market stocks benefited from the trend after having suffered heavy selling pressure earlier in the year.

However, asset prices tend to be more vulnerable to bad news when investors believe valuations are high. Consequently, markets came under pressure in July as geopolitical turmoil intensified in Gaza, Iraq and Ukraine and financial troubles boiled over in Argentina and Portugal. Investors regained confidence in August and, although volatility ticked up, markets rebounded as low rates and an improving U.S. economy trumped full valuations and lingering geopolitical risks. Concurrently, a slowdown in Europe's recovery fueled hopes for further monetary accommodation from the European Central Bank, driving global equities higher. Additionally, lower yields on European sovereign bonds made U.S. Treasuries more appealing by comparison, contributing to the persistence of low rates in the United States.

Despite a host of challenges, most asset classes generated solid returns for the six- and 12-month periods ended August 31, 2014, with equities generally outperforming fixed income. Emerging market equities delivered impressive gains. Developed markets also performed well, although the expensive U.S. small cap stocks lagged in 2014. Most fixed income assets produced positive results even as the Fed reduced its open-market purchases. Tax-exempt municipal bonds benefited from a favorable supply-and-demand environment. Short-term interest rates remained near zero, keeping yields on money market securities close to historic lows.

At BlackRock, we believe investors need to think globally, extend their scope across a broad 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 [blackrock.com](http://blackrock.com) for further insight about investing in today's world.

Sincerely,

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Rob Kapito

President, BlackRock Advisors, LLC

*Asset prices pushed higher over the period despite modest global growth, geopolitical risks and a shift toward tighter U.S. monetary policy.*

Rob Kapito

President, BlackRock Advisors, LLC

## Total Returns as of August 31, 2014

|  | <b>6-month</b> | <b>12-month</b> |
|--|----------------|-----------------|
| U.S. large cap equities (S&P 500® Index)   | 8.84%          | 25.25%          |
| U.S. small cap equities<br>(Russell 2000® Index)   | (0.06)         | 17.68           |
| International equities<br>(MSCI Europe, Australasia,<br>Far East Index)                        | 1.24           | 16.44           |
| Emerging market equities (MSCI Emerging<br>Markets Index)                                      | 14.52          | 19.98           |
| 3-month Treasury bills<br>(BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)                | 0.02           | 0.05            |
| U.S. Treasury securities<br>(BofA Merrill Lynch 10-Year U.S. Treasury Index)                   | 4.35           | 7.07            |
| U.S. investment-grade<br>bonds (Barclays<br>U.S. Aggregate Bond Index)                         | 2.74           | 5.66            |
| Tax-exempt municipal<br>bonds (S&P Municipal<br>Bond Index)                                    | 4.21           | 10.55           |
| U.S. high yield bonds<br><br>(Barclays U.S.<br>Corporate High Yield 2%<br>Issuer Capped Index) | 2.89           | 10.57           |

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, 2014

**Municipal Market Conditions**

The latter part of 2013 was a challenging period for municipal bond performance. Heightened uncertainty as to when the U.S. Federal Reserve would begin to reduce its bond-buying stimulus program (and by how much) caused interest rates to be volatile and generally move higher. (Bond prices fall as rates rise.) Municipal bond mutual funds saw strong outflows through year end when the Fed finally announced its plan to begin the gradual reduction of stimulus in January 2014. Relieved of anxiety around policy changes, investors again sought the relative safety of municipal bonds in the new year. Surprisingly, interest rates trended lower in the first half of 2014 even as the Fed pulled back on its open-market bond purchases. Softer U.S. economic data amid one of the harshest winters on record, coupled with reassurance from the Fed that short-term rates would remain low for a considerable amount of time, resulted in stronger demand for fixed income investments, with municipal bonds being one of the stronger performing sectors. Still, for the 12-month period ended August 31, 2014, municipal bond funds saw net outflows of approximately \$11 billion (based on data from the Investment Company Institute).

High levels of interest rate volatility in the latter half of 2013, particularly on the long end of the curve, resulted in a curtailment of tax-exempt issuance during the period. However, from a historical perspective, total new issuance for the 12 months ended August 31 remained relatively strong at \$305 billion (but meaningfully lower than the \$354 billion issued in the prior 12-month period). A noteworthy portion of new supply during this period was attributable to refinancing activity (roughly 40%) as issuers took advantage of lower interest rates to reduce their borrowing costs.

|                                     |        |
|-------------------------------------|--------|
| <b>S&amp;P Municipal Bond Index</b> |        |
| Total Returns as of August 31, 2014 |        |
| 6 months :                          | 4.21%  |
| 12 months :                         | 10.55% |

**A Closer Look at Yields**

From August 31, 2013 to August 31, 2014, muni yields on AAA-rated 30-year municipal bonds decreased by 142 basis points ( bps ) from 4.45% to 3.03%, while 10-year rates decreased 87 bps from 2.94% to 2.07% and 5-year rates fell 44 bps from 1.52% to 1.08% (as measured by Thomson Municipal Market Data). Overall, the municipal yield curve remained rela-

tively steep over the 12-month period even as the spread between 2- and 30-year maturities flattened by 129 bps and the spread between 2- and 10-year maturities flattened by 74 bps.

During the same time period, U.S. Treasury rates fell by 62 bps on 30-year and 45 bps on 10-year bonds, while moving up 1 bp in 5-years. Accordingly, tax-exempt municipal bonds outperformed Treasuries across the yield curve as investors sought to reduce interest rate risk later in the period. On the short and intermediate parts of the curve, the outperformance of municipal bonds versus Treasuries was driven largely by a supply/demand imbalance within the municipal market and a rotation from long-duration assets into short- and intermediate-duration investments, which are less sensitive to interest rate movements. Additionally, municipal bonds benefited from the increased appeal of tax-exempt investing in the new higher tax rate environment. The 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 the low-rate environment. However, opportunities have not been as broad-based as in 2011 and 2012, warranting a more tactical approach going forward.

**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, 16 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 a modestly improving 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.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which will be based on short-term interest rates, will normally be lower than the income earned by a Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the 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.

To illustrate these concepts, assume a Trust's Common Shares capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Trust's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by the Trust with the proceeds from leverage earn income based on longer-term interest rates. In this case, the Trust's costs of leverage are significantly lower than the income earned on the Trust's longer-term investments acquired from leverage proceeds, and therefore the holders of Common Shares ( Common Shareholders ) are the beneficiaries of the incremental net income.

However, in order to benefit Common Shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trust's return on assets purchased with leverage proceeds, income to shareholders will be lower than if the Trust had not used leverage. Furthermore, the value of the Trust'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 value of the Trust's obligations under its leverage arrangement generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trust's NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that a Trust's intended leveraging strategy will be successful.

Leverage also will generally cause greater changes in the Trusts' NAVs, market prices and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the net asset value and market price of a Trust's Common Shares than if the Trust were not leveraged. In addition, the 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 the Trust to incur losses. The use of leverage may limit the Trust's ability to invest in certain types of securities or use certain types of hedging strategies. The 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.

To obtain leverage, each Trust has issued Variable Rate Demand Preferred Shares ( VRDP Shares ) or Variable Rate Muni Term Preferred Shares ( VMTP Shares ) (collectively, Preferred Shares ) and/or leveraged its assets through the use of tender option bond trusts ( TOBs ) as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940 (the 1940 Act ), each Trust is permitted to issue debt up to 33 1/3% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% of its total managed assets. A Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Trust may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by the Preferred Shares' governing instrument or by rating agencies rating the Preferred Shares, which may be more stringent than those imposed by the 1940 Act.

If a Trust segregates or designates on its books and records cash or liquid assets having a value not less than the value of the Trust's obligations under the TOB (including accrued interest), a TOB will not be considered a senior security and will not be subject to the foregoing limitations and requirements under the 1940 Act.

### Derivative Financial Instruments

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The Trusts may invest in various derivative financial instruments, including financial futures contracts, 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 and/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.

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**Table of Contents****Trust Summary** as of August 31, 2014**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, 2014, the Trust returned 18.37% based on market price and 21.64% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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 municipal yield curve flattened during the period (i.e., rates on longer-dated bonds fell more than rates on shorter-dated securities). In this environment, the Trust's duration (interest rate sensitivity) had a positive impact on performance (bond prices rise when rates fall). The Trust's longer-dated holdings in the health care, education and transportation sectors were particularly strong contributors to performance. The Trust also benefited from its holdings in the State of California. The continued improvement in the state's economy was a catalyst for the price appreciation in these bonds during the period.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$14.58) <sup>1</sup> | 6.26%          |
| Tax Equivalent Yield <sup>2</sup>  | 11.06%         |
| 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, 2014 <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.

<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.

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

|                 | <b>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$ 14.58       | \$ 13.14       | 10.96%        | \$ 14.98    | \$ 12.85   |
| Net Asset Value | \$ 16.27       | \$ 14.27       | 14.02%        | \$ 16.27    | \$ 14.14   |

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

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| Transportation                               | 25%            | 21%            |
| County/City/Special District/School District | 23             | 22             |
| Utilities                                    | 16             | 17             |
| Health                                       | 14             | 15             |
| State  | 9              | 8              |
| Education                                    | 7              | 10             |
| Housing                                      | 4              | 5              |
| Tobacco                                      | 1              | 1              |
| Corporate                                    | 1              | 1              |

**Credit Quality Allocation<sup>1</sup>**

|         | <b>8/31/14</b> | <b>8/31/13</b> |
|---------|----------------|----------------|
| AAA/Aaa | 10%            | 10%            |
| AA/Aa   | 59             | 60             |
| A       | 25             | 26             |
| BBB/Baa | 5              | 4              |
| B       | 1              |                |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2014 |    |
| 2015 |    |
| 2016 | 2% |
| 2017 | 1  |
| 2018 | 18 |

<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, 2014**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, 2014, the Trust returned 24.11% based on market price and 25.27% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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.

Tax-exempt rates declined during the period, supporting generally positive performance for municipal bonds (bond prices rise when rates fall). Municipal bonds with longer durations (and greater sensitivity to interest rate movements) tended to provide the strongest returns. In this environment, The Trust's exposure to the long end of the yield curve was a significant contributor to total return. This positioning allowed the Trust to maximize its income and also benefit from the flattening of the yield curve (wherein longer dated yields declined more than shorter maturity yields). Exposure to lower-coupon and zero-coupon bonds also drove returns, as these securities generated strong price performance due to their relatively long durations for their respective maturities.

The Trust's holdings in the health care, corporate and transportation sectors, which were among the market's better performing sectors in the period, contributed positively to performance. The Trust's significant exposure to A and BBB-rated bonds had a positive impact on results, as these credit quality tiers generally outperformed. Additionally, the Trust benefited from income generated from coupon payments on its municipal bond holdings. The use of leverage allowed the Trust to enhance its level of income.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$15.59) <sup>1</sup> | 6.31%          |
| Tax Equivalent Yield <sup>2</sup>  | 11.15%         |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.082        |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.984        |
| Economic Leverage as of August 31, 2014 <sup>4</sup>                       | 36%            |

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

|                 | <b>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$15.59        | \$13.49        | 15.57%        | \$15.86     | \$13.21    |
| Net Asset Value | \$16.54        | \$14.18        | 16.64%        | \$16.54     | \$14.06    |

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

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| Health                                       | 21%            | 24%            |
| County/City/Special District/School District | 20             | 13             |
| Transportation                               | 17             | 14             |
| Education                                    | 12             | 10             |
| Utilities                                    | 11             | 13             |
| Corporate                                    | 7              | 7              |
| State  | 6              | 12             |
| Housing                                      | 5              | 6              |
| Tobacco                                      | 1              | 1              |

**Credit Quality Allocation<sup>1</sup>**

|                  | <b>8/31/14</b> | <b>8/31/13</b> |
|------------------|----------------|----------------|
| AAA/Aaa          | 11%            | 7%             |
| AA/Aa            | 43             | 37             |
| A                | 22             | 33             |
| BBB/Baa          | 14             | 11             |
| BB/Ba            | 5              | 5              |
| B                |                | 1              |
| N/R <sup>2</sup> | 5              | 6              |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>2</sup> The investment advisor evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed certain of these unrated securities as investment grade quality. As of August 31, 2014 and August 31, 2013, the market value of unrated securities deemed by the investment advisor to be investment grade was \$5,760,601 and \$4,866,578, each representing 2%, respectively, of the Trust's long-term investments.

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

Calendar Year Ended December 31,  
2014

6%

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|      |    |
|------|----|
| 2015 | 1  |
| 2016 | 2  |
| 2017 | 3  |
| 2018 | 11 |

<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, 2014**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, 2014, the Trust returned 17.50% based on market price and 22.67% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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 municipal yield curve flattened during the period (i.e., rates on longer-dated bonds fell more than rates on shorter-dated securities). In this environment, the Trust's duration (interest rate sensitivity) had a positive impact on performance (bond prices rise when rates fall). The Trust's longer-dated holdings in the health care, education and transportation sectors were particularly strong contributors to performance. The Trust also benefited from its holdings in the State of California. The continued improvement in the state's economy was a catalyst for the price appreciation in these bonds during the period.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$14.18) <sup>1</sup> | 5.80%            |
| Tax Equivalent Yield <sup>2</sup>  | 10.25%           |
| 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, 2014 <sup>4</sup>                       | 35%              |

<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.

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<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 Municipal Income Investment Quality Trust**

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

|                 | <b>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$14.18        | \$12.82        | 10.61%        | \$14.36     | \$12.44    |
| Net Asset Value | \$15.97        | \$13.83        | 15.47%        | \$15.97     | \$13.69    |

**Market Price and Net Asset Value History For the Past Five Years**

**Overview of the Trust's Long-Term Investments**

**Sector Allocation**

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| County/City/Special District/School District | 32%            | 28%            |
| Transportation                               | 28             | 24             |
| Utilities                                    | 19             | 20             |
| Health                                       | 12             | 12             |
| State  | 5              | 7              |
| Education                                    | 2              | 7              |
| Tobacco                                      | 1              | 1              |
| Housing                                      | 1              | 1              |

**Credit Quality Allocation<sup>1</sup>**

|         | <b>8/31/14</b> | <b>8/31/13</b> |
|---------|----------------|----------------|
| AAA/Aaa | 3%             | 5%             |
| AA/Aa   | 75             | 74             |
| A       | 20             | 21             |
| BBB/Baa | 2              |                |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2014 |    |
| 2015 |    |
| 2016 | 1% |
| 2017 | 1  |
| 2018 | 15 |

<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, 2014**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, 2014, the Trust returned 18.65% based on market price and 23.69% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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 duration exposure (sensitivity to interest rate movements) was the largest contributor to performance given that municipal interest rates fell significantly during the period (bond prices rise as rates fall). Exposure to longer-dated bonds had a positive impact as the municipal yield curve flattened during the period (i.e., longer-term rates fell more than shorter-term rates). The Trust also benefited from income generated in the form of coupon payments from its portfolio of municipal bond holdings.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$13.96) <sup>1</sup> | 6.15%            |
| Tax Equivalent Yield <sup>2</sup>  | 10.87%           |
| 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, 2014 <sup>4</sup>                       | 36%              |

<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.

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<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>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$ 13.96       | \$ 12.59       | 10.88%        | \$ 14.34    | \$ 12.18   |
| Net Asset Value | \$ 15.56       | \$ 13.46       | 15.60%        | \$ 15.56    | \$ 13.33   |

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

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| County/City/Special District/School District | 32%            | 29%            |
| Transportation                               | 25             | 21             |
| Utilities                                    | 13             | 20             |
| State  | 12             | 13             |
| Health                                       | 8              | 8              |
| Education                                    | 6              | 6              |
| Tobacco                                      | 2              | 2              |
| Corporate                                    | 2              | 1              |

**Credit Quality Allocation<sup>1</sup>**

|         | <b>8/31/14</b> | <b>8/31/13</b> |
|---------|----------------|----------------|
| AAA/Aaa | 17%            | 20%            |
| AA/Aa   | 52             | 54             |
| A       | 26             | 24             |
| BBB/Baa | 5              | 2              |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2014 | 1% |
| 2015 | 3  |
| 2016 | 2  |
| 2017 | 8  |
| 2018 | 9  |

<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, 2014**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, 2014, the Trust returned 19.52% based on market price and 24.73% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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 long duration positioning (sensitivity to interest rate movements), which was enhanced by leverage, drove positive performance as municipal interest rates fell during the period (bond prices rise as rates fall). Exposure to longer-dated bonds had a positive impact given that the municipal yield curve flattened (i.e., longer-term rates fell more than shorter- and intermediate-term rates). The Trust also benefited from holding concentrations in lower-rated investment grade, non-investment grade and non-rated bonds, as these segments generally outperformed higher-rated issues during the period.

The Trust's modest exposure to Puerto Rico government-related credits in the earlier part of the period detracted from results, as credit spreads on these bonds widened materially due to investors' lack of confidence and the weak local economy. The Trust sold its exposure to these securities early in 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, 2014 (\$14.70) <sup>1</sup> | 6.69%         |
| Tax Equivalent Yield <sup>2</sup>  | 11.82%        |
| Current Monthly Distribution per Common Share <sup>3</sup>                 | \$0.0820      |
| Current Annualized Distribution per Common Share <sup>3</sup>              | \$0.9840      |
| Economic Leverage as of August 31, 2014 <sup>4</sup>                       | 38%           |

<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.

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

|                 | <b>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$14.70        | \$13.20        | 11.36%        | \$14.84     | \$12.59    |
| Net Asset Value | \$15.48        | \$13.32        | 16.22%        | \$15.48     | \$13.18    |

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

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| Transportation                               | 20%            | 21%            |
| Utilities                                    | 16             | 18             |
| Health                                       | 14             | 16             |
| County/City/Special District/School District | 13             | 11             |
| State  | 11             | 12             |
| Corporate                                    | 11             | 6              |
| Education                                    | 8              | 9              |
| Tobacco                                      | 4              | 4              |
| Housing                                      | 3              | 3              |

**Credit Quality Allocation<sup>1</sup>**

|                  | <b>8/31/14</b> | <b>8/31/13</b> |
|------------------|----------------|----------------|
| AAA/Aaa          | 7%             | 10%            |
| AA/Aa            | 32             | 36             |
| A                | 28             | 31             |
| BBB/Baa          | 17             | 13             |
| BB/Ba            | 5              | 3              |
| B                | 2              | 1              |
| N/R <sup>2</sup> | 9              | 6              |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>2</sup> The investment advisor evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed certain of these unrated securities as investment grade quality. As of August 31, 2014 and August 31, 2013, the market value of unrated securities deemed by the investment advisor to be investment grade was \$7,898,184 representing 1%, and \$10,339,771, representing 2%, respectively, of the Trust's long-term investments.

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

Calendar Year Ended December 31,

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|      |    |
|------|----|
| 2014 | 3% |
| 2015 | 5  |
| 2016 | 3  |
| 2017 | 3  |
| 2018 | 6  |

<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, 2014**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, 2014, the Trust returned 17.91% based on market price and 24.24% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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 municipal yield curve flattened during the period (i.e., rates on longer-dated bonds fell more than rates on shorter-dated securities). In this environment, the Trust's duration (interest rate sensitivity) had a positive impact on performance (bond prices rise when rates fall). The Trust's longer-dated holdings in the health care, education and transportation sectors were particularly strong contributors to performance. The Trust also benefited from its holdings in the State of California. The continued improvement in the state's economy was a catalyst for the price appreciation in these bonds during the period.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$13.92) <sup>1</sup> | 6.16%              |
| Tax Equivalent Yield <sup>2</sup>  | 10.88%             |
| 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, 2014 <sup>4</sup>                       | 38%                |

<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 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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**BlackRock MuniHoldings Investment Quality Fund**

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

|                 | <b>8/31/14</b> | <b>8/31/13</b> | <b>Change</b> | <b>High</b> | <b>Low</b> |
|-----------------|----------------|----------------|---------------|-------------|------------|
| Market Price    | \$13.92        | \$12.59        | 10.56%        | \$14.14     | \$12.15    |
| Net Asset Value | \$15.46        | \$13.27        | 16.50%        | \$15.46     | \$13.14    |

**Market Price and Net Asset Value History For the Past Five Years**

**Overview of the Trust's Long-Term Investments**

**Sector Allocation**

|  | <b>8/31/14</b> | <b>8/31/13</b> |
|--|----------------|----------------|
| Transportation                               | 35%            | 28%            |
| Utilities                                    | 19             | 21             |
| County/City/Special District/School District | 18             | 17             |
| Health                                       | 11             | 11             |
| State  | 9              | 10             |
| Education                                    | 6              | 9              |
| Housing                                      | 1              | 2              |
| Tobacco                                      | 1              | 2              |

**Credit Quality Allocation<sup>1</sup>**

|         | <b>8/31/14</b> | <b>8/31/13</b> |
|---------|----------------|----------------|
| AAA/Aaa | 5%             | 4%             |
| AA/Aa   | 65             | 70             |
| A       | 28             | 25             |
| BBB/Baa | 2              | 1              |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2014 |    |
| 2015 |    |
| 2016 | 2% |
| 2017 | 3  |
| 2018 | 14 |

<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, 2014**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). Under normal market conditions, the Trust primarily invests in long term municipal obligations rated investment grade at the time of investment and in long term municipal obligations with maturities of more than ten years at the time of investment. The Trust may invest up to 20% of its total assets in securities rated below investment grade or deemed equivalent at the time of purchase. 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, 2014, the Trust returned 18.50% based on market price and 20.70% based on NAV. For the same period, the closed-end Lipper General & Insured Municipal Debt Funds (Leveraged) category posted an average return of 19.79% based on market price and 21.88% 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.

Tax-exempt rates declined during the period, supporting generally positive performance for municipal bonds (bond prices rise when rates fall). The municipal yield curve flattened, meaning that yields on longer-dated bonds declined more than those of shorter-maturity issues. In this environment, the Trust's duration exposure (sensitivity to interest rate movements) had a positive impact on performance. The income generated from coupon payments on the Trust's portfolio of tax-exempt bonds also contributed to performance.

During the period, there were no material detractors from the Trust's performance.

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, 2014 (\$9.83) <sup>1</sup> | 6.53%              |
| Tax Equivalent Yield <sup>2</sup>   | 11.54%             |
| Current Monthly Distribution per Common Share <sup>3</sup>                | \$0.0535           |
| Current Annualized Distribution per Common Share <sup>3</sup>             | \$0.6420           |
| Economic Leverage as of August 31, 2014 <sup>4</sup>                      | 37%                |

<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.

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<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**

|                 | 8/31/14 | 8/31/13 | Change | High    | Low    |
|-----------------|---------|---------|--------|---------|--------|
| Market Price    | \$9.83  | \$8.91  | 10.33% | \$9.97  | \$8.62 |
| Net Asset Value | \$10.27 | \$9.14  | 12.36% | \$10.27 | \$9.07 |

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

|  | 8/31/14 | 8/31/13 |
|--|---------|---------|
| Health                                       | 23%     | 22%     |
| Transportation                               | 22      | 20      |
| County/City/Special District/School District | 12      | 14      |
| Utilities                                    | 10      | 11      |
| Corporate                                    | 10      | 9       |
| Education                                    | 10      | 9       |
| State  | 5       | 7       |
| Housing                                      | 5       | 6       |
| Tobacco                                      | 3       | 2       |

**Credit Quality Allocation<sup>1</sup>**

|                  | 8/31/14 | 8/31/13 |
|------------------|---------|---------|
| AAA/Aaa          | 10%     | 11%     |
| AA/Aa            | 49      | 48      |
| A                | 23      | 27      |
| BBB/Baa          | 12      | 11      |
| BB/Ba            | 1       |         |
| B                | 2       | 1       |
| N/R <sup>2</sup> | 3       | 2       |

<sup>1</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>2</sup> The investment advisor evaluates the credit quality of unrated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment advisor has deemed certain of these unrated securities as investment grade quality. As of August 31, 2014 and August 31, 2013, the market value of unrated securities deemed by the investment advisor to be investment grade was \$14,298,684, representing 1%, and \$18,941,672, representing 2%, respectively, of the Trust's long-term investments.

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

Calendar Year Ended December 31,

|      |    |
|------|----|
| 2014 | 5% |
| 2015 | 1  |
| 2016 | 4  |
| 2017 | 9  |
| 2018 | 16 |

<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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AUGUST 31, 2014

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## Schedule of Investments August 31, 2014

## BlackRock Municipal Bond Investment Trust (BIE)

(Percentages shown are based on Net Assets)

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Municipal Bonds</b>   |              |            |
| <b>Alabama 0.3%</b>  |              |            |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35   | \$ 145       | \$ 160,177 |
| <b>Alaska 0.2%</b>   |              |            |
| Northern Tobacco Securitization Corp., Refunding RB, Tobacco Settlement, Asset-Backed, Series A, 5.00%, 6/01/46    | 180          | 133,171    |
| <b>California 13.4%</b>  |              |            |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38      | 700          | 793,667    |
| California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West, Series A, 6.00%, 7/01/39 | 120          | 136,039    |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33     | 410          | 492,369    |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                          | 1,660        | 1,871,168  |
| San Diego Regional Building Authority, RB, County Operations Center & Annex, Series A, 5.38%, 2/01/36              | 850          | 974,304    |
| State of California, GO, Various Purposes, 6.00%, 3/01/33  | 685          | 829,953    |
| State of California Public Works Board, LRB:   |              |            |
| Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33   | 210          | 244,703    |
| Various Capital Projects, Series I, 5.50%, 11/01/31  | 500          | 600,495    |
| Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40             | 160          | 190,469    |
| University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38                    | 1,000        | 1,153,900  |
|  |              | 7,287,067  |
| <b>Colorado 2.8%</b>   |              |            |
| City & County of Denver Colorado Airport System, ARB, Sub-System, Series B, 5.25%, 11/15/32                        | 750          | 854,445    |
| Colorado Health Facilities Authority, Refunding RB, Catholic Health Initiative, Series A, 5.50%, 7/01/34           | 580          | 664,239    |
|  |              | 1,518,684  |
| <b>Florida 4.9%</b>  |              |            |
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33  | 105          | 120,784    |
| County of Miami-Dade Florida Seaport Department, RB, Series A, 6.00%, 10/01/38                                     | 1,875        | 2,194,162  |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32   | 305          | 348,646    |
|  |              | 2,663,592  |
| <b>Municipal Bonds</b>   |              |            |
| <b>Georgia 1.2%</b>  |              |            |
| Municipal Electric Authority of Georgia, Refunding RB, Project One, Sub-Series D, 6.00%, 1/01/23                   | \$ 555       | \$ 654,967 |
| <b>Illinois 17.8%</b>  |              |            |
| City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien, Series C, 6.50%, 1/01/41                   | 1,590        | 1,919,146  |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38  | 250          | 271,845    |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts:  |              |            |
| 5.25%, 12/01/36  | 500          | 552,910    |
| 5.25%, 12/01/40  | 750          | 826,350    |
| 5.00%, 12/01/44  | 565          | 622,613    |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago:                           |              |            |
| 5.50%, 12/01/38  | 250          | 284,770    |
| 5.25%, 12/01/43  | 1,000        | 1,101,530  |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 6.00%, 8/15/41   | 750          | 862,440    |
| Illinois Finance Authority, Refunding RB, Northwestern Memorial Hospital, Series A, 6.00%, 8/15/39                 | 1,000        | 1,174,580  |
| Railsplitter Tobacco Settlement Authority, RB:   |              |            |
| 5.50%, 6/01/23   | 365          | 428,598    |
| 6.00%, 6/01/28   | 105          | 123,565    |
| State of Illinois, GO:   |              |            |
| 5.25%, 2/01/31   | 255          | 276,683    |

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|   |       |           |
|---|-------|-----------|
| 5.25%, 2/01/32  | 500   | 540,490   |
| 5.50%, 7/01/33  | 500   | 544,085   |
| 5.50%, 7/01/38  | 110   | 119,025   |
|   |       | 9,648,630 |
| <b>Indiana 2.5%</b>   |       |           |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/39  | 1,190 | 1,363,895 |
| <b>Kansas 1.9%</b>  |       |           |
| Kansas Development Finance Authority, Refunding RB, Adventist Health System/Sunbelt Obligated Group, Series C, 5.50%, 11/15/29                          | 900   | 1,022,634 |
| <b>Kentucky 1.7%</b>  |       |           |
| County of Louisville & Jefferson Kentucky Metropolitan Government Parking Authority, RB, Series A, 5.75%, 12/01/34                                      | 800   | 952,448   |
| <b>Louisiana 1.4%</b>   |       |           |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35 | 380   | 437,870   |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29  | 315   | 345,785   |
|   |       | 783,655   |

### Portfolio Abbreviations

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

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>Maine 1.4%</b>   |              |              |
| Maine Health & Higher Educational Facilities Authority, RB, Maine General Medical Center, 7.50%, 7/01/32                                  | \$ 675       | \$ 786,962   |
| <b>Massachusetts 1.4%</b>   |              |              |
| Massachusetts Development Finance Agency, Refunding RB, Trustees of Deerfield Academy, 5.00%, 10/01/40                                    | 375          | 417,990      |
| Metropolitan Boston Transit Parking Corp., Refunding RB, 5.25%, 7/01/36   | 300          | 346,077      |
|   |              | 764,067      |
| <b>Michigan 3.4%</b>  |              |              |
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41   | 485          | 570,922      |
| Michigan State Building Authority, Refunding RB, Facilities Program, Series I, 6.00%, 10/15/38  | 500          | 576,435      |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a)                               | 530          | 684,845      |
|   |              | 1,832,202    |
| <b>Mississippi 3.0%</b>   |              |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40                         | 1,000        | 1,322,500    |
| Mississippi State University Educational Building Corp., Refunding RB, Mississippi State University Improvement Project, 5.25%, 8/01/38   | 250          | 288,450      |
|   |              | 1,610,950    |
| <b>Multi-State 5.6%</b>   |              |              |
| Centerline Equity Issuer Trust, Series B-2, 7.20%, 10/31/52 (b)(c)  | 3,000        | 3,030,840    |
| <b>Nevada 4.3%</b>  |              |              |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/34   | 1,000        | 1,167,850    |
| County of Clark Nevada Airport System, ARB, Series B, 5.75%, 7/01/42  | 1,000        | 1,174,560    |
|   |              | 2,342,410    |
| <b>New Jersey 6.8%</b>  |              |              |
| New Jersey EDA, RB, School Facilities Construction, Series RR, 5.00%, 6/15/33   | 500          | 552,970      |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series AA, 5.50%, 12/15/29  | 750          | 834,180      |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29   | 610          | 656,214      |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:  |              |              |
| Series A, 5.88%, 12/15/38   | 695          | 811,072      |
| Series AA, 5.50%, 6/15/39   | 760          | 856,983      |
|   |              | 3,711,419    |
| <b>New York 3.4%</b>  |              |              |
| Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012, Series A, 5.75%, 2/15/47  | 620          | 714,910      |
| Metropolitan Transportation Authority, RB, Series A, 5.25%, 11/15/38  | 500          | 559,365      |
| New York Liberty Development Corp., Refunding RB, 2nd Priority, Bank of America Tower at One Bryant Park Project, Class 3, 6.38%, 7/15/49 | 500          | 563,620      |
|   |              | 1,837,895    |
| <b>Ohio 3.3%</b>  |              |              |
| County of Allen Ohio Hospital Facilities, Refunding RB, Catholic Healthcare Partners, Series A, 5.25%, 6/01/38                            | 840          | 916,440      |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Ohio (concluded)</b>   |              |              |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:  |              |              |

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|  |        |                   |
|--|--------|-------------------|
| 5.25%, 2/15/30   | \$ 250 | \$ 287,922        |
| 5.25%, 2/15/31   | 500    | 572,655           |
|  |        | 1,777,017         |
| <b>Pennsylvania 7.8%</b>   |        |                   |
| Pennsylvania Economic Development Financing Authority, RB, American Water Co. Project, 6.20%, 4/01/39  | 300    | 347,415           |
| Pennsylvania Turnpike Commission, RB:  |        |                   |
| Series A, 5.00%, 12/01/44  | 190    | 213,151           |
| Sub-Series A, 5.63%, 12/01/31  | 750    | 846,435           |
| Sub-Series A, 6.00%, 12/01/41  | 1,500  | 1,632,585         |
| Sub-Series C (AGC), 6.25%, 6/01/38   | 500    | 576,025           |
| Township of Bristol Pennsylvania School District, GO, 5.25%, 6/01/37   | 530    | 597,692           |
|  |        | 4,213,303         |
| <b>South Carolina 1.4%</b>   |        |                   |
| County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38   | 635    | 744,087           |
| <b>Texas 9.0%</b>  |        |                   |
| Central Texas Regional Mobility Authority, Refunding RB, Senior Lien, 6.00%, 1/01/41   | 890    | 1,008,975         |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37   | 395    | 457,110           |
| Conroe Texas ISD, GO, School Building, Series A, 5.75%, 2/15/35  | 470    | 538,559           |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare, 6.00%, 8/15/45  | 1,020  | 1,227,213         |
| North Texas Tollway Authority, RB, Special Projects, Series A, 5.50%, 9/01/41  | 500    | 577,085           |
| North Texas Tollway Authority, Refunding RB, 1st Tier, Series K-1 (AGC), 5.75%, 1/01/38  | 250    | 286,415           |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38  | 180    | 207,684           |
| 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    | 590,850           |
|  |        | 4,893,891         |
| <b>Virginia 0.7%</b>   |        |                   |
| City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | 145    | 162,146           |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a)  | 200    | 246,934           |
|  |        | 409,080           |
| <b>Wisconsin 1.8%</b>  |        |                   |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Series C, 5.25%, 4/01/39                                    | 890    | 959,384           |
| <b>Total Municipal Bonds 101.4%</b>  |        | <b>55,102,427</b> |

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

|   |       |           |
|---|-------|-----------|
| <b>California 19.3%</b>   |       |           |
| California Educational Facilities Authority, RB, University of Southern California, Series B, 5.25%, 10/01/39 (e) | 1,005 | 1,138,635 |

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 Transferred to Tender Option Bond Trusts (d)</b>  |          |              |
| <b>California (concluded)</b>  |          |              |
| Grossmont Union High School District, GO, Election of 2008, Series B, 5.00%, 8/01/40   | \$ 1,300 | \$ 1,421,628 |
| Los Angeles Community College District California, GO, Election of 2008, Series C, 5.25%, 8/01/39 (e)                        | 1,410    | 1,629,072    |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33                 | 2,079    | 2,497,323    |
| Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34   | 200      | 226,552      |
| San Diego Public Facilities Financing Authority Water, RB, Series B, 5.50%, 8/01/39  | 2,234    | 2,609,363    |
| University of California, RB, Series O, 5.75%, 5/15/34   | 810      | 953,732      |
|  |          | 10,476,305   |
| <b>District of Columbia 3.5%</b>   |          |              |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (e)  | 735      | 868,138      |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 5.50%, 10/01/39                           | 899      | 1,017,512    |
|  |          | 1,885,650    |
| <b>Illinois 7.4%</b>   |          |              |
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/18 (a)                                 | 1,500    | 1,812,225    |
| State of Illinois Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33                                      | 2,000    | 2,222,533    |
|  |          | 4,034,758    |
| <b>Nevada 3.2%</b>   |          |              |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, 6.00%, 7/01/38   | 1,500    | 1,746,915    |
| <b>New Hampshire 1.2%</b>  |          |              |
| New Hampshire Health & Education Facilities Authority, RB, Dartmouth College, 5.25%, 6/01/39 (e)                             | 585      | 668,230      |
| <b>New Jersey 3.7%</b>   |          |              |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:   |          |              |
| Series A (AMBAC), 5.00%, 12/15/32  | 1,000    | 1,102,360    |
| Series B, 5.25%, 6/15/36 (e)   | 840      | 926,756      |
|  |          | 2,029,116    |
| <b>New York 13.8%</b>  |          |              |
| City of New York New York Municipal Water Finance Authority, RB, Water & Sewer System, Fiscal 2009, Series A, 5.75%, 6/15/40 | 750      | 864,269      |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>  |          |              |
| <b>New York (concluded)</b>  |          |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:     |          |              |
| Series FF, 5.00%, 6/15/45  | \$ 1,000 | \$ 1,104,022 |
| Series FF-2, 5.50%, 6/15/40  | 990      | 1,137,483    |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39                      | 1,000    | 1,124,385    |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43              | 1,170    | 1,333,039    |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (e)                          | 680      | 787,515      |
| New York State Dormitory Authority, ERB, Personal Income Tax, Series B, 5.25%, 3/15/38                                       | 1,000    | 1,137,980    |
|  |          | 7,488,693    |
| <b>Texas 5.3%</b>  |          |              |
| City of San Antonio Texas Public Service Board, Refunding RB, Series A, 5.25%, 2/01/31 (e)                                   | 1,050    | 1,196,306    |
| County of Harris Texas Cultural Education Facilities Finance Corp., RB, Texas Children's Hospital Project, 5.50%, 10/01/39   | 1,450    | 1,671,604    |

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|  |               |               |
|--|---------------|---------------|
|  |               | 2,867,910     |
| <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           | 515,819       |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 58.4%</b>                              |               | 31,713,396    |
| <b>Total Long-Term Investments (Cost \$77,483,912) 159.8%</b>  |               | 86,815,823    |
| <b>Short-Term Securities</b>   | <b>Shares</b> |               |
| FPI Institutional Tax-Exempt Fund, 0.03% (f)(g)  | 698,423       | 698,423       |
| <b>Total Short-Term Securities (Cost \$698,423) 1.3%</b>   |               | 698,423       |
| <b>Total Investments (Cost \$78,182,335) 161.1%</b>  |               | 87,514,246    |
| <b>Other Assets Less Liabilities 1.6%</b>  |               | 851,796       |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (29.9)%</b>         |               | (16,238,646)  |
| <b>VRDP Shares, at Liquidation Value (32.8)%</b>   |               | (17,800,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 54,327,396 |

Notes to Schedule of Investments

- (a) U.S. 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) 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) 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.
- (d) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (e) 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.

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock Municipal Bond Investment Trust (BIE)

(f) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 1,380,043                            | (681,620)       | 698,423                              | \$ 258 |

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts<br>Sold | Issue                      | Exchange               | Expiration    | Notional<br>Value | Unrealized<br>Depreciation |
|-------------------|----------------------------|------------------------|---------------|-------------------|----------------------------|
| (36)              | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 4,528,125      | \$ (7,644)                 |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 and derivative financial instruments)

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

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|                                    | Level 1    | Level 2       | Level 3 | Total         |
|------------------------------------|------------|---------------|---------|---------------|
| <b>Assets:</b>                     |            |               |         |               |
| Investments:                       |            |               |         |               |
| Long-Term Investments <sup>1</sup> |            | \$ 86,815,823 |         | \$ 86,815,823 |
| Short-Term Securities              | \$ 698,423 |               |         | 698,423       |
| <b>Total</b>                       | \$ 698,423 | \$ 86,815,823 |         | \$ 87,514,246 |

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

|   | Level 1    | Level 2 | Level 3 | Total      |
|---|------------|---------|---------|------------|
| Derivative Financial Instruments <sup>2</sup> |            |         |         |            |
| <b>Liabilities:</b>                           |            |         |         |            |
| Interest rate contracts                       | \$ (7,644) |         |         | \$ (7,644) |

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1   | Level 2         | Level 3 | Total           |
|--|-----------|-----------------|---------|-----------------|
| <b>Assets:</b>                               |           |                 |         |                 |
| Cash pledged for financial futures contracts | \$ 83,000 |                 |         | \$ 83,000       |
| <b>Liabilities:</b>                          |           |                 |         |                 |
| TOB trust certificates                       |           | \$ (16,235,837) |         | (16,235,837)    |
| VRDP Shares                                  |           | (17,800,000)    |         | (17,800,000)    |
| <b>Total</b>                                 | \$ 83,000 | \$ (34,035,837) |         | \$ (33,952,837) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2014

## BlackRock Municipal Bond Trust (BBK)

(Percentages shown are based on Net Assets)

|   | Par          |              |
|---|--------------|--------------|
|   | (000)        | Value        |
| <b>Municipal Bonds</b>  |              |              |
| <b>Alabama 1.8%</b>   |              |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC):                |              |              |
| 6.00%, 6/01/34  | \$ 1,150     | \$ 1,341,164 |
| 6.00%, 6/01/39  | 450          | 524,804      |
| City of Hoover Alabama Board of Education, Refunding, Special Tax, Capital Outlay Warrants, 4.25%, 2/15/40            | 1,275        | 1,312,549    |
|   |              | 3,178,517    |
| <b>Arizona 8.1%</b>   |              |              |
| Arizona Board of Regents, RB, Arizona State University, Series C, 5.50%, 7/01/26                                      | 200          | 234,062      |
| Arizona Health Facilities Authority, Refunding RB, Phoenix Children s Hospital, Series A, 5.00%, 2/01/42              | 2,200        | 2,340,008    |
| County of Pima Arizona IDA, Refunding, IDRB, Tucson Electric Power Co. Project, Remarketing, Series B, 5.75%, 9/01/29 | 900          | 910,359      |
| County of Pinal Arizona Electric District No. 3, Refunding RB, Electric System, 4.75%, 7/01/31                        | 3,750        | 4,075,538    |
| Salt Verde Financial Corp., RB, Senior:   |              |              |
| 5.00%, 12/01/32   | 1,500        | 1,705,515    |
| 5.00%, 12/01/37   | 2,065        | 2,351,849    |
| State of Arizona, COP, Department of Administration, Series A (AGM), 5.00%, 10/01/29                                  | 750          | 825,495      |
| University Medical Center Corp., RB, 6.50%, 7/01/39   | 500          | 584,385      |
| University Medical Center Corp., Refunding RB, 6.00%, 7/01/39   | 900          | 1,031,031    |
|   |              | 14,058,242   |
| <b>Arkansas 4.0%</b>  |              |              |
| Arkansas State University, RB, Jonesboro Campus, Series B:  |              |              |
| 4.00%, 12/01/28   | 400          | 426,436      |
| 4.88%, 12/01/43   | 690          | 747,946      |
| City of Benton Arkansas, RB, 4.00%, 6/01/39   | 905          | 946,657      |
| City of Hot Springs Arkansas, RB, Wastewater, 5.00%, 12/01/38   | 1,200        | 1,329,192    |
| City of Little Rock Arkansas, RB, 4.00%, 7/01/41  | 2,250        | 2,284,335    |
| University of Arkansas, RB, Fort Smith Campus, Series B, 4.00%, 6/01/39   | 920          | 939,661      |
| University of Arkansas, Refunding RB, Various Facilities Revenue, Pine Bluff Campus, 3.50%, 12/01/32                  | 300          | 299,412      |
|   |              | 6,973,639    |
| <b>California 17.7%</b>   |              |              |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 5.88%, 8/15/31                         | 1,900        | 2,288,075    |
| California HFA, RB, Home Mortgage, Series G, AMT, 5.05%, 2/01/29  | 2,285        | 2,321,263    |
| Carlsbad California Unified School District, GO, Election of 2006, Series B, 0.00%, 5/01/34 (a)                       | 1,000        | 899,280      |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 5.75%, 3/01/34   | 2,000        | 2,269,940    |
| County of Stanislaus California Tobacco Securitization Agency, RB, CAB, Sub-Series C, 0.00%, 6/01/55 (b)              | 4,500        | 59,175       |
| Dinuba California Unified School District, GO, Election of 2006 (AGM):  |              |              |
| 5.63%, 8/01/31  | 250          | 275,843      |
| 5.75%, 8/01/33  | 500          | 553,065      |
| Hartnell Community College District California, GO, CAB, Election of 2002, Series D, 0.00%, 8/01/34 (a)               | 1,650        | 1,322,788    |
| Norwalk-La Mirada Unified School District, GO, Refunding, CAB, Election of 2002, Series E (AGC), 0.00%, 8/01/38 (b)   | 8,000        | 2,651,440    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>California (concluded)</b>   |              |              |
| Palomar Community College District, GO, CAB, Election of 2006, Series B:  |              |              |

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|  |          |            |
|--|----------|------------|
| 0.00%, 8/01/30 (b)   | \$ 1,500 | \$ 800,895 |
| 0.00%, 8/01/33 (b)   | 4,000    | 1,412,160  |
| 0.00%, 8/01/39 (a)   | 2,000    | 1,346,900  |
| San Diego Community College District, GO, CAB, Election of 2002, 0.00%, 8/01/33 (a)  | 2,800    | 2,544,248  |
| State of California, GO, Refunding, Various Purposes, 5.00%, 2/01/38   | 3,000    | 3,374,610  |
| State of California, GO, Various Purposes:   |          |            |
| 5.75%, 4/01/31   | 2,000    | 2,376,520  |
| 6.00%, 3/01/33   | 1,000    | 1,211,610  |
| 6.50%, 4/01/33   | 1,950    | 2,382,705  |
| 5.50%, 3/01/40   | 2,350    | 2,715,754  |
|  |          | 30,806,271 |
| <b>Colorado 1.5%</b>   |          |            |
| Colorado Health Facilities Authority, RB, Catholic Health Initiatives, Series D, 6.25%, 10/01/33                               | 1,070    | 1,234,577  |
| Park Creek Metropolitan District, Refunding RB, Senior Limited Property Tax (AGM), 6.00%, 12/01/38                             | 750      | 845,497    |
| University of Northern Colorado Greely, Refunding RB, Institutional Enterprise, Series A, 4.00%, 6/01/35                       | 500      | 523,865    |
|  |          | 2,603,939  |
| <b>Connecticut 0.6%</b>  |          |            |
| Connecticut State Health & Educational Facility Authority, Refunding RB:   |          |            |
| Hartford Healthcare, Series A, 5.00%, 7/01/32  | 350      | 378,133    |
| Lawrence & Memorial Hospital, Series F, 5.00%, 7/01/36   | 550      | 597,327    |
|  |          | 975,460    |
| <b>Delaware 0.8%</b>   |          |            |
| County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Power LLC Project, 6.00%, 10/01/40                               | 1,200    | 1,336,980  |
| <b>Florida 4.6%</b>  |          |            |
| County of Lee Florida, Refunding ARB, Series A, AMT (AGM), 5.00%, 10/01/28   | 2,000    | 2,233,620  |
| County of Miami-Dade Florida, RB, AMT, Seaport, Series B, 6.00%, 10/01/31  | 4,135    | 4,915,977  |
| County of Orange Florida Health Facilities Authority, Refunding RB, Mayflower Retirement Center, 5.00%, 6/01/36                | 125      | 133,090    |
| Stevens Plantation Community Development District, Special Assessment, Series A, 7.10%, 5/01/35 (c)(d)                         | 910      | 678,915    |
|  |          | 7,961,602  |
| <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      | 432,640    |
| <b>Idaho 2.0%</b>  |          |            |
| Idaho Health Facilities Authority, RB, Series A, 5.00%, 3/01/39  | 1,230    | 1,348,892  |
| Idaho Health Facilities Authority, Refunding RB, Trinity Health Group, Series B, 6.25%, 12/01/33                               | 1,750    | 2,050,387  |
|  |          | 3,399,279  |
| <b>Illinois 5.1%</b>   |          |            |
| City of Chicago Illinois, Refunding ARB, O Hare International Airport Passenger Facility Charge, Series B, AMT, 4.00%, 1/01/29 | 2,000    | 2,010,280  |
| City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT, 5.00%, 1/01/41                  | 870      | 926,724    |

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        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Illinois (concluded)</b>   |            |              |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/40   | \$ 665     | \$ 732,697   |
| Illinois Finance Authority, RB, Rush University Medical Center, Series C, 6.63%, 11/01/39   | 650        | 744,347      |
| Illinois Finance Authority, Refunding RB:   |            |              |
| Friendship Village Schaumburg, Series A, 5.63%, 2/15/37   | 210        | 201,283      |
| OSF Healthcare System, Series A, 6.00%, 5/15/39   | 1,010      | 1,144,088    |
| Roosevelt University Project, 6.50%, 4/01/44  | 1,000      | 1,076,360    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | 1,150      | 1,353,331    |
| State of Illinois, GO, 5.00%, 2/01/39   | 665        | 689,765      |
|   |            | 8,878,875    |
| <b>Indiana 0.6%</b>   |            |              |
| Indiana Finance Authority, Refunding RB, U.S. Steel Corp. Project, 6.00%, 12/01/26  | 1,000      | 1,069,750    |
| <b>Iowa 0.9%</b>  |            |              |
| Iowa Higher Education Loan Authority, Refunding RB, Private College Facility, Upper Iowa University Project:  |            |              |
| 5.75%, 9/01/30  | 500        | 510,670      |
| 6.00%, 9/01/39  | 1,000      | 1,021,180    |
|   |            | 1,531,850    |
| <b>Kansas 2.8%</b>  |            |              |
| County of Seward Kansas Unified School District No. 480, GO, Refunding, 5.00%, 9/01/39  | 4,000      | 4,477,960    |
| County of Wyandotte-Kansas City Unified Government Utility System, Refunding RB, Series A, 5.00%, 9/01/44   | 400        | 444,568      |
|   |            | 4,922,528    |
| <b>Kentucky 1.8%</b>  |            |              |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A, 5.38%, 1/01/40  | 1,830      | 2,042,554    |
| Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project, Convertible CAB, 1st Tier (a):                                  |            |              |
| 0.00%, 7/01/34  | 500        | 343,850      |
| Series C, 0.00%, 7/01/39  | 830        | 559,047      |
| Series C, 0.00%, 7/01/43  | 270        | 180,787      |
|   |            | 3,126,238    |
| <b>Louisiana 1.5%</b>   |            |              |
| City of Alexandria Louisiana Utilities, RB, 5.00%, 5/01/39  | 860        | 959,794      |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB, Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35 | 1,050      | 1,209,905    |
| Louisiana Public Facilities Authority, RB, Belle Chasse Educational Foundation Project, 6.50%, 5/01/31  | 400        | 443,452      |
|   |            | 2,613,151    |
| <b>Maryland 0.2%</b>  |            |              |
| County of Anne Arundel Maryland Consolidated, Special Taxing District (e):  |            |              |
| 5.13%, 7/01/36  | 170        | 170,510      |
| 5.25%, 7/01/44  | 170        | 170,507      |
|   |            | 341,017      |
| <b>Massachusetts 1.1%</b>   |            |              |
| Massachusetts Development Finance Agency, Refunding RB, Series A, 5.00%, 9/01/43  | 1,600      | 1,837,280    |
| <b>Municipal Bonds</b>  | <b>Par</b> | <b>Value</b> |

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|   | (000)  |            |
|---|--------|------------|
| <b>Michigan 3.7%</b>  |        |            |
| Michigan Finance Authority, RB, Senior Lien 2014C, AMT, 5.00%, 7/01/44  | \$ 240 | \$ 243,248 |
| Michigan State Hospital Finance Authority, Refunding RB, Trinity Health Credit Group, Series C, 4.00%, 12/01/32             | 2,100  | 2,157,855  |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (f)                 | 1,950  | 2,519,712  |
| State of Michigan Building Authority, Refunding RB, Facilities Program, Series I, 6.25%, 10/15/38                           | 1,250  | 1,461,475  |
|   |        | 6,382,290  |
| <b>Minnesota 3.9%</b>   |        |            |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38                      | 4,600  | 5,435,176  |
| City of Shakopee Minnesota, Refunding RB, St. Francis Regional Medical Center, 5.00%, 9/01/34                               | 200    | 224,064    |
| University of Minnesota, GO, Series B, 4.00%, 1/01/35   | 1,000  | 1,059,130  |
|   |        | 6,718,370  |
| <b>Mississippi 3.3%</b>   |        |            |
| County of Warren Mississippi, RB, Gulf Opportunity Zone Bonds, International Paper Co. Project, Series A, 5.38%, 12/01/35   | 400    | 444,528    |
| Mississippi Development Bank, RB, Special Obligation:<br>CAB, Hinds Community College District (AGM), 5.00%, 4/01/36        | 845    | 919,504    |
| County of Jackson Limited Tax Note (AGC), 5.50%, 7/01/32  | 1,750  | 1,927,380  |
| University of Southern Mississippi, RB, Campus Facilities Improvements Project, 5.38%, 9/01/36                              | 2,100  | 2,358,111  |
|   |        | 5,649,523  |
| <b>Missouri 3.0%</b>  |        |            |
| Missouri Development Finance Board, RB, Annual Appropriation Sewer System, Series B, 5.00%, 11/01/41                        | 900    | 963,117    |
| Missouri State Health & Educational Facilities Authority, RB:<br>A.T. Still University of Health Sciences, 5.25%, 10/01/31  | 500    | 554,825    |
| A.T. Still University of Health Sciences, 4.25%, 10/01/32   | 320    | 337,008    |
| A.T. Still University of Health Sciences, 5.00%, 10/01/39   | 500    | 546,940    |
| Heartland Regional Medical Center, 4.13%, 2/15/43   | 400    | 404,352    |
| University of Central Missouri, Series C-2, 4.00%, 10/01/28   | 400    | 424,408    |
| University of Central Missouri, Series C-2, 5.00%, 10/01/34   | 1,000  | 1,113,410  |
| Missouri State Health & Educational Facilities Authority, Refunding RB, CoxHealth, Series A, 5.00%, 11/15/38                | 800    | 870,736    |
|   |        | 5,214,796  |
| <b>Montana 1.9%</b>   |        |            |
| Montana Facility Finance Authority, Refunding RB, Sisters of Charity of Leavenworth Health System, Series A, 4.75%, 1/01/40 | 450    | 476,258    |
| State of Montana Board of Regents, RB, 5.00%, 11/15/43  | 1,750  | 1,992,007  |
| Yellowstone County School District No. 2 Billings, GO, 4.50%, 6/15/33   | 670    | 756,537    |
|   |        | 3,224,802  |

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             |                     |
|---|-----------------|---------------------|
|   | (000)           | Value               |
| <b>Municipal Bonds</b>  |                 |                     |
| <b>Multi-State 6.1%</b>   |                 |                     |
| Centerline Equity Issuer Trust, Series B-2, 7.20%, 10/31/52 (g)(h)  | \$ 10,500       | \$ 10,607,940       |
| <b>Nebraska 1.0%</b>  |                 |                     |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.00%, 9/01/42   | 600             | 641,604             |
| City of Omaha Nebraska, RB, Sanitary Sewerage System, 4.00%, 11/15/42   | 450             | 466,569             |
| Nebraska Public Power District, Refunding RB, Series A:   |                 |                     |
| 5.00%, 1/01/32  | 250             | 285,357             |
| 4.00%, 1/01/44  | 400             | 410,068             |
|   |                 | 1,803,598           |
| <b>Nevada 1.7%</b>  |                 |                     |
| City of Las Vegas Nevada, Special Assessment, No. 809 Summerlin Area, 5.65%, 6/01/23  | 1,220           | 1,233,212           |
| County of Clark Nevada, Refunding ARB, Department of Aviation, Subordinate Lien, Series A-2, 4.25%, 7/01/36                               | 1,000           | 1,043,660           |
| County of Clark Nevada, Refunding RB, Alexander Dawson School Nevada Project, 5.00%, 5/15/29  | 575             | 606,585             |
|   |                 | 2,883,457           |
| <b>New Jersey 9.9%</b>  |                 |                     |
| County of Middlesex New Jersey Improvement Authority, RB, Heldrich Center Hotel, Sub-Series B, 6.25%, 1/01/37 (c)(d)                      | 915             | 46,665              |
| New Jersey EDA, RB:   |                 |                     |
| 4.00%, 6/15/35  | 200             | 203,756             |
| Continental Airlines, Inc. Project, Series B, AMT, 5.63%, 11/15/30  | 660             | 710,193             |
| The Goethals Bridge Replacement Project, AMT (AGM), 5.13%, 7/01/42  | 200             | 216,650             |
| Rutgers The State University of New Jersey, College Avenue Redevelopment Project, 5.00%, 6/15/38  | 450             | 512,010             |
| New Jersey EDA, Refunding RB:   |                 |                     |
| 1st Mortgage, Winchester, Series A, 5.80%, 11/01/31   | 1,500           | 1,503,015           |
| Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/01/28   | 7,500           | 8,889,900           |
| New Jersey Educational Facilities Authority, Refunding RB, University of Medicine & Dentistry, Series B (f):                              |                 |                     |
| 7.13%, 6/01/19  | 630             | 808,756             |
| 7.50%, 6/01/19  | 800             | 1,040,888           |
| New Jersey Health Care Facilities Financing Authority, Refunding RB, St. Barnabas Health Care System, Series A:                           |                 |                     |
| 4.63%, 7/01/23  | 510             | 567,727             |
| 5.00%, 7/01/25  | 500             | 568,255             |
| 5.63%, 7/01/37  | 1,700           | 1,872,312           |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series AA, 6.50%, 10/01/38   | 280             | 288,397             |
|   |                 | 17,228,524          |
| <b>New York 9.0%</b>  |                 |                     |
| Albany Industrial Development Agency, RB, New Covenant Charter School Project, Series A, 7.00%, 5/01/35 (c)(d)                            | 455             | 68,296              |
| City of New York New York, GO, Refunding Series J, 5.00%, 8/01/27   | 1,250           | 1,489,462           |
| City of New York New York, GO, Fiscal 2014, Sub-Series A-1:   |                 |                     |
| 5.00%, 8/01/29  | 400             | 464,588             |
| 5.00%, 8/01/35  | 1,580           | 1,788,702           |
| City of New York New York Industrial Development Agency, ARB, American Airlines, Inc., JFK International Airport, AMT, 7.75%, 8/01/31 (i) | 3,165           | 3,492,831           |
|   | <b>Par</b>      |                     |
| <b>Municipal Bonds</b>  | <b>(000)</b>    | <b>Value</b>        |
| <b>New York (concluded)</b>   | <b>\$ 1,500</b> | <b>\$ 1,531,080</b> |

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|  |       |            |
|--|-------|------------|
| City of New York New York Industrial Development Agency, RB, PILOT, Queens Baseball Stadium (AMBAC), 5.00%, 1/01/39  |       |            |
| County of Westchester New York Healthcare Corp., Refunding RB, Senior Lien, Remarketing, Series A, 5.00%, 11/01/30   | 1,500 | 1,637,580  |
| Metropolitan Transportation Authority, RB, Series B, 5.25%, 11/15/39   | 3,335 | 3,817,708  |
| New York Liberty Development Corp., Refunding RB, 2nd Priority, Bank of America Tower at One Bryant Park Project, Class 3, 6.38%, 7/15/49                              | 800   | 901,792    |
| Niagara Area Development Corp., Refunding RB, Solid Waste Disposal Facility, Covanta Energy Project, Series A, AMT, 5.25%, 11/01/42                                    | 400   | 408,812    |
|  |       | 15,600,851 |
| <b>North Carolina 2.4%</b>   |       |            |
| County of Buncombe North Carolina Metropolitan Sewerage District, RB, 4.00%, 7/01/36   | 570   | 602,285    |
| County of Gaston North Carolina Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35 | 2,695 | 2,698,827  |
| North Carolina Medical Care Commission, Refunding RB, University Health System, Series D, 6.25%, 12/01/33  | 800   | 927,752    |
|  |       | 4,228,864  |
| <b>North Dakota 0.5%</b>   |       |            |
| City of Fargo North Dakota, Refunding RB, University Facilities Development Foundation Project, 3.00%, 12/01/30  | 400   | 394,932    |
| County of Burleigh North Dakota, Refunding RB, St. Alexius Medical Center Project, Series A, 5.00%, 7/01/35  | 480   | 511,402    |
|  |       | 906,334    |
| <b>Ohio 1.1%</b>   |       |            |
| City of Dayton Ohio Airport Revenue, Refunding RB, AMT, 4.00%, 12/01/32 (e)  | 2,000 | 1,954,040  |
| <b>Oklahoma 1.6%</b>   |       |            |
| Oklahoma Municipal Power Authority, RB, Power Supply System, Series A, 4.00%, 1/01/38  | 1,140 | 1,168,420  |
| Stillwater Utilities Authority, RB, Series A, 4.00%, 10/01/42  | 1,600 | 1,646,864  |
|  |       | 2,815,284  |
| <b>Oregon 1.7%</b>   |       |            |
| Central Oregon Community College District, GO, 4.00%, 6/01/40  | 450   | 465,188    |
| County of Umatilla Pendleton Oregon School District No. 16R, GO, Series A: 5.00%, 6/15/37  | 745   | 864,431    |
| 4.00%, 6/15/38   | 265   | 277,466    |
| Oregon Health & Science University, RB, Series A, 5.75%, 7/01/39   | 750   | 874,942    |
| Oregon State Facilities Authority, Refunding RB, Linfield College Project, Series A, 5.25%, 10/01/40   | 500   | 533,460    |
|  |       | 3,015,487  |
| <b>Pennsylvania 3.6%</b>   |       |            |
| County of Allegheny Pennsylvania IDA, Refunding RB, U.S. Steel Corp. Project, 6.55%, 12/01/27  | 1,695 | 1,896,230  |
| Delaware River Port Authority, RB: 4.50%, 1/01/32  | 1,500 | 1,648,665  |
| Series D (AGM), 5.00%, 1/01/40   | 2,600 | 2,794,844  |
|  |       | 6,339,739  |

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)

|  | <b>Par</b>   |              |
|--|--------------|--------------|
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Rhode Island 1.7%</b>   |              |              |
| Rhode Island Health & Educational Building Corp., RB, Hospital Financing, LifeSpan Obligation, Series A (AGC), 7.00%, 5/15/39                              | \$ 1,000     | \$ 1,154,490 |
| Rhode Island Health & Educational Building Corp., Refunding RB, Brown University, 4.50%, 9/01/32   | 800          | 894,088      |
| State of Rhode Island, COP, School for the Deaf Project, Series C (AGC), 5.38%, 4/01/28  | 900          | 988,947      |
|  |              | 3,037,525    |
| <b>Tennessee 1.9%</b>  |              |              |
| Chattanooga Health Educational & Housing Facility Board, RB, Catholic Health Initiatives, Series A, 5.25%, 1/01/40   | 1,950        | 2,154,770    |
| County of Memphis-Shelby Tennessee Sports Authority, Inc., Refunding RB, Memphis Arena Project, Series A, 5.38%, 11/01/28                                  | 275          | 302,189      |
| Johnson City Health & Educational Facilities Board, RB, Mountain States Health, Series A, 5.00%, 8/15/42   | 800          | 851,824      |
|  |              | 3,308,783    |
| <b>Texas 18.0%</b>   |              |              |
| City of Denton, GO, 4.00%, 2/15/44   | 500          | 511,075      |
| County of Harris Texas Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B (f):                                |              |              |
| 7.13%, 12/01/18  | 500          | 628,930      |
| 7.25%, 12/01/18  | 1,750        | 2,210,355    |
| County of Harris Texas Houston Sports Authority, Refunding RB, CAB, Senior Lien, Series G (NPFGC), 0.00%, 11/15/41 (b)                                     | 11,690       | 2,602,778    |
| County of Matagorda Texas Navigation District No. 1, Refunding RB, Central Power & Light Co. Project, Series A, 6.30%, 11/01/29                            | 1,500        | 1,726,725    |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A (b):   |              |              |
| 0.00%, 9/15/36   | 4,820        | 1,773,471    |
| 0.00%, 9/15/38   | 10,760       | 3,557,579    |
| Leander Independent School District, GO, Refunding Series D, 0.00%, 8/15/35 (b)  | 4,000        | 1,570,120    |
| Lockhart Independent School District, GO, 4.00%, 8/01/44   | 665          | 679,949      |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38  | 760          | 876,888      |
| 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        | 2,406,280    |
| Texas State Turnpike Authority, RB, CAB (AMBAC), 0.00%, 8/15/35 (b)  | 45,000       | 12,807,450   |
|  |              | 31,351,600   |
| <b>Vermont 1.7%</b>  |              |              |
| Vermont Educational & Health Buildings Financing Agency, Refunding RB, Fletcher Allen Health Hospital, Series B (AGM), 5.00%, 12/01/34                     | 1,590        | 1,669,738    |
| Vermont Student Assistance Corp., RB, Series A:  |              |              |
| 4.13%, 6/15/30   | 1,000        | 1,010,390    |
| 4.13%, 6/15/31   | 250          | 250,568      |
|  |              | 2,930,696    |
| <b>Virginia 1.3%</b>   |              |              |
| County of Prince William Virginia IDA, Refunding RB, Novant Health Obligation Group, Series B, 4.00%, 11/01/46   | 100          | 101,120      |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings OpCo LLC Project, AMT, 6.00%, 1/01/37                              | 880          | 992,323      |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |

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| <b>Virginia (concluded)</b>  |          |                    |
|--|----------|--------------------|
| Winchester EDA, Refunding RB, Valley Health System Obligation, Series A, 5.00%, 1/01/44 (e)              | \$ 1,000 | \$ 1,103,480       |
|  |          | 2,196,923          |
| <b>Washington 0.9%</b>   |          |                    |
| Washington Health Care Facilities Authority, RB, MultiCare Health System, Series B (AGC), 6.00%, 8/15/39 | 1,400    | 1,611,050          |
| <b>West Virginia 1.2%</b>  |          |                    |
| City of Wheeling West Virginia Waterworks & Sewerage System, RB, 5.00%, 6/01/38                          | 1,000    | 1,103,500          |
| West Virginia Hospital Finance Authority, Refunding RB, 5.00%, 1/01/44 (e)                               | 900      | 987,165            |
|  |          | 2,090,665          |
| <b>Wyoming 0.5%</b>  |          |                    |
| County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing, 5.25%, 7/15/26         | 800      | 912,368            |
| <b>Total Municipal Bonds 137.0%</b>  |          | <b>238,060,767</b> |

### Municipal Bonds Transferred to

#### Tender Option Bond Trusts (j)

| <b>Colorado 2.3%</b>   |       |            |
|--|-------|------------|
| Colorado Health Facilities Authority, RB, Catholic Health, Series C-7 (AGM), 5.00%, 9/01/36                                  | 3,750 | 3,939,450  |
| <b>New Jersey 0.9%</b>   |       |            |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (k)                      | 1,400 | 1,544,593  |
| <b>New York 14.4%</b>  |       |            |
| City of New York New York, GO, Fiscal 2015, Series B, 4.00%, 8/01/32 (e)   | 3,990 | 4,207,335  |
| City of New York New York Municipal Water Finance Authority, RB, Water & Sewer System, Fiscal 2009, Series A, 5.75%, 6/15/40 | 450   | 518,561    |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System:                             |       |            |
| 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47   | 6,000 | 6,676,335  |
| 2nd General Resolution, Series FF-2, 5.50%, 6/15/40  | 405   | 465,334    |
| Series A, 4.75%, 6/15/30   | 3,000 | 3,278,670  |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (k)   | 2,500 | 2,882,467  |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43              | 2,505 | 2,854,072  |
| State of New York Dormitory Authority, RB, New York University, Series A, 5.00%, 7/01/38                                     | 2,199 | 2,455,453  |
| State of New York Thruway Authority, Refunding RB, Transportation, Personal Income Tax, Series A, 5.00%, 3/15/31             | 1,560 | 1,802,939  |
|  |       | 25,141,166 |
| <b>Ohio 2.0%</b>   |       |            |
| County of Montgomery Ohio, RB, Catholic Health, Series C-1 (AGM), 5.00%, 10/01/41  | 1,260 | 1,314,268  |
| Ohio Higher Educational Facility Commission, RB, Cleveland Clinic Health, Series A, 5.25%, 1/01/33                           | 2,000 | 2,201,380  |
|  |       | 3,515,648  |

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 Transferred to Tender Option Bond Trusts (j)</b>                                     |               |                |
| Texas 1.0%  |               |                |
| City of San Antonio Texas Public Service Board, RB, Electric & Gas Systems, Junior Lien, 5.00%, 2/01/43 | \$ 1,580      | \$ 1,762,522   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 20.6%</b>                             |               | 35,903,379     |
| <b>Total Long-Term Investments (Cost \$251,396,107) 157.6%</b>  |               | 273,964,146    |
| <b>Short-Term Securities</b>  | <b>Shares</b> | <b>Value</b>   |
| FBI Institutional Tax-Exempt Fund, 0.03% (1)(m)   | 3,426,637     | \$ 3,426,637   |
| <b>Total Short-Term Securities (Cost \$3,426,637) 2.0%</b>  |               | 3,426,637      |
| <b>Total Investments (Cost \$254,822,744) 159.6%</b>  |               | 277,390,783    |
| <b>Liabilities in Excess of Other Assets (2.4)%</b>   |               | (4,192,544)    |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (11.2)%</b>        |               | (19,499,919)   |
| <b>VMTP Shares, at Liquidation Value (46.0)%</b>  |               | (79,900,000)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 173,798,320 |

Notes to Schedule of investments

- (a) 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.
- (b) Zero-coupon bond.
- (c) Non-income producing security.
- (d) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (e) When-issued security. Unsettled when-issued transactions were as follows:

| Counterparty                | Value        | Unrealized<br>Appreciation<br>(Depreciation) |
|-----------------------------|--------------|--|
| JPMorgan Securities LLC     | \$ 4,207,335 | \$ 65,875                                    |
| Stifel, Nicolaus & CO.      | \$ 2,295,057 | \$ (14,283)                                  |
| Wells Fargo Securities, LLC | \$ 2,090,645 | \$ 23,539                                    |

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- (f) U.S. 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.
- (g) 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.
- (h) 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.
- (i) Variable rate security. Rate shown is as of report date.
- (j) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds 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 \$2,411,773.
- (l) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FPI Institutional Tax-Exempt Fund | 1,669,953                            | 1,756,684       | 3,426,637                            | \$ 1,029 |

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts<br>Sold | Issue                      | Exchange               | Expiration    | Notional<br>Value | Unrealized<br>Depreciation |
|-------------------|----------------------------|------------------------|---------------|-------------------|----------------------------|
| (138)             | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 17,357,813     | \$ (29,303)                |

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. 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)

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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 and derivative financial instruments)

See Notes to Financial Statements.

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

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 273,964,146 |         | \$ 273,964,146 |
| Short-Term Securities              | \$ 3,426,637 |                |         | 3,426,637      |
| <b>Total</b>                       | \$ 3,426,637 | \$ 273,964,146 |         | \$ 277,390,783 |

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

|   | Level 1     | Level 2 | Level 3 | Total       |
|---|-------------|---------|---------|-------------|
| <b>Derivative Financial Instruments<sup>2</sup></b> |             |         |         |             |
| <b>Liabilities:</b>                                 |             |         |         |             |
| Interest rate contracts                             | \$ (29,303) |         |         | \$ (29,303) |

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2         | Level 3 | Total           |
|--|------------|-----------------|---------|-----------------|
| <b>Assets:</b>                               |            |                 |         |                 |
| Cash pledged for financial futures contracts | \$ 189,000 |                 |         | \$ 189,000      |
| <b>Liabilities:</b>                          |            |                 |         |                 |
| TOB trust certificates                       |            | \$ (19,494,759) |         | (19,494,759)    |
| VMTP Shares                                  |            | (79,900,000)    |         | (79,900,000)    |
| <b>Total</b>                                 | \$ 189,000 | \$ (99,394,759) |         | \$ (99,205,759) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.



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## Schedule of Investments August 31, 2014

## Municipal Income Investment Quality Trust (BAF)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 1.9%</b>  |              |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC):           |              |              |
| 6.13%, 6/01/34   | \$ 1,000     | \$ 1,171,830 |
| 6.00%, 6/01/39   | 1,000        | 1,166,230    |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35 | 335          | 370,064      |
|  |              | 2,708,124    |
| <b>California 15.7%</b>  |              |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38    |              |              |
|  | 2,155        | 2,443,361    |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42                    | 1,120        | 1,348,211    |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41                                      | 1,400        | 1,591,016    |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33   | 1,025        | 1,230,923    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (NPFGC), 5.00%, 8/01/32        | 1,000        | 1,105,980    |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                        | 1,175        | 1,324,472    |
| Los Angeles Municipal Improvement Corp., Refunding LRB, Real Property, Series B (AGC), 5.50%, 4/01/39            | 3,210        | 3,683,539    |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34                            | 1,000        | 1,145,780    |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B (AGC), 5.38%, 8/01/34              | 1,125        | 1,300,421    |
| State of California Public Works Board, LRB:   |              |              |
| Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33   | 505          | 588,451      |
| Various Capital Projects, Series I, 5.50%, 11/01/30  | 1,000        | 1,214,420    |
| Various Capital Projects, Series I, 5.50%, 11/01/31  | 1,500        | 1,801,485    |
| Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40           | 380          | 452,363      |
| University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38                  | 2,355        | 2,717,435    |
|  |              | 21,947,857   |
| <b>Colorado 3.8%</b>   |              |              |
| City & County of Denver Colorado Airport System, ARB, Sub-System, Series B, 5.25%, 11/15/32                      |              |              |
|  | 3,250        | 3,702,595    |
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26           | 1,425        | 1,630,684    |
|  |              | 5,333,279    |
| <b>Florida 8.0%</b>  |              |              |
| City of Jacksonville Florida, RB, Series A, 5.25%, 10/01/31  |              |              |
|  | 4,525        | 5,158,274    |
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33  | 205          | 235,816      |
| County of Miami-Dade Florida Seaport Department, RB, Series A, 6.00%, 10/01/38                                   | 4,215        | 4,932,477    |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32   | 745          | 851,609      |
|  |              | 11,178,176   |
| <b>Georgia 2.1%</b>  |              |              |
| City of Atlanta Georgia Department of Aviation, Refunding GARB, Series C, 6.00%, 1/01/30                         |              |              |
|  | 2,500        | 2,987,250    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Illinois 25.6%</b>  |              |              |
| City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien:  |              |              |
| Series A, 5.75%, 1/01/39   | \$ 825       | \$ 940,731   |

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|  |       |            |
|--|-------|------------|
| Series C, 6.50%, 1/01/41   | 3,740 | 4,514,217  |
| City of Chicago Illinois, Refunding GARB, O Hare International Airport, 3rd Lien, Series C (AGC), 5.25%, 1/01/30             | 1,000 | 1,098,800  |
| City of Chicago Illinois, Refunding RB, Waterworks, 2nd Lien, Series A (AMBAC), 5.00%, 11/01/36                              | 1,000 | 1,056,600  |
| City of Chicago Illinois Transit Authority, RB:  |       |            |
| Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 6/01/26   | 1,300 | 1,469,689  |
| Sales Tax Receipts, 5.25%, 12/01/36  | 3,185 | 3,522,037  |
| Sales Tax Receipts, 5.25%, 12/01/40  | 3,000 | 3,305,400  |
| Sales Tax Receipts, 5.00%, 12/01/44  | 2,500 | 2,768,375  |
| Sales Tax Receipts, 5.00%, 12/01/44  | 765   | 843,007    |
| City of Chicago Illinois Transit Authority, Refunding RB, Federal Transit Administration, Section 5309 (AGM), 5.00%, 6/01/28 | 3,000 | 3,221,250  |
| City of Chicago Illinois Wastewater Transmission, RB, 2nd Lien, 5.00%, 1/01/42   | 1,480 | 1,569,377  |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago: 5.50%, 12/01/38                     | 1,250 | 1,423,850  |
| 5.25%, 12/01/43  | 3,000 | 3,304,590  |
| Illinois Finance Authority, RB, Carle Foundation, Series A, 6.00%, 8/15/41   | 1,885 | 2,167,599  |
| Railsplitter Tobacco Settlement Authority, RB:   |       |            |
| 5.50%, 6/01/23   | 915   | 1,074,430  |
| 6.00%, 6/01/28   | 260   | 305,971    |
| State of Illinois, GO:   |       |            |
| 5.25%, 2/01/31   | 610   | 661,868    |
| 5.25%, 2/01/32   | 1,000 | 1,080,980  |
| 5.50%, 7/01/33   | 1,000 | 1,088,170  |
| 5.50%, 7/01/38   | 270   | 292,154    |
|  |       | 35,709,095 |
| <b>Indiana 1.9%</b>  |       |            |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38            | 2,415 | 2,694,222  |
| <b>Louisiana 1.1%</b>  |       |            |
| City of New Orleans Louisiana Aviation Board, Refunding GARB, Restructuring (AGC):   |       |            |
| Series A-1, 6.00%, 1/01/23   | 375   | 432,641    |
| Series A-2, 6.00%, 1/01/23   | 150   | 173,056    |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29                                     | 790   | 867,207    |
|  |       | 1,472,904  |
| <b>Michigan 5.0%</b>   |       |            |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien (AGM):  |       |            |
| Series B, 7.50%, 7/01/33   | 580   | 690,084    |
| Series C-1, 7.00%, 7/01/27   | 2,495 | 2,936,340  |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/36                                   | 1,700 | 1,851,827  |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a)                  | 1,205 | 1,557,053  |
|  |       | 7,035,304  |
| <b>Minnesota 3.1%</b>  |       |            |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38                       | 3,680 | 4,348,141  |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## Municipal Income Investment Quality Trust (BAF)

(Percentages shown are based on Net Assets)

|   | Par        |              |
|---|------------|--------------|
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |
| <b>Mississippi 2.2%</b>   |            |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project (AGM), 6.88%, 12/01/40                       | \$ 1,500   | \$ 1,983,750 |
| Mississippi State University Educational Building Corp., Refunding RB, Mississippi State University Improvement Project, 5.25%, 8/01/38 | 1,000      | 1,153,800    |
|   |            | 3,137,550    |
| <b>Nevada 5.9%</b>  |            |              |
| County of Clark Nevada, GO, Limited Tax, 5.00%, 6/01/38   | 5,410      | 5,974,804    |
| County of Clark Nevada Water Reclamation District, GO, Series A, 5.25%, 7/01/34   | 2,000      | 2,299,340    |
|   |            | 8,274,144    |
| <b>New Jersey 5.2%</b>  |            |              |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38                                | 1,300      | 1,415,349    |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29   | 1,540      | 1,656,671    |
| New Jersey Transportation Trust Fund Authority, RB:<br>Transportation Program, Series AA, 5.50%, 6/15/39                                | 1,620      | 1,826,728    |
| Transportation System, Series A (AGC), 5.50%, 12/15/38  | 2,000      | 2,297,800    |
|   |            | 7,196,548    |
| <b>New York 4.1%</b>  |            |              |
| City of New York New York Transitional Finance Authority Building Aid, BARB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/29              | 2,465      | 2,865,563    |
| Metropolitan Transportation Authority, RB:<br>Series A, 5.25%, 11/15/38   | 1,565      | 1,750,812    |
| Series A-1, 5.25%, 11/15/39   | 1,000      | 1,133,360    |
|   |            | 5,749,735    |
| <b>Ohio 1.2%</b>  |            |              |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:<br>5.25%, 2/15/30                              | 1,000      | 1,151,690    |
| 5.25%, 2/15/31  | 470        | 538,296      |
|   |            | 1,689,986    |
| <b>Pennsylvania 3.0%</b>  |            |              |
| Pennsylvania Turnpike Commission, RB:<br>Series A, 5.00%, 12/01/44  | 460        | 516,051      |
| Series C, 5.00%, 12/01/43   | 1,720      | 1,909,458    |
| Township of Bristol Pennsylvania School District, GO, 5.25%, 6/01/37  | 1,500      | 1,691,580    |
|   |            | 4,117,089    |
| <b>South Carolina 1.3%</b>  |            |              |
| County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38  | 1,525      | 1,786,980    |
| <b>Texas 14.3%</b>  |            |              |
| Austin Community College District Public Facility Corp., RB, Educational Facilities Project, Round Rock Campus, 5.25%, 8/01/33          | 2,000      | 2,249,180    |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37  | 980        | 1,134,095    |
| City of Frisco Texas ISD, GO, School Building (AGC), 5.50%, 8/15/41   | 3,365      | 3,991,226    |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A (AGC):<br>6.00%, 11/15/35                               | 2,600      | 3,100,890    |
| 6.00%, 11/15/36   | 2,215      | 2,630,667    |
| 5.38%, 11/15/38   | 1,000      | 1,136,790    |
| <b>Municipal Bonds</b>  | <b>Par</b> | <b>Value</b> |

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| (000)   |        |                    |
|---|--------|--------------------|
| <b>Texas (concluded)</b>  |        |                    |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC): |        |                    |
| 6.50%, 1/01/19 (a)  | \$ 205 | \$ 255,051         |
| 6.50%, 7/01/37  | 795    | 900,107            |
| Lower Colorado River Authority, Refunding RB, 5.50%, 5/15/33  | 1,000  | 1,150,620          |
| North Texas Tollway Authority, Refunding RB, 1st Tier: (AGM), 6.00%, 1/01/43  | 1,000  | 1,139,750          |
| Series K-1 (AGC), 5.75%, 1/01/38  | 1,500  | 1,718,490          |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38                         | 440    | 507,672            |
|   |        | 19,914,538         |
| <b>Virginia 1.2%</b>  |        |                    |
| City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43                                     | 370    | 413,753            |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a)                         | 1,000  | 1,234,670          |
|   |        | 1,648,423          |
| <b>Washington 1.5%</b>  |        |                    |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36                          | 1,025  | 1,159,419          |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36   | 795    | 928,234            |
|   |        | 2,087,653          |
| <b>Total Municipal Bonds 108.1%</b>   |        | <b>151,016,998</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>   |        |                    |
| <b>Alabama 1.1%</b>   |        |                    |
| City of Mobile Alabama Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31                             | 1,500  | 1,565,835          |
| <b>California 8.8%</b>  |        |                    |
| San Marcos Unified School District, GO, Election of 2010, Series A, 5.25%, 8/01/31                                  | 10,680 | 12,272,495         |
| <b>District of Columbia 0.7%</b>  |        |                    |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/35 (c)              | 760    | 887,121            |
| <b>Illinois 2.4%</b>  |        |                    |
| State of Illinois Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33                             | 2,999  | 3,333,800          |
| <b>Kentucky 0.7%</b>  |        |                    |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27                   | 898    | 1,026,491          |
| <b>Nevada 5.0%</b>  |        |                    |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, 6.00%, 7/01/38                                  | 2,000  | 2,329,220          |
| Las Vegas Valley Water District, GO, Refunding, Series C, 5.00%, 6/01/28  | 4,100  | 4,692,204          |
|   |        | 7,021,424          |
| <b>New Jersey 6.4%</b>  |        |                    |
| New Jersey EDA, RB, School Facilities Construction (AGC):   |        |                    |
| 6.00%, 12/15/18 (a)   | 329    | 400,419            |
| 6.00%, 12/15/34   | 671    | 781,426            |
| New Jersey State Turnpike Authority, RB, Series A, 5.00%, 1/01/38 (c)   | 6,020  | 6,677,625          |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

## 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 (b)</b>   |               |                |
| <b>New Jersey (concluded)</b>   |               |                |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (c)                               | \$ 1,000      | \$ 1,103,281   |
|   |               | 8,962,751      |
| <b>New York 11.9%</b>   |               |                |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:              |               |                |
| Series BB, 5.25%, 6/15/44   | 4,993         | 5,687,207      |
| Series FF, 5.00%, 6/15/45   | 3,019         | 3,334,147      |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39                               | 900           | 1,011,946      |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (c)  | 1,000         | 1,152,987      |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43                       | 2,955         | 3,366,779      |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (c)                                   | 1,740         | 2,015,111      |
|   |               | 16,568,177     |
| <b>Texas 5.4%</b>   |               |                |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 |               |                |
|   | 4,456         | 4,915,934      |
| North Texas Tollway Authority, RB, Special Projects System, Series A, 5.50%, 9/01/41  | 2,310         | 2,666,133      |
|   |               | 7,582,067      |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>   |               |                |
| <b>Utah 0.8%</b>  |               |                |
| City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41  | \$ 1,004      | \$ 1,080,970   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts</b> 43.2%   |               | 60,301,131     |
| <b>Total Long-Term Investments</b>  |               |                |
| (Cost \$191,256,397) 151.3%   |               | 211,318,129    |
| <b>Short-Term Securities</b>  |               |                |
|   | <b>Shares</b> |                |
| FFI Institutional Tax-Exempt Fund, 0.03% (d)(e)   | 1,321,380     | 1,321,380      |
| <b>Total Short-Term Securities</b>  |               |                |
| (Cost \$1,321,380) 0.9%   |               | 1,321,380      |
| <b>Total Investments (Cost \$192,577,777) 152.2%</b>  |               | 212,639,509    |
| <b>Other Assets Less Liabilities 1.2%</b>   |               | 1,635,165      |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (23.2)%</b>                                      |               | (32,351,920)   |
| <b>VMTP Shares, at Liquidation Value (30.2)%</b>  |               | (42,200,000)   |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 139,722,754 |

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## Notes to Schedule of Investments

- (a) U.S. 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) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (c) 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 \$7,491,042.
- (d) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|--------|
| FFI Institutional Tax-Exempt Fund | 452,174                              | 869,206         | 1,321,380                            | \$ 601 |

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts<br>Sold | Issue                      | Exchange               | Expiration    | Notional<br>Value | Unrealized<br>Depreciation |
|-------------------|----------------------------|------------------------|---------------|-------------------|----------------------------|
| (87)              | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 10,942,969     | \$ (18,473)                |

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 and derivative financial instruments)

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

See Notes to Financial Statements.



**Table of Contents****Schedule of Investments (concluded)****Municipal Income Investment Quality Trust (BAF)**

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 211,318,129 |         | \$ 211,318,129 |
| Short-Term Securities              | \$ 1,321,380 |                |         | 1,321,380      |
| <b>Total</b>                       | \$ 1,321,380 | \$ 211,318,129 |         | \$ 212,639,509 |

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

|   | Level 1     | Level 2 | Level 3 | Total       |
|---|-------------|---------|---------|-------------|
| <b>Derivative Financial Instruments<sup>2</sup></b> |             |         |         |             |
| <b>Liabilities:</b>                                 |             |         |         |             |
| Interest rate contracts                             | \$ (18,473) |         |         | \$ (18,473) |

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2         | Level 3 | Total           |
|--|------------|-----------------|---------|-----------------|
| <b>Assets:</b>                               |            |                 |         |                 |
| Cash pledged for financial futures contracts | \$ 119,000 |                 |         | \$ 119,000      |
| <b>Liabilities:</b>                          |            |                 |         |                 |
| TOB trust certificates                       |            | \$ (32,344,766) |         | (32,344,766)    |
| VMTP Shares                                  |            | (42,200,000)    |         | (42,200,000)    |
| <b>Total</b>                                 | \$ 119,000 | \$ (74,544,766) |         | \$ (74,425,766) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.



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## Schedule of Investments August 31, 2014

## BlackRock Municipal Income Quality Trust (BYM)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 3.7%</b>  |              |              |
| City of Birmingham Alabama Airport Authority, ARB (AGM), 5.50%, 7/01/40  | \$ 5,800     | \$ 6,378,550 |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC), 6.00%, 6/01/39            | 1,495        | 1,743,514    |
| County of Jefferson Alabama, RB, Limited Obligation School, Series A, 4.75%, 1/01/25   | 2,800        | 2,754,920    |
| State of Alabama Docks Department, Refunding RB, 6.00%, 10/01/40   | 3,800        | 4,423,124    |
|  |              | 15,300,108   |
| <b>Alaska 0.3%</b>   |              |              |
| Alaska Industrial Development & Export Authority, RB, Providence Health Services, Series A, 5.50%, 10/01/41                      | 1,070        | 1,209,731    |
| <b>Arizona 1.5%</b>  |              |              |
| City of Phoenix Civic Improvement Corp., RB, Civil Plaza Expansion Project, Sub-Series A, 5.00%, 7/01/37                         | 4,490        | 4,626,182    |
| State of Arizona, COP, Department of Administration, Series A (AGM):   |              |              |
| 5.00%, 10/01/27  | 1,250        | 1,386,600    |
| 5.25%, 10/01/28  | 250          | 278,982      |
|  |              | 6,291,764    |
| <b>California 14.3%</b>  |              |              |
| California Health Facilities Financing Authority, RB, St. Joseph Health System, Series A, 5.75%, 7/01/39                         | 625          | 728,181      |
| California Infrastructure & Economic Development Bank, RB, Bay Area Toll Bridges, 1st Lien, Series A (AMBAC), 5.00%, 1/01/28 (a) | 10,100       | 13,189,792   |
| California Statewide Communities Development Authority, RB, Kaiser Permanente, Series A, 5.00%, 4/01/42                          | 1,620        | 1,777,286    |
| Coast Community College District, GO, CAB, Election of 2002, Series C (AGM):   |              |              |
| 5.00%, 8/01/31   | 7,450        | 8,296,171    |
| 0.00%, 8/01/36 (c)   | 4,200        | 1,333,206    |
| County of Orange California Sanitation District, COP, Series B (AGM), 5.00%, 2/01/31   | 2,500        | 2,711,850    |
| Monterey Peninsula Community College District, GO, CAB, Series C (AGM) (c):  |              |              |
| 0.00%, 8/01/31   | 13,575       | 5,956,981    |
| 0.00%, 8/01/32   | 14,150       | 5,885,126    |
| Mount San Antonio Community College District, GO, Refunding, CAB, Election of 2008, Series A, 0.00%, 8/01/43 (b)                 | 1,580        | 998,829      |
| San Diego California Unified School District, GO, CAB, Election of 2008 (c):   |              |              |
| Series C, 0.00%, 7/01/38   | 2,000        | 693,940      |
| Series G, 0.00%, 7/01/34   | 725          | 280,785      |
| Series G, 0.00%, 7/01/35   | 775          | 281,643      |
| Series G, 0.00%, 7/01/36   | 1,155        | 394,225      |
| Series G, 0.00%, 7/01/37   | 770          | 247,162      |
| San Diego California Unified School District, GO, Refunding, CAB, Election of 2008, Series R-1, 0.00%, 7/01/31 (c)               | 1,400        | 712,698      |
| San Jose California Unified School District, GO, Election of 2002, Series B (NPFGC), 5.00%, 8/01/15 (a)                          | 2,350        | 2,454,575    |
| State of California, GO, Refunding, Various Purpose, 5.00%, 10/01/41   | 1,100        | 1,224,663    |
| State of California, GO, Various Purpose, 5.00%, 4/01/42   | 5,000        | 5,545,100    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>California (concluded)</b>  |              |              |
| State of California Public Works Board, LRB:   |              |              |
| Various Capital Projects, Series I, 5.50%, 11/01/33  | \$ 1,415     | \$ 1,701,920 |
| Various Judicial Council Projects, Series A, 5.00%, 3/01/38  | 780          | 869,068      |
| Yosemite Community College District, GO, CAB, Election of 2004, Series D, 0.00%, 8/01/37 (c)                                     | 10,000       | 3,613,800    |

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|  |        |            |
|--|--------|------------|
|  |        | 58,897,001 |
| <b>Colorado 1.3%</b>   |        |            |
| Regional Transportation District, COP, Refunding, Series A, 5.38%, 6/01/31   | 960    | 1,065,984  |
| Regional Transportation District, COP, Series A, 5.00%, 6/01/39  | 3,845  | 4,209,698  |
|  |        | 5,275,682  |
| <b>District of Columbia 2.3%</b>   |        |            |
| District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, 6.75%, 5/15/40                    | 9,500  | 9,500,475  |
| <b>Florida 11.8%</b>   |        |            |
| County of Broward Florida School Board, COP, Series A (AGM), 5.25%, 7/01/33  | 1,400  | 1,559,348  |
| County of Broward Florida Water & Sewer Utility, Refunding RB, Series A, 5.25%, 10/01/34                               | 6,750  | 7,613,460  |
| County of Duval Florida School Board, COP, Master Lease Program (AGM), 5.00%, 7/01/33                                  | 3,475  | 3,778,819  |
| County of Miami-Dade Florida, RB:  |        |            |
| CAB, Special Obligation, Sub-Series A (NPFGC), 0.00%, 10/01/38 (c)   | 22,270 | 6,411,310  |
| Transit System Sales Surtax (AGM), 5.00%, 7/01/35  | 1,300  | 1,437,059  |
| County of Miami-Dade Florida Aviation, Refunding ARB:  |        |            |
| Miami International Airport, Series A-1, 5.50%, 10/01/41   | 5,000  | 5,737,200  |
| Series A, 5.50%, 10/01/36  | 5,000  | 5,722,750  |
| County of Miami-Dade Florida Seaport Department, RB, Series A, 6.00%, 10/01/38   | 2,770  | 3,241,510  |
| County of Sarasota Florida Public Hospital District, RB, Sarasota Memorial Hospital Project, Series A, 5.63%, 7/01/39  | 300    | 321,645    |
| Florida Housing Finance Corp., RB, Homeowner Mortgage, Series 3 (Ginnie Mae), 5.45%, 7/01/33                           | 980    | 1,034,762  |
| Florida State Department of Environmental Protection, RB, Florida Forever Project, Series B (NPFGC), 5.00%, 7/01/27    | 6,150  | 6,811,494  |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/33   | 1,340  | 1,529,570  |
| South Florida Water Management District, COP (AMBAC), 5.00%, 10/01/36  | 1,000  | 1,067,430  |
| Tohopekaliga Water Authority, Refunding RB, Series A, 5.25%, 10/01/36  | 2,000  | 2,255,440  |
|  |        | 48,521,797 |
| <b>Georgia 2.5%</b>  |        |            |
| City of Atlanta Georgia Department of Aviation, Refunding GARB, Series C, 6.00%, 1/01/30                               | 7,500  | 8,961,750  |
| County of Burke Georgia Development Authority, Refunding RB, Oglethorpe Power-Vogtle Project, Series C, 5.70%, 1/01/43 | 1,250  | 1,352,113  |
|  |        | 10,313,863 |
| <b>Hawaii 1.4%</b>   |        |            |
| State of Hawaii Harbor System, RB, Series A, 5.50%, 7/01/35  | 5,000  | 5,630,500  |

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>Illinois 17.5%</b>  |              |              |
| City of Chicago Illinois, GO, Refunding, Series A:<br>Project, 5.25%, 1/01/33  | \$ 3,000     | \$ 3,183,930 |
| 5.00%, 1/01/34   | 6,600        | 6,864,264    |
| City of Chicago Illinois, Refunding RB:<br>Midway Airport, 2nd Lien, Series B, 5.00%, 1/01/36                          | 2,000        | 2,195,340    |
| Sales Tax Receipts, Series A, 5.00%, 1/01/41   | 4,875        | 5,144,051    |
| City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39   | 755          | 798,367      |
| City of Chicago Illinois, O Hare International Airport, GARB, 3rd Lien, Series A, 5.63%, 1/01/35                       | 1,525        | 1,724,379    |
| City of Chicago Illinois O Hare International Airport, Refunding GARB, Senior Lien, Series D,<br>5.25%, 1/01/34        | 9,800        | 11,045,678   |
| City of Chicago Illinois Park District, GO, Harbor Facilities Revenue, Series C, 5.25%, 1/01/40                        | 600          | 647,520      |
| City of Chicago Illinois Transit Authority, RB:<br>5.25%, 12/01/49   | 3,500        | 3,889,970    |
| Sales Tax Receipts, 5.25%, 12/01/36  | 650          | 718,783      |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago:<br>5.13%, 12/01/38            | 7,700        | 8,439,046    |
| 5.50%, 12/01/38  | 1,000        | 1,139,080    |
| County of Cook Illinois Forest Preserve District, GO, Refunding, Limited Tax Project, Series B,<br>5.00%, 12/15/37     | 310          | 339,032      |
| County of Cook Illinois Forest Preserve District, GO, Series C, 5.00%, 12/15/37  | 360          | 392,436      |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A,<br>5.00%, 6/15/42           | 4,725        | 5,094,211    |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Expansion Project,<br>Series B, 4.25%, 6/15/42 | 3,960        | 4,003,520    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28  | 710          | 835,535      |
| State of Illinois, GO:<br>5.25%, 2/01/33   | 2,435        | 2,620,401    |
| 5.50%, 7/01/33   | 880          | 957,590      |
| 5.25%, 2/01/34   | 5,910        | 6,341,016    |
| 5.50%, 7/01/38   | 1,475        | 1,596,024    |
| 5.00%, 2/01/39   | 2,500        | 2,593,100    |
| University of Illinois, RB, Auxiliary Facilities System, Series A, 5.00%, 4/01/39                                      | 1,020        | 1,129,660    |
|  |              | 71,692,933   |
| <b>Indiana 1.9%</b>  |              |              |
| Indiana Finance Authority, RB, CWA Authority Project, 1st Lien, Series A, 5.25%, 10/01/38                              | 1,100        | 1,257,564    |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A<br>(AGC), 5.50%, 1/01/38   | 5,750        | 6,414,815    |
|  |              | 7,672,379    |
| <b>Iowa 2.2%</b>   |              |              |
| Iowa Finance Authority, RB, Iowa Health Care Facilities:<br>Genesis Health System, 5.50%, 7/01/33                      | 3,000        | 3,462,480    |
| Series A (AGC), 5.63%, 8/15/37   | 5,000        | 5,722,650    |
|  |              | 9,185,130    |
| <b>Kentucky 0.4%</b>   |              |              |
| State of Kentucky Property & Building Commission, Refunding RB, Project No. 93 (AGC),<br>5.25%, 2/01/29                | 1,500        | 1,711,665    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Louisiana 2.4%</b>  |              |              |
|  | \$ 1,550     | \$ 1,717,090 |

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Louisiana Local Government Environmental Facilities & Community Development Authority, RB,  
East Baton Rouge Sewerage Commission Projects, Sub-Lien, Series A, 5.00%, 2/01/43

|   |       |           |
|---|-------|-----------|
| State of Louisiana Gasoline & Fuels Tax, RB, Series A (AGM), 5.00%, 5/01/16 (a) | 7,500 | 8,089,725 |
|   |       | 9,806,815 |

### Massachusetts 1.0%

Massachusetts School Building Authority, RB, Dedicated Sales Tax, Series A:

|                           |       |           |
|---------------------------|-------|-----------|
| (AGM), 5.00%, 8/15/15 (a) | 1,675 | 1,753,122 |
| (AGM), 5.00%, 8/15/30     | 595   | 619,335   |
| Senior, 5.00%, 5/15/43    | 1,395 | 1,586,785 |

3,959,242

### Michigan 4.8%

City of Detroit Michigan Sewage Disposal System, Refunding RB, 2nd Lien, Series E (BHAC),  
5.75%, 7/01/31

|   |       |           |
|---|-------|-----------|
| City of Lansing Michigan, RB, Board of Water & Light Utilities System, Series A, 5.50%, 7/01/41 | 3,000 | 3,366,360 |
| Michigan Finance Authority, Refunding RB, Trinity Health Credit Group, 5.00%, 12/01/39          | 1,100 | 1,294,876 |

State of Michigan Building Authority, Refunding RB, Facilities Program:

|   |       |           |
|---|-------|-----------|
| Series I-A, 5.38%, 10/15/36   | 9,050 | 9,840,155 |
| Series I-A, 5.38%, 10/15/41   | 2,000 | 2,246,740 |
| Series II-A, 5.38%, 10/15/36  | 800   | 903,016   |
| Western Michigan University, Refunding RB, General (AGM), 5.00%, 11/15/39 | 1,500 | 1,688,085 |
|   | 430   | 474,686   |

19,813,918

### Nebraska 1.7%

Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.25%, 9/01/37

|  |       |           |
|--|-------|-----------|
|  | 6,345 | 6,956,595 |
|--|-------|-----------|

### Nevada 1.9%

County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A:

|                       |       |           |
|-----------------------|-------|-----------|
| 5.25%, 7/01/42        | 3,000 | 3,334,530 |
| (AGM), 5.25%, 7/01/39 | 4,100 | 4,583,185 |

7,917,715

### New Jersey 5.4%

New Jersey Transportation Trust Fund Authority, RB:

|   |       |           |
|---|-------|-----------|
| 5.00%, 6/15/36  | 5,070 | 5,509,113 |
| CAB, Transportation System, Series A, 0.00%, 12/15/38 (c) | 5,845 | 1,781,848 |
| Transportation Program, Series AA, 5.25%, 6/15/33         | 1,660 | 1,878,190 |
| Transportation Program, Series AA, 5.50%, 6/15/39         | 3,785 | 4,268,004 |
| Transportation System, Series A, 5.50%, 6/15/41           | 3,000 | 3,375,300 |
| Transportation System, Series B, 5.25%, 6/15/36           | 5,000 | 5,515,250 |

22,327,705

### New York 5.1%

City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-4,  
5.50%, 1/15/33

|  |       |           |
|--|-------|-----------|
|  | 1,950 | 2,238,678 |
|--|-------|-----------|

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>New York (concluded)</b>   |              |               |
| City of New York New York Transitional Finance Authority, Refunding RB, Future Tax Secured, Series B:                     |              |               |
| 5.00%, 11/01/30   | \$ 12,500    | \$ 14,555,375 |
| 5.00%, 11/01/32   | 1,650        | 1,908,241     |
| Hudson Yards Infrastructure Corp., RB, Senior, Fiscal 2012, Series A, 5.75%, 2/15/47                                      | 770          | 887,872       |
| State of New York Dormitory Authority, ERB, Series B, 5.75%, 3/15/36  | 1,300        | 1,516,034     |
|   |              | 21,106,200    |
| <b>Ohio 0.7%</b>  |              |               |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37                                       | 610          | 741,748       |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1: 5.25%, 2/15/32                   | 780          | 890,245       |
| 5.25%, 2/15/33  | 1,095        | 1,247,172     |
|   |              | 2,879,165     |
| <b>Pennsylvania 0.6%</b>  |              |               |
| Pennsylvania Turnpike Commission, RB:   |              |               |
| Series A, 5.00%, 12/01/38   | 695          | 783,508       |
| Series C, 5.50%, 12/01/33   | 630          | 738,089       |
| Subordinate, Special Motor License Fund, 6.00%, 12/01/36  | 625          | 735,475       |
|   |              | 2,257,072     |
| <b>South Carolina 4.1%</b>  |              |               |
| South Carolina Jobs EDA, Refunding RB, Palmetto Health, Series A (AGM), 6.50%, 8/01/39                                    | 260          | 302,710       |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40  | 5,000        | 5,463,750     |
| State of South Carolina Public Service Authority, RB, Santee Cooper:  |              |               |
| Series A, 5.50%, 12/01/54   | 6,960        | 7,862,016     |
| Series E, 5.50%, 12/01/53   | 610          | 686,836       |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series B, 5.00%, 12/01/38                  | 2,360        | 2,619,954     |
|   |              | 16,935,266    |
| <b>Tennessee 0.3%</b>   |              |               |
| Memphis Center City Revenue Finance Corp., RB, Pyramid & Pinch District, Series B (AGM), 5.25%, 11/01/30                  | 940          | 1,078,143     |
| <b>Texas 18.8%</b>  |              |               |
| City of San Antonio Texas Public Service Board, RB, Junior Lien, 5.00%, 2/01/38   | 615          | 688,917       |
| Comal Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/01/36  | 2,500        | 2,633,650     |
| Coppell Texas ISD, GO, CAB, Refunding (PSF-GTD), 0.00%, 8/15/30 (c)   | 10,030       | 5,902,153     |
| County of Harris Texas, GO, Refunding (NPFGC) (c):  |              |               |
| 0.00%, 8/15/25  | 7,485        | 5,610,457     |
| 0.00%, 8/15/28  | 10,915       | 7,252,144     |
| County of Harris Texas Houston Sports Authority, Refunding RB (c):  |              |               |
| 3rd Lien, Series A-3 (NPFGC), 0.00%, 11/15/38   | 16,890       | 4,022,522     |
| CAB, Junior Lien, Series H (NPFGC), 0.00%, 11/15/38   | 5,785        | 1,400,086     |
| CAB, Junior Lien, Series H (NPFGC), 0.00%, 11/15/39   | 6,160        | 1,388,834     |
|   | <b>Par</b>   |               |
|   | <b>(000)</b> | <b>Value</b>  |
| <b>Municipal Bonds</b>  |              |               |
| <b>Texas (concluded)</b>  |              |               |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Project, Series A, 0.00%, 9/15/36 (c) |              |               |
|   | \$ 2,340     | \$ 860,980    |
| Dallas-Fort Worth International Airport, Refunding ARB, Series F, 5.25%, 11/01/33   | 1,090        | 1,258,852     |

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|   |        |             |
|---|--------|-------------|
| Leander Independent School District, GO, Refunding, Series D, 0.00%, 8/15/38 (c)  | 3,775  | 1,254,697   |
| Mansfield Texas ISD, GO, School Building (PSF-GTD), 5.00%, 2/15/33  | 2,980  | 3,275,854   |
| New Hope Cultural Education Facilities Corp., HRB, Collegiate Housing College Station, Texas                                      |        |             |
| A&M University Project, Series A (AGM), 5.00%, 4/01/46  | 135    | 146,212     |
| North Texas Tollway Authority, RB:  |        |             |
| CAB, Special Project System, Series B, 0.00%, 9/01/37 (c)   | 1,975  | 616,713     |
| Convertible CAB, Series C, 0.00%, 9/01/45 (b)   | 2,500  | 2,343,725   |
| Special Projects System, Series A, 6.00%, 9/01/41   | 1,000  | 1,224,360   |
| North Texas Tollway Authority, Refunding RB, 1st Tier System, Series A:   |        |             |
| 6.00%, 1/01/28  | 625    | 734,644     |
| (NPFGC), 5.75%, 1/01/40   | 23,050 | 25,819,688  |
| Texas Municipal Gas Acquisition & Supply Corp. III, RB:   |        |             |
| 5.00%, 12/15/31   | 2,105  | 2,264,538   |
| 5.00%, 12/15/32   | 3,600  | 3,846,528   |
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 5.00%, 8/15/41                  | 4,160  | 4,506,029   |
|   |        | 77,051,583  |
| <b>Washington 2.4%</b>  |        |             |
| County of King Washington Sewer, Refunding RB (AGM), 5.00%, 1/01/16 (a)   | 2,200  | 2,338,358   |
| Washington Health Care Facilities Authority, RB:  |        |             |
| MultiCare Health System, Remarketing, Series B, 5.00%, 8/15/44  | 2,000  | 2,150,700   |
| MultiCare Health System, Series C (AGC), 5.50%, 8/15/43   | 4,000  | 4,380,200   |
| Providence Health & Services, Series A, 5.25%, 10/01/39   | 675    | 737,336     |
|   |        | 9,606,594   |
| <b>Wisconsin 0.4%</b>   |        |             |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | 1,500  | 1,636,860   |
| <b>Total Municipal Bonds 110.7%</b>   |        | 454,535,901 |

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

|  |       |           |
|--|-------|-----------|
| <b>Arizona 0.8%</b>  |       |           |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34 | 1,300 | 1,471,314 |
| Salt River Project Agricultural Improvement & Power District, RB, Electric System, Series A, 5.00%, 1/01/38        | 1,500 | 1,643,580 |
|  |       | 3,114,894 |

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 Transferred to Tender Option Bond Trusts (d)</b>   |              |              |
| <b>California 7.7%</b>  |              |              |
| California State University, RB, Systemwide, Series A (AGM), 5.00%, 11/01/33 (e)  | \$ 3,379     | \$ 3,765,677 |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32  | 8,000        | 8,741,680    |
| County of San Diego California Water Authority, COP, Refunding, Series A (AGM), 5.00%, 5/01/33  | 4,870        | 5,411,544    |
| Foothill-De Anza Community College District, GO, Election of 1999, Series C (NPFGC), 5.00%, 8/01/15 (a)   | 7,500        | 7,835,175    |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32   | 5,000        | 5,529,900    |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33   | 449          | 519,690      |
|   |              | 31,803,666   |
| <b>District of Columbia 0.3%</b>  |              |              |
| District of Columbia, RB, Series A, 5.50%, 12/01/30 (e)   | 1,080        | 1,275,631    |
| <b>Florida 9.9%</b>   |              |              |
| City of Tallahassee Florida, RB, Energy System (NPFGC):   |              |              |
| 5.00%, 10/01/32 (e)   | 3,000        | 3,282,630    |
| 5.00%, 10/01/37   | 5,000        | 5,471,050    |
| County of Highlands Florida Health Facilities Authority, RB, Adventist, Series C, 5.25%, 11/15/36   | 1,800        | 1,938,042    |
| County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42   | 1,950        | 2,155,959    |
| County of Miami-Dade Florida Water & Sewer System, RB (AGM), 5.00%, 10/01/39  | 10,101       | 11,313,174   |
| County of Orange Florida School Board, COP, Series A:   |              |              |
| (AGC), 5.50%, 8/01/34   | 6,096        | 6,818,792    |
| (NPFGC), 5.00%, 8/01/30   | 6,000        | 6,378,120    |
| State of Florida Board of Education, GO, Series D, 5.00%, 6/01/37 (e)   | 2,999        | 3,308,295    |
|   |              | 40,666,062   |
| <b>Illinois 8.3%</b>  |              |              |
| City of Chicago Illinois, RB, Motor Fuel Tax Project, Series A (AGC), 5.00%, 1/01/38  | 8,310        | 8,856,133    |
| Illinois Finance Authority, RB, The Carle Foundation, Series A (AGM), 6.00%, 8/15/41  | 2,400        | 2,769,408    |
| Metropolitan Pier & Exposition Authority, RB, McCormick Place Expansion Project, Series A, 5.00%, 6/15/42   | 7,020        | 7,568,683    |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34 (e)   | 1,400        | 1,571,443    |
| State of Illinois Toll Highway Authority, RB:   |              |              |
| Senior Priority, Series B, 5.50%, 1/01/33   | 4,499        | 5,000,699    |
| Series A, 5.00%, 1/01/38  | 7,714        | 8,551,105    |
|   |              | 34,317,471   |
| <b>Nevada 1.8%</b>  |              |              |
| City of Las Vegas Nevada, GO, Limited Tax, Performing Arts Center, 6.00%, 4/01/39 (e)   | 4,197        | 4,888,405    |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, Series B, 5.75%, 7/01/34  | 2,024        | 2,390,267    |
|   |              | 7,278,672    |
| <b>New Jersey 0.5%</b>  |              |              |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36 (e)   | 2,000        | 2,206,562    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (d)</b>   |              |              |
| <b>New York 8.1%</b>  |              |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Fiscal 2013, Series CC, 5.00%, 6/15/47 | \$ 6,240     | \$ 6,943,388 |
| City of New York New York Water & Sewer System, Refunding RB, 2nd General Resolution, Fiscal 2014, Series DD, 5.00%, 6/15/35                                    | 1,845        | 2,140,772    |

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|   |       |             |
|---|-------|-------------|
| County of Erie New York Industrial Development Agency, RB, City of Buffalo School District Project, Series A (AGM), 5.75%, 5/01/28    | 4,494 | 5,004,726   |
| Metropolitan Transportation Authority, RB, Dedicated Tax, Series A (NPFGC), 5.00%, 11/15/31   | 7,002 | 7,543,053   |
| New York State Urban Development Corp., RB, Personal Income Tax, General Purpose, Series A-1, 5.00%, 3/15/43                          | 5,720 | 6,425,219   |
| Triborough Bridge & Tunnel Authority, RB, General, Series A-2, 5.25%, 11/15/34 (e)  | 4,500 | 5,167,485   |
|   |       | 33,224,643  |
| <b>Ohio 0.2%</b>  |       |             |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34  | 620   | 699,273     |
| <b>South Carolina 0.2%</b>  |       |             |
| State of South Carolina Public Service Authority, Refunding RB, Santee Cooper, Series A, 5.50%, 1/01/38 (e)                           | 600   | 682,824     |
| <b>Texas 1.7%</b>   |       |             |
| City of Houston Texas, Refunding RB, Airport System, Senior Lien, Series A, 5.50%, 7/01/34  | 4,167 | 4,748,450   |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Baylor Health Care System Project, Series A, 5.00%, 11/15/38 | 719   | 793,604     |
| North East Texas ISD, GO, School Building, Series A (PSF-GTD), 5.00%, 8/01/37 (e)   | 1,500 | 1,643,100   |
|   |       | 7,185,154   |
| <b>Utah 1.4%</b>  |       |             |
| Utah Transit Authority, RB, Series A (AGM), 5.00%, 6/15/36  | 5,000 | 5,564,900   |
| <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   | 448,538     |
| <b>Washington 0.9%</b>  |       |             |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32   | 3,494 | 3,851,765   |
| <b>Wisconsin 1.6%</b>   |       |             |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Obligated Group:               |       |             |
| Series A, 5.00%, 4/01/42  | 3,520 | 3,863,059   |
| Series C, 5.25%, 4/01/39  | 2,500 | 2,694,900   |
|   |       | 6,557,959   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 43.5%</b>   |       | 178,878,014 |
| <b>Total Long-Term Investments</b>  |       |             |
| <b>(Cost \$578,934,829) 154.2%</b>  |       | 633,413,915 |

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% (f)(g)                 | 4,098,719 | \$ 4,098,719          |
| <b>Total Short-Term Securities</b>                              |           |                       |
| (Cost \$4,098,719) 1.0%   |           | 4,098,719             |
| <b>Total Investments (Cost \$583,033,548) 155.2%</b>            |           | <b>637,512,634</b>    |
| <b>Other Assets Less Liabilities 1.0%</b>                       |           | <b>4,303,770</b>      |
| <b>Liability for TOB Trust Certificates, Including Interest</b> |           |                       |
| <b>Expense and Fees Payable (22.8)%</b>                         |           | (93,840,591)          |
| <b>VMTP Shares, at Liquidation Value (33.4)%</b>                |           | (137,200,000)         |
| <b>Net Assets Applicable to Common Shares 100.0%</b>            |           | <b>\$ 410,775,813</b> |

## Notes to Schedule of Investments

- (a) U.S. 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) Zero-coupon bond.
- (d) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
- (e) 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.
- (f) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 5,187,077                            | (1,088,358)     | 4,098,719                            | \$ 2,004 |

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

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Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts Sold | Issue                      | Exchange               | Expiration    | Notional Value | Unrealized Depreciation |
|----------------|----------------------------|------------------------|---------------|----------------|-------------------------|
| (363)          | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 45,658,594  | \$ (77,079)             |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 and derivative financial instruments)

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 633,413,915 |         | \$ 633,413,915 |
| Short-Term Securities              | \$ 4,098,719 |                |         | 4,098,719      |
| <b>Total</b>                       | \$ 4,098,719 | \$ 633,413,915 |         | \$ 637,512,634 |

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

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock Municipal Income Quality Trust (BYM)

|   | Level 1     | Level 2          | Level 3 | Total            |
|---|-------------|------------------|---------|------------------|
| Derivative Financial Instruments <sup>2</sup>   |             |                  |         |                  |
| <b>Liabilities:</b>   |             |                  |         |                  |
| Interest rate contracts   | \$ (77,079) |                  |         | \$ (77,079)      |
| <sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.  |             |                  |         |                  |
| The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows: |             |                  |         |                  |
|   | Level 1     | Level 2          | Level 3 | Total            |
| <b>Assets:</b>  |             |                  |         |                  |
| Cash pledged for financial futures contracts  | \$ 496,000  |                  |         | \$ 496,000       |
| <b>Liabilities:</b>   |             |                  |         |                  |
| TOB trust certificates  |             | \$ (93,815,779)  |         | (93,815,779)     |
| VMTP Shares   |             | (137,200,000)    |         | (137,200,000)    |
| <b>Total</b>  | \$ 496,000  | \$ (231,015,779) |         | \$ (230,519,779) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2014

## BlackRock Municipal Income Trust II (BLE)

(Percentages shown are based on Net Assets)

|  | Par      |              |
|--|----------|--------------|
|  | (000)    | Value        |
| <b>Municipal Bonds</b>   |          |              |
| <b>Alabama 2.0%</b>  |          |              |
| County of Jefferson Alabama, RB, Limited Obligation School, Series A, 5.25%, 1/01/19   | \$ 1,620 | \$ 1,634,758 |
| County of Jefferson Alabama Sewer, Refunding RB:   |          |              |
| Senior Lien, Series A (AGM), 5.00%, 10/01/44   | 540      | 575,991      |
| Senior Lien, Series A (AGM), 5.25%, 10/01/48   | 1,320    | 1,428,412    |
| Sub-Lien, Series D, 7.00%, 10/01/51  | 3,220    | 3,810,741    |
|  |          | 7,449,902    |
| <b>Arizona 2.1%</b>  |          |              |
| Salt Verde Financial Corp., RB, Senior:  |          |              |
| 5.00%, 12/01/32  | 5,635    | 6,407,051    |
| 5.00%, 12/01/37  | 1,000    | 1,138,910    |
|  |          | 7,545,961    |
| <b>California 12.2%</b>  |          |              |
| Bay Area Toll Authority, Refunding RB, San Francisco Bay Area Toll Bridge, Series F-1, 5.63%, 4/01/19 (a)                              |          |              |
|  | 2,480    | 3,001,892    |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42  |          |              |
|  | 3,500    | 4,213,160    |
| California Health Facilities Financing Authority, Refunding RB, St. Joseph Health System, Series A, 5.00%, 7/01/33                     |          |              |
|  | 1,365    | 1,529,360    |
| California HFA, RB, S/F Housing, Home Mortgage, Series K, AMT, 5.50%, 2/01/42  |          |              |
|  | 620      | 633,026      |
| California Municipal Finance Authority Mobile Home Park, RB, Senior, Caritas Affordable Housing, Inc. Projects, S/F Housing, Series A: |          |              |
| 5.25%, 8/15/39   | 160      | 173,965      |
| 5.25%, 8/15/49   | 395      | 427,291      |
| California Pollution Control Financing Authority, RB (b):  |          |              |
| County of San Diego California Water Authority Desalination Project Pipeline, 5.00%, 11/21/45  |          |              |
|  | 1,340    | 1,371,222    |
| Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 7/01/37   |          |              |
|  | 1,120    | 1,173,917    |
| Poseidon Resources (Channel Side) LP Desalination Project, AMT, 5.00%, 11/21/45  |          |              |
|  | 1,655    | 1,731,875    |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Series A:                     |          |              |
| 5.25%, 5/15/39   | 860      | 982,782      |
| Senior, 5.00%, 5/15/40   | 6,500    | 7,345,650    |
| City of Stockton California Public Financing Authority, RB, Delta Water Supply Project, Series A, 6.25%, 10/01/38                      |          |              |
|  | 380      | 439,269      |
| County of Stanislaus California Tobacco Securitization Agency, RB, CAB, Sub-Series C, 0.00%, 6/01/55 (c)                               |          |              |
|  | 9,710    | 127,686      |
| San Diego Community College District California, GO, Election of 2006, 5.00%, 8/01/43  |          |              |
|  | 1,170    | 1,334,256    |
| San Marcos Unified School District, GO, CAB, Election of 2010, Series B (c):   |          |              |
| 0.00%, 8/01/33   | 3,000    | 1,346,190    |
| 0.00%, 8/01/43   | 2,500    | 686,300      |
| State of California, GO, Various Purposes:   |          |              |
| 6.00%, 3/01/33   | 1,760    | 2,132,434    |
| 6.50%, 4/01/33   | 10,645   | 13,007,125   |
| State of California Public Works Board, LRB, Various Capital Project:  |          |              |
| Series I, 5.00%, 11/01/38  | 825      | 925,460      |
| Sub-Series I-1, 6.38%, 11/01/34  | 1,280    | 1,553,101    |
|  |          | 44,135,961   |
| <b>Colorado 1.7%</b>   |          |              |
| Colorado Health Facilities Authority, Refunding RB:  |          |              |
| Catholic Health Initiative, Series A, 5.50%, 7/01/34   | 2,330    | 2,668,409    |

**Colorado 1.7%**

Colorado Health Facilities Authority, Refunding RB:

Catholic Health Initiative, Series A, 5.50%, 7/01/34

**Par****Municipal Bonds****(000)****Value**

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|  |          |              |
|--|----------|--------------|
| <b>Colorado (concluded)</b>  |          |              |
| Colorado Health Facilities Authority, Refunding RB (concluded):  |          |              |
| Evangelical Lutheran Good Samaritan Society Project, 5.00%, 12/01/42   | \$ 1,850 | \$ 1,955,764 |
| Park Creek Metropolitan District, Refunding RB, Senior Limited Property Tax, 5.50%, 12/01/37                             | 1,375    | 1,397,083    |
|  |          | 6,021,256    |
| <b>Connecticut 0.3%</b>  |          |              |
| Connecticut State Health & Educational Facility Authority, RB, Ascension Health Senior Credit, Series A, 5.00%, 11/15/40 |          |              |
|  | 1,005    | 1,102,776    |
| <b>Delaware 1.6%</b>   |          |              |
| County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Power LLC Project, 6.00%, 10/01/40                         |          |              |
|  | 1,240    | 1,381,546    |
| Delaware State EDA, RB, Exempt Facilities, Indian River Power LLC Project, 5.38%, 10/01/45                               | 4,275    | 4,551,678    |
|  |          | 5,933,224    |
| <b>District of Columbia 5.2%</b>   |          |              |
| District of Columbia, Refunding RB, Kipp Charter School, Series A, 6.00%, 7/01/43  |          |              |
|  | 820      | 935,800      |
| District of Columbia Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed:                                     |          |              |
| 6.50%, 5/15/33   | 3,250    | 3,641,138    |
| 6.75%, 5/15/40   | 11,500   | 11,500,575   |
| Metropolitan Washington Airports Authority, Refunding RB, Dulles Toll Road, 1st Senior Lien, Series A:                   |          |              |
| 5.00%, 10/01/39  | 550      | 590,524      |
| 5.25%, 10/01/44  | 2,000    | 2,172,480    |
|  |          | 18,840,517   |
| <b>Florida 6.6%</b>  |          |              |
| City of Atlantic Beach Florida, RB, Health Care Facilities, Fleet Landing Project, Series B, 5.63%, 11/15/43             |          |              |
|  | 1,445    | 1,561,843    |
| City of Jacksonville Florida Port Authority, Refunding RB, AMT, 5.00%, 11/01/38  |          |              |
|  | 1,665    | 1,769,262    |
| City of Leesburg Florida, RB, Leesburg Regional Medical Center Project, 5.50%, 7/01/32                                   |          |              |
|  | 1,000    | 1,000,850    |
| County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport: Series A, AMT (AGC), 5.25%, 10/01/38  |          |              |
|  | 2,855    | 3,163,340    |
| Series A-1, 5.38%, 10/01/41  | 1,255    | 1,413,118    |
| County of Miami-Dade Florida Water & Sewer System, RB (AGM), 5.00%, 10/01/39   |          |              |
|  | 5,000    | 5,599,850    |
| County of Tampa-Hillsborough Florida Expressway Authority, Refunding RB, Series A, 5.00%, 7/01/37                        |          |              |
|  | 680      | 744,484      |
| Miami Beach Health Facilities Authority, RB, Mount Sinai Medical Center Florida, 6.75%, 11/15/14 (a)                     |          |              |
|  | 3,085    | 3,123,871    |
| Mid-Bay Bridge Authority, RB, Springing Lien, Series A, 7.25%, 10/01/40  |          |              |
|  | 3,300    | 4,012,998    |
| Stevens Plantation Community Development District, Special Assessment, Series A, 7.10%, 5/01/35 (d)(e)                   |          |              |
|  | 1,895    | 1,413,784    |
|  |          | 23,803,400   |
| <b>Georgia 0.3%</b>  |          |              |
| DeKalb Private Hospital Authority, Refunding RB, Children s Healthcare, 5.25%, 11/15/39                                  |          |              |
|  | 915      | 1,041,279    |
| <b>Hawaii 0.5%</b>   |          |              |
| State of Hawaii Harbor System, RB, Series A, 5.25%, 7/01/30  |          |              |
|  | 1,480    | 1,659,613    |
| <b>Illinois 20.4%</b>  |          |              |
| City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien:  |          |              |
| Series A, 5.75%, 1/01/39   | 5,000    | 5,701,400    |
| Series C, 6.50%, 1/01/41   | 6,430    | 7,761,074    |

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>   |              |              |
| City of Chicago Illinois, GO, Project, Series A:<br>5.00%, 1/01/33  | \$ 1,510     | \$ 1,562,382 |
| 5.00%, 1/01/34  | 3,050        | 3,150,009    |
| City of Chicago Illinois, GO, Refunding, Project, Series A, 5.25%, 1/01/32                                  | 4,940        | 5,266,238    |
| City of Chicago Illinois, Refunding RB, Sales Tax, Series A, 5.25%, 1/01/38                                 | 895          | 973,205      |
| City of Chicago Illinois Board of Education, GO, Series A, 5.25%, 12/01/41                                  | 3,485        | 3,592,791    |
| City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/40                         | 1,150        | 1,267,070    |
| City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien Project, 5.00%, 11/01/42                        | 3,130        | 3,328,223    |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago,<br>5.50%, 12/01/38 | 845          | 962,523      |
| Illinois Finance Authority, Refunding RB:   |              |              |
| Ascension Health, Series A, 5.00%, 11/15/37   | 1,060        | 1,162,629    |
| Central Dupage Health, Series B, 5.50%, 11/01/39  | 1,750        | 1,979,582    |
| Friendship Village Schaumburg, Series A, 5.63%, 2/15/37   | 455          | 436,113      |
| Illinois Sports Facilities Authority, RB (AMBAC):   |              |              |
| 5.50%, 6/15/15 (a)  | 3,055        | 3,213,982    |
| 5.50%, 6/15/30  | 7,445        | 7,759,998    |
| Illinois State Toll Highway Authority, RB, Series A, 5.00%, 1/01/38   | 2,520        | 2,793,143    |
| Metropolitan Pier & Exposition Authority, Refunding RB, McCormick Place Expansion Project:                  |              |              |
| Series B (AGM), 5.00%, 6/15/50  | 6,725        | 7,078,062    |
| Series B-2, 5.00%, 6/15/50  | 2,725        | 2,867,408    |
| Railsplitter Tobacco Settlement Authority, RB:  |              |              |
| 5.50%, 6/01/23  | 520          | 610,605      |
| 6.00%, 6/01/28  | 1,255        | 1,476,897    |
| State of Illinois, GO:  |              |              |
| 5.00%, 2/01/39  | 1,640        | 1,701,074    |
| Series A, 5.00%, 4/01/35  | 2,500        | 2,615,325    |
| Series A, 5.00%, 4/01/38  | 3,885        | 4,024,782    |
| State of Illinois, RB, Build Illinois, Series B, 5.25%, 6/15/34   | 685          | 769,118      |
| University of Illinois, RB, Auxiliary Facilities System, Series A:  |              |              |
| 5.00%, 4/01/39  | 860          | 952,459      |
| 5.00%, 4/01/44  | 1,050        | 1,158,423    |
|   |              | 74,164,515   |
| <b>Indiana 5.3%</b>   |              |              |
| Carmel Redevelopment Authority, Refunding RB, Multipurpose, Series A, 4.00%, 2/01/38                        | 675          | 696,742      |
| City of Valparaiso Indiana, RB, Exempt Facilities, Pratt Paper LLC Project, AMT:<br>6.75%, 1/01/34          | 845          | 954,867      |
| 7.00%, 1/01/44  | 3,535        | 4,002,080    |
| Indiana Finance Authority, RB, Series A:  |              |              |
| CWA Authority Project, 1st Lien, 5.25%, 10/01/38  | 3,510        | 4,012,772    |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/44                    | 485          | 510,448      |
| Private Activity Bond, Ohio River Bridges East End Crossing Project, AMT, 5.00%, 7/01/48                    | 1,610        | 1,689,631    |
| Sisters of St. Francis Health Services, 5.25%, 11/01/39   | 915          | 986,516      |
| Indiana Health Facility Financing Authority, Refunding RB, Methodist Hospital, Inc., 5.38%,<br>9/15/22      | 3,345        | 3,357,811    |
| Indiana Municipal Power Agency, RB, Series B, 6.00%, 1/01/39  | 1,200        | 1,375,356    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Indiana (concluded)</b>  |              |              |
| Indianapolis Local Public Improvement Bond Bank, RB, Series A, 5.00%, 1/15/40                               | \$ 1,380     | \$ 1,535,485 |
|   |              | 19,121,708   |

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|  |       |           |
|--|-------|-----------|
| <b>Iowa 2.7%</b>   |       |           |
| Iowa Finance Authority, RB, Midwestern Disaster Area, Alcoa, Inc. Project, 4.75%, 8/01/42  | 1,255 | 1,289,149 |
| Iowa Finance Authority, Refunding RB, Midwestern Disaster Area, Iowa Fertilizer Co. Project:<br>5.00%, 12/01/19  | 1,040 | 1,104,490 |
| 5.50%, 12/01/22  | 2,550 | 2,686,909 |
| 5.25%, 12/01/25  | 500   | 539,885   |
| Iowa Student Loan Liquidity Corp., Refunding RB, Student Loan, Senior Series A-1, AMT,<br>5.15%, 12/01/22  | 1,670 | 1,779,853 |
| Iowa Tobacco Settlement Authority, Refunding RB, Asset-Backed, Series C, 5.63%, 6/01/46  | 3,095 | 2,590,453 |
|  |       | 9,990,739 |
| <b>Kentucky 0.6%</b>   |       |           |
| Kentucky Economic Development Finance Authority, RB, Catholic Health Initiatives, Series A,<br>5.25%, 1/01/45  | 1,060 | 1,171,311 |
| Kentucky Public Transportation Infrastructure Authority, RB, Downtown Crossing Project,<br>Convertible CAB, 1st Tier, Series C, 0.00%, 7/01/43 (f)         | 1,280 | 857,062   |
|  |       | 2,028,373 |
| <b>Louisiana 2.7%</b>  |       |           |
| Louisiana Local Government Environmental Facilities & Community Development Authority, RB,<br>Westlake Chemical Corp. Project, Series A-1, 6.50%, 11/01/35 | 3,650 | 4,205,859 |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A:<br>5.50%, 5/15/30  | 1,100 | 1,209,043 |
| 5.25%, 5/15/31   | 935   | 1,009,136 |
| 5.25%, 5/15/32   | 1,195 | 1,278,877 |
| 5.25%, 5/15/33   | 1,300 | 1,385,072 |
| 5.25%, 5/15/35   | 545   | 583,602   |
|  |       | 9,671,589 |
| <b>Maryland 1.2%</b>   |       |           |
| Maryland EDC, RB, Transportation Facilities Project, Series A, 5.75%, 6/01/35  | 475   | 509,129   |
| Maryland EDC, Refunding RB, CNX Marine Terminals, Inc., 5.75%, 9/01/25   | 1,240 | 1,364,211 |
| Maryland Health & Higher Educational Facilities Authority, Refunding RB, Charlestown<br>Community Project, 6.25%, 1/01/41                                  | 2,400 | 2,659,896 |
|  |       | 4,533,236 |
| <b>Massachusetts 1.6%</b>  |       |           |
| Massachusetts Development Finance Agency, Refunding RB, Covanta Energy Project, Series C,<br>AMT, 5.25%, 11/01/42  | 1,530 | 1,559,850 |
| Massachusetts Health & Educational Facilities Authority, Refunding RB, Partners Healthcare<br>System, Series J1, 5.00%, 7/01/39                            | 955   | 1,076,629 |
| Massachusetts Water Resources Authority, Refunding RB, Series A, 5.00%, 8/01/41  | 3,145 | 3,360,150 |
|  |       | 5,996,629 |
| <b>Michigan 3.3%</b>   |       |           |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien, Series A:<br>5.00%, 7/01/32  | 1,705 | 1,778,997 |
| 5.25%, 7/01/39   | 4,825 | 5,110,544 |

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<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Michigan (concluded)</b>   |              |              |
| Kalamazoo Hospital Finance Authority, Refunding RB, Bronson Methodist Hospital, 5.50%, 5/15/36                                      | \$ 1,500     | \$ 1,619,325 |
| Michigan Finance Authority, RB, Series C-1, 5.00%, 7/01/44  | 940          | 967,570      |
| Michigan State Hospital Finance Authority, Refunding RB, Henry Ford Health System, Series A, 5.25%, 11/15/46                        | 2,305        | 2,349,002    |
|   |              | 11,825,438   |
| <b>Missouri 2.1%</b>  |              |              |
| 370/Missouri Bottom Road/Taussig Road Transportation Development District, RB, 7.20%, 5/01/33                                       | 6,000        | 6,008,400    |
| Bi-State Development Agency of the Missouri-Illinois Metropolitan District, Refunding RB, Combined Lien, Series A, 5.00%, 10/01/44  | 275          | 306,292      |
| State of Missouri Health & Educational Facilities Authority, RB, Senior Living Facilities, Lutheran Senior Services, 5.50%, 2/01/42 | 1,135        | 1,205,279    |
| State of Missouri Health & Educational Facilities Authority, Refunding RB, St. Louis College of Pharmacy Project, 5.50%, 5/01/43    | 265          | 290,210      |
|   |              | 7,810,181    |
| <b>Multi-State 3.8%</b>   |              |              |
| Centerline Equity Issuer Trust (b)(g):  |              |              |
| Series A-4-1, 5.75%, 5/15/15  | 1,000        | 1,030,990    |
| Series A-4-2, 6.00%, 5/15/19  | 3,500        | 4,061,925    |
| Series B-3-1, 6.00%, 5/15/15  | 5,000        | 5,155,600    |
| Series B-3-2, 6.30%, 5/15/19  | 3,000        | 3,516,990    |
|   |              | 13,765,505   |
| <b>Nebraska 1.6%</b>  |              |              |
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3: 5.25%, 9/01/37   | 895          | 981,269      |
| 5.00%, 9/01/42  | 1,570        | 1,678,864    |
| County of Lancaster Nebraska Hospital Authority No. 1, Refunding RB, Immanuel Obligation Group, Health Facilities, 5.63%, 1/01/40   | 1,245        | 1,368,939    |
| County of Sarpy Nebraska Hospital Authority No. 1, Refunding RB, Immanuel Obligation Group, 5.63%, 1/01/40                          | 1,635        | 1,777,049    |
|   |              | 5,806,121    |
| <b>Nevada 0.7%</b>  |              |              |
| County of Clark Nevada, Refunding RB, Alexander Dawson School Nevada Project, 5.00%, 5/15/29  | 2,465        | 2,600,402    |
| <b>New Jersey 5.8%</b>  |              |              |
| New Jersey EDA, RB, Continental Airlines, Inc. Project, AMT:  |              |              |
| 5.13%, 9/15/23  | 2,130        | 2,251,495    |
| 5.25%, 9/15/29  | 2,130        | 2,221,846    |
| New Jersey EDA, Refunding RB, Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/01/28                                   | 7,475        | 8,860,267    |
| New Jersey State Turnpike Authority, RB, Series A:  |              |              |
| 5.00%, 1/01/38  | 1,405        | 1,558,482    |
| 5.00%, 1/01/43  | 2,160        | 2,388,139    |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System, Series B, 5.25%, 6/15/36                                 | 2,690        | 2,967,205    |
| Rutgers The State University of New Jersey, Refunding RB, Series L, 5.00%, 5/01/43  | 570          | 645,753      |
|   |              | 20,893,187   |



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|  | Par    |            |
|--|--------|------------|
|  | (000)  | Value      |
| <b>Municipal Bonds</b>   |        |            |
| <b>New York 7.6%</b>   |        |            |
| Albany Industrial Development Agency, RB, New Covenant Charter School Project, Series A, 7.00%, 5/01/35 (d)(e)   | \$ 985 | \$ 147,849 |
| City of New York New York Industrial Development Agency, ARB, American Airlines, Inc., JFK International Airport, AMT, 7.75%, 8/01/31 (h)                              | 6,700  | 7,393,986  |
| City of New York New York Transitional Finance Authority, RB, Future Tax Secured Bonds, Fiscal 2012, Sub-Series E-1, 5.00%, 2/01/42                                    | 2,680  | 2,973,969  |
| County of Westchester New York Healthcare Corp., RB, Senior Lien, Series A, 5.00%, 11/01/44  | 901    | 992,479    |
| Metropolitan Transportation Authority, RB, Series B:<br>5.25%, 11/15/38  | 2,555  | 2,920,288  |
| 5.25%, 11/15/39  | 910    | 1,041,713  |
| New York Liberty Development Corp., Refunding RB, 2nd Priority, Bank of America Tower, 1 Bryant Park Project, Class 3, 6.38%, 7/15/49                                  | 1,335  | 1,504,865  |
| New York State Dormitory Authority, RB, Series F, 5.00%, 3/15/35   | 3,625  | 3,706,309  |
| New York State Dormitory Authority, Refunding RB, General Purpose, Series A, 5.00%, 6/15/31  | 1,930  | 2,231,428  |
| Niagara Area Development Corp., Refunding RB, Solid Waste Disposal Facility, Covanta Energy Project, Series A, AMT, 5.25%, 11/01/42                                    | 1,145  | 1,170,224  |
| Port Authority of New York & New Jersey, ARB, JFK International Air Terminal LLC Project, Series 8:<br>6.00%, 12/01/42   | 1,635  | 1,889,570  |
| Special Project, 6.00%, 12/01/36   | 1,410  | 1,638,209  |
|  |        | 27,610,889 |
| <b>North Carolina 4.2%</b>   |        |            |
| County of Gaston North Carolina Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35 | 6,500  | 6,509,230  |
| North Carolina Capital Facilities Finance Agency, Refunding RB, Solid Waste Disposal Facility, Duke Energy Carolinas Project, Series B, 4.63%, 11/01/40                | 4,465  | 4,677,043  |
| North Carolina Medical Care Commission, RB, Health Care Facilities, Duke University Health System, Series A, 5.00%, 6/01/42  | 1,525  | 1,718,965  |
| North Carolina Medical Care Commission, Refunding RB:<br>1st Mortgage, Aldersgate, 6.25%, 7/01/35  | 1,530  | 1,614,823  |
| 1st Mortgage, Retirement Facilities Whitestone Project, Series A, 7.75%, 3/01/41   | 625    | 700,312    |
|  |        | 15,220,373 |
| <b>Ohio 2.1%</b>   |        |            |
| County of Allen Ohio Hospital Facilities, Refunding RB, Catholic Healthcare Partners, Series A, 5.25%, 6/01/38   | 3,405  | 3,714,855  |
| County of Franklin Ohio, RB, Health Care Facilities Improvement, OPRS Communities Obligation Group, Series A, 6.13%, 7/01/40   | 710    | 765,991    |
| County of Montgomery Ohio, Refunding RB, Catholic Health, Series A, 5.00%, 5/01/39   | 3,025  | 3,174,949  |
|  |        | 7,655,795  |
| <b>Pennsylvania 2.1%</b>   |        |            |
| Allentown Neighborhood Improvement Zone Development Authority, Refunding RB, Series A, 5.00%, 5/01/42  | 2,500  | 2,608,200  |
| City of Philadelphia Pennsylvania Hospitals & Higher Education Facilities Authority, RB, Temple University Health System, Series A, 5.63%, 7/01/42                     | 1,320  | 1,377,209  |

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>Pennsylvania (concluded)</b>   |              |              |
| Pennsylvania Economic Development Financing Authority, RB, Aqua Pennsylvania, Inc. Project, Series B, 5.00%, 11/15/40                                   | \$ 2,065     | \$ 2,294,277 |
| Pennsylvania Turnpike Commission, RB, Series A, 5.00%, 12/01/44   | 1,190        | 1,335,001    |
|   |              | 7,614,687    |
| <b>South Carolina 2.4%</b>  |              |              |
| South Carolina State Ports Authority, RB, 5.25%, 7/01/40  | 3,595        | 3,928,436    |
| State of South Carolina Public Service Authority, RB, Santee Cooper, Series A, 5.50%, 12/01/54  | 4,170        | 4,710,432    |
|   |              | 8,638,868    |
| <b>Tennessee 0.4%</b>   |              |              |
| City of Chattanooga Tennessee Health Educational & Housing Facility Board, RB, Catholic Health Initiatives, Series A, 5.25%, 1/01/45                    | 1,470        | 1,624,365    |
| <b>Texas 14.5%</b>  |              |              |
| Brazos River Authority, RB, TXU Electric, Series A, AMT, 8.25%, 10/01/30 (d)(e)   | 2,400        | 222,000      |
| Central Texas Regional Mobility Authority, Refunding RB:  |              |              |
| Senior Lien, 6.25%, 1/01/46   | 2,350        | 2,697,142    |
| Sub-Lien, 5.00%, 1/01/33  | 390          | 410,475      |
| Sub-Lien, 5.00%, 1/01/42  | 345          | 358,200      |
| City of Dallas Texas Waterworks & Sewer System, Refunding RB, 5.00%, 10/01/35   | 1,650        | 1,891,131    |
| City of Houston Texas Airport System, Refunding ARB:  |              |              |
| Senior Lien, Series A, 5.50%, 7/01/39   | 1,675        | 1,900,204    |
| United Airlines, Inc. Terminal E Project, AMT, 4.75%, 7/01/24   | 575          | 602,370      |
| United Airlines, Inc. Terminal E Project, AMT, 5.00%, 7/01/29   | 460          | 470,161      |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A (AGC), 6.00%, 11/15/35  | 9,145        | 10,906,784   |
| County of Harris Texas Cultural Education Facilities Finance Corp., RB, 1st Mortgage, Brazos Presbyterian Homes, Inc. Project, Series B, 7.00%, 1/01/48 | 485          | 544,461      |
| County of Harris Texas-Houston Sports Authority, Refunding RB, 3rd Lien, Series A-3 (NPFGC), 0.00%, 11/15/36 (c)  | 25,375       | 6,877,386    |
| County of Midland Texas Fresh Water Supply District No. 1, RB, CAB, City of Midland Projects, Series A, 0.00%, 9/15/37 (c)                              | 7,605        | 2,647,453    |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare, 6.00%, 8/15/45                                       | 4,410        | 5,305,892    |
| North Texas Tollway Authority, Refunding RB, 2nd Tier System, Series F, 6.13%, 1/01/31  | 6,790        | 7,184,974    |
| San Antonio Energy Acquisition Public Facility Corp., RB, Gas Supply, 5.50%, 8/01/24  | 3,600        | 4,242,060    |
| 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        | 3,609,420    |
| NTE Mobility Partners LLC, North Tarrant Express Managed Lanes Project, 6.88%, 12/31/39   | 2,250        | 2,658,825    |
|   |              | 52,528,938   |
| <b>Utah 0.6%</b>  |              |              |
| Utah State Charter School Finance Authority, RB, Ogden Preparatory Academy, Series A:   |              |              |
| 3.25%, 10/15/36   | 1,085        | 940,554      |
| 3.25%, 10/15/42   | 1,660        | 1,398,384    |
|   |              | 2,338,938    |
|   | <b>Par</b>   |              |
|   | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>  |              |              |
| <b>Virginia 1.5%</b>  |              |              |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings OpCo LLC Project, AMT:  |              |              |

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|   |          |              |
|---|----------|--------------|
| 5.25%, 1/01/32  | \$ 1,755 | \$ 1,898,945 |
| 6.00%, 1/01/37  | 3,180    | 3,585,895    |
|   |          | 5,484,840    |
| <b>Washington 2.3%</b>  |          |              |
| City of Bellingham Washington Water & Sewer, RB, 5.00%, 8/01/36   | 5,050    | 5,630,195    |
| Washington Health Care Facilities Authority, RB, Catholic Health Initiatives, Series A, 5.75%, 1/01/45                            | 2,445    | 2,799,794    |
|   |          | 8,429,989    |
| <b>Wisconsin 0.3%</b>   |          |              |
| State of Wisconsin Health & Educational Facilities Authority, RB, Ascension Health Senior Credit Group, Series E, 5.00%, 11/15/33 | 910      | 993,028      |
| <b>Wyoming 1.5%</b>   |          |              |
| County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing, 5.25%, 7/15/26                                  | 3,355    | 3,826,243    |
| Wyoming Municipal Power Agency, Inc., RB, Series A: 5.50%, 1/01/33  | 800      | 890,528      |
| 5.50%, 1/01/38  | 750      | 834,870      |
|   |          | 5,551,641    |
| <b>Total Municipal Bonds 123.8%</b>   |          | 449,433,863  |

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

|  |        |            |
|--|--------|------------|
| <b>Alabama 0.7%</b>  |        |            |
| City of Birmingham Alabama Special Care Facilities Financing Authority, Refunding RB, Ascension Health, Senior Credit, Series C-2, 5.00%, 11/15/36 | 2,519  | 2,657,480  |
| <b>California 5.5%</b>   |        |            |
| California Educational Facilities Authority, RB, University of Southern California, Series B, 5.25%, 10/01/39 (j)                                  | 2,850  | 3,228,965  |
| City & County of San Francisco California Public Utilities Commission, RB, Water Revenue, Series B, 5.00%, 11/01/39                                | 10,335 | 11,804,017 |
| Los Angeles Community College District California, GO, Election of 2001, Series A (AGM), 5.00%, 8/01/32  | 2,530  | 2,798,129  |
| San Diego Community College District California, GO, Election of 2002, 5.25%, 8/01/33  | 1,840  | 2,130,731  |
|  |        | 19,961,842 |
| <b>Colorado 2.0%</b>   |        |            |
| Colorado Health Facilities Authority, RB, Catholic Health (AGM):   |        |            |
| Series C-3, 5.10%, 10/01/41  | 4,230  | 4,442,938  |
| Series C-7, 5.00%, 9/01/36   | 2,710  | 2,846,909  |
|  |        | 7,289,847  |
| <b>Connecticut 3.1%</b>  |        |            |
| Connecticut State Health & Educational Facility Authority, RB, Yale University:  |        |            |
| Series T-1, 4.70%, 7/01/29   | 5,179  | 5,652,794  |
| Series X-3, 4.85%, 7/01/37   | 5,143  | 5,592,638  |
|  |        | 11,245,432 |

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 Transferred to Tender Option Bond Trusts (i)</b>   |               |              |
| <b>Georgia 1.4%</b>   |               |              |
| Private Colleges & Universities Authority, Refunding RB, Emory University, Series C, 5.00%, 9/01/38   | \$ 4,638      | \$ 5,177,987 |
| <b>Massachusetts 0.8%</b>   |               |              |
| Massachusetts School Building Authority, RB, Senior, Series B, 5.00%, 10/15/41  | 2,461         | 2,799,311    |
| <b>New Hampshire 0.7%</b>   |               |              |
| New Hampshire Health & Education Facilities Authority, RB, Dartmouth College, 5.25%, 6/01/39 (j)  | 2,219         | 2,535,847    |
| <b>New York 9.9%</b>  |               |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:<br>Series FF-2, 5.50%, 6/15/40 | 1,710         | 1,964,744    |
| Series HH, 5.00%, 6/15/31 (j)   | 9,149         | 10,416,314   |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (j)  | 1,750         | 2,017,727    |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated Bonds, 5.25%, 12/15/43   | 11,670        | 13,296,215   |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (j)   | 7,040         | 8,153,094    |
|   |               | 35,848,094   |
| <b>Texas 3.0%</b>   |               |              |
| City of San Antonio Texas Public Service Board, RB, Electric & Gas Systems, Junior Lien, 5.00%, 2/01/43   | 2,660         | 2,967,283    |
| County of Harris Texas Metropolitan Transit Authority, Refunding RB, Series A, 5.00%, 11/01/41  | 3,720         | 4,186,302    |
| University of Texas, Refunding RB, Financing System, Series B, 5.00%, 8/15/43   | 3,346         | 3,803,705    |
|   |               | 10,957,290   |
|   | <b>Par</b>    |              |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (i)</b>   |               |              |
|   | <b>(000)</b>  | <b>Value</b> |
| <b>Utah 1.2%</b>  |               |              |
| City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41  | \$ 3,957      | \$ 4,259,346 |
| <b>Virginia 1.8%</b>  |               |              |
| University of Virginia, Refunding RB, General, 5.00%, 6/01/40   | 5,909         | 6,570,785    |
| <b>Washington 3.5%</b>  |               |              |
| Central Puget Sound Regional Transit Authority, RB, Series A (AGM), 5.00%, 11/01/32   | 3,029         | 3,339,298    |
| State of Washington, GO, Various Purposes, Series E, 5.00%, 2/01/34   | 8,113         | 9,238,197    |
|   |               | 12,577,495   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 33.6%</b>   |               | 121,880,756  |
| <b>Total Long-Term Investments (Cost \$527,774,215) 157.4%</b>  |               | 571,314,619  |
| <b>Short-Term Securities</b>  |               |              |
|   | <b>Shares</b> |              |
| FBI Institutional Tax-Exempt Fund, 0.03% (k)(l)   | 7,457,326     | 7,457,326    |
| <b>Total Short-Term Securities (Cost \$7,457,326) 2.0%</b>  |               | 7,457,326    |
| <b>Total Investments (Cost \$535,231,541) 159.4%</b>  |               | 578,771,945  |
| <b>Other Assets Less Liabilities 1.2%</b>   |               | 4,272,684    |

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|   |  |                       |
|---|--|-----------------------|
| <b>Liability for TOB Trust Certificates, Including Interest</b> |  |                       |
| <b>Expense and Fees Payable (18.9)%</b>                         |  | (68,706,138)          |
| <b>VMTP Shares, at Liquidation Value (41.7)%</b>                |  | (151,300,000)         |
| <b>Net Assets Applicable to Common Shares 100.0%</b>            |  | <b>\$ 363,038,491</b> |

### Notes to Schedule of Investments

- (a) U.S. 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) 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) Zero-coupon bond.
  
- (d) Non-income producing security.
  
- (e) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
  
- (f) 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 reflects the current yield as of report date.
  
- (g) 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.
  
- (h) Variable rate security. Rate shown is as of report date.
  
- (i) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.
  
- (j) 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 \$14,504,167.
  
- (k) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 3,183,216                            | 4,274,110       | 7,457,326                            | \$ 2,104 |

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See Notes to Financial Statements.

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## Schedule of Investments (concluded)

BlackRock Municipal Income Trust II (BLE)

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts Sold | Issue                      | Exchange               | Expiration    | Notional Value | Unrealized Depreciation |
|----------------|----------------------------|------------------------|---------------|----------------|-------------------------|
| (270)          | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 33,960,938  | \$ (42,566)             |

Fair Value Measurements Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 and derivative financial instruments)

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 571,314,619 |         | \$ 571,314,619 |
| Short-Term Securities              | \$ 7,457,326 |                |         | 7,457,326      |
| <b>Total</b>                       | \$ 7,457,326 | \$ 571,314,619 |         | \$ 578,771,945 |

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

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

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### Derivative Financial Instruments<sup>2</sup>

#### Liabilities:

|                         |             |             |
|-------------------------|-------------|-------------|
| Interest rate contracts | \$ (42,566) | \$ (42,566) |
|-------------------------|-------------|-------------|

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1           | Level 2                 | Level 3 | Total                   |
|--|-------------------|-------------------------|---------|-------------------------|
| <b>Assets:</b>                               |                   |                         |         |                         |
| Cash pledged for financial futures contracts | \$ 369,000        |                         |         | \$ 369,000              |
| <b>Liabilities:</b>                          |                   |                         |         |                         |
| TOB trust certificates                       |                   | \$ (68,691,599)         |         | (68,691,599)            |
| VMTP Shares                                  |                   | (151,300,000)           |         | (151,300,000)           |
| <b>Total</b>                                 | <b>\$ 369,000</b> | <b>\$ (219,991,599)</b> |         | <b>\$ (219,622,599)</b> |

There were no transfers between levels during the year ended August 31, 2014.

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## Schedule of Investments August 31, 2014

## BlackRock MuniHoldings Investment Quality Fund (MFL)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 3.5%</b>  |              |              |
| City of Birmingham Alabama Special Care Facilities Financing Authority, RB, Children s Hospital (AGC):           |              |              |
| 6.13%, 6/01/34   | \$ 4,980     | \$ 5,835,713 |
| 6.00%, 6/01/39   | 10,995       | 12,822,699   |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A, 5.38%, 12/01/35 | 1,745        | 1,927,649    |
|  |              | 20,586,061   |
| <b>California 22.6%</b>  |              |              |
| California Educational Facilities Authority, RB, University of Southern California, Series A, 5.25%, 10/01/38    | 8,920        | 10,113,585   |
| California Health Facilities Financing Authority, RB, Sutter Health, Series B, 6.00%, 8/15/42                    | 5,370        | 6,464,191    |
| City & County of San Francisco California Airports Commission, Refunding ARB, 2nd Series A, AMT:                 |              |              |
| 5.50%, 5/01/28   | 3,330        | 3,908,621    |
| 5.25%, 5/01/33   | 2,600        | 2,933,528    |
| City of Manteca California Financing Authority, RB, Manteca Sewer (AGC):   |              |              |
| 5.63%, 12/01/33  | 2,450        | 2,749,022    |
| 5.75%, 12/01/36  | 3,285        | 3,685,409    |
| City of San Jose California, Refunding ARB, Series A-1, AMT, 5.75%, 3/01/34                                      | 4,450        | 5,050,616    |
| County of Sacramento California, ARB, Senior Series A (AGC), 5.50%, 7/01/41                                      | 5,600        | 6,364,064    |
| Kern Community College District, GO, Safety, Repair & Improvement, Election of 2002, Series C, 5.50%, 11/01/33   | 4,365        | 5,241,928    |
| Los Angeles California Unified School District, GO, Election of 2002, Series D, 5.25%, 7/01/25                   | 3,485        | 4,142,376    |
| Los Angeles Community College District California, GO:   |              |              |
| Election of 2001, Series A (NPFGC), 5.00%, 8/01/32   | 10,000       | 11,059,800   |
| Election of 2008, Series C, 5.25%, 8/01/39   | 3,375        | 3,899,306    |
| Los Angeles Department of Water & Power, RB, Power System, Sub-Series A-1, 5.25%, 7/01/38                        | 5,000        | 5,636,050    |
| Los Angeles Municipal Improvement Corp., Refunding LRB, Real Property, Series B (AGC), 5.50%, 4/01/39            | 2,980        | 3,419,610    |
| Redondo Beach Unified School District, GO, Election of 2008, Series E, 5.50%, 8/01/34                            | 4,110        | 4,709,156    |
| San Diego Public Facilities Financing Authority Water, Refunding RB, Series B (AGC), 5.38%, 8/01/34              | 4,690        | 5,421,312    |
| State of California, GO, Various Purposes (AGC), 5.50%, 11/01/39   | 15,000       | 17,391,000   |
| State of California Public Works Board, LRB:   |              |              |
| Department of Corrections & Rehabilitation, Series F, 5.25%, 9/01/33   | 2,240        | 2,610,160    |
| Various Capital Projects, Series I, 5.50%, 11/01/30  | 4,500        | 5,464,890    |
| Various Capital Projects, Series I, 5.50%, 11/01/31  | 2,615        | 3,140,589    |
| Various Capital Projects, Series I, 5.50%, 11/01/33  | 2,000        | 2,405,540    |
| Township of Washington California Health Care District, GO, Election of 2004, Series B, 5.50%, 8/01/40           | 1,685        | 2,005,875    |
| University of California, Refunding RB, The Regents of Medical Center, Series J, 5.25%, 5/15/38                  | 12,250       | 14,135,275   |
|  |              | 131,951,903  |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Colorado 2.1%</b>   |              |              |
| City & County of Denver Colorado Airport System, ARB, Series A, AMT:   |              |              |
| 5.50%, 11/15/28  | \$ 2,700     | \$ 3,140,397 |
| 5.50%, 11/15/30  | 1,040        | 1,196,322    |
| 5.50%, 11/15/31  | 1,250        | 1,428,400    |
| Colorado Health Facilities Authority, RB, Hospital, NCMC, Inc. Project, Series B (AGM), 6.00%, 5/15/26           | 5,925        | 6,780,215    |

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|  |        |            |
|--|--------|------------|
|  |        | 12,545,334 |
| <b>Florida 8.7%</b>  |        |            |
| City of Jacksonville Florida, Refunding RB, Series A, 5.25%, 10/01/33  | 1,250  | 1,437,900  |
| County of Hillsborough Florida Aviation Authority, Refunding ARB, Tampa International Airport, Series A, AMT:<br>5.50%, 10/01/29 | 5,360  | 6,107,613  |
| 5.25%, 10/01/30  | 3,255  | 3,627,990  |
| County of Lee Florida, Refunding ARB, Series A, AMT, 5.38%, 10/01/32   | 7,100  | 7,844,506  |
| County of Manatee Florida Housing Finance Authority, RB, S/F Housing, Series A, AMT (Ginnie Mae), 5.90%, 9/01/40                 | 450    | 458,955    |
| County of Miami-Dade Florida, Refunding RB, Water & Sewer System, Series B, 5.25%, 10/01/29                                      | 5,870  | 6,857,745  |
| County of Miami-Dade Florida Aviation, Refunding ARB, AMT, Series A:<br>Miami International Airport (AGM), 5.50%, 10/01/41       | 3,500  | 3,951,045  |
| 5.00%, 10/01/31  | 5,465  | 5,985,596  |
| County of Miami-Dade Florida Seaport Department, RB:<br>Series A, 5.38%, 10/01/33  | 3,145  | 3,549,636  |
| Series B, AMT, 6.25%, 10/01/38   | 1,405  | 1,675,758  |
| Series B, AMT, 6.00%, 10/01/42   | 1,885  | 2,197,985  |
| Florida Housing Finance Corp., Refunding RB, S/F Housing, Homeowner Mortgage, Series 2, AMT (NPFGC), 5.90%, 7/01/29              | 3,705  | 3,730,750  |
| Reedy Creek Improvement District, GO, Series A, 5.25%, 6/01/32   | 3,225  | 3,686,497  |
|  |        | 51,111,976 |
| <b>Hawaii 0.8%</b>   |        |            |
| State of Hawaii, Department of Transportation, COP, AMT:<br>5.25%, 8/01/25   | 1,350  | 1,601,019  |
| 5.25%, 8/01/26   | 2,500  | 2,943,300  |
|  |        | 4,544,319  |
| <b>Illinois 28.0%</b>  |        |            |
| City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien:<br>Series A, 5.75%, 1/01/39                              | 7,395  | 8,432,371  |
| Series C, 6.50%, 1/01/41   | 16,800 | 20,277,768 |
| City of Chicago Illinois, GO, Refunding, Project, Series A:<br>5.25%, 1/01/29  | 3,635  | 3,912,569  |
| 5.25%, 1/01/33   | 2,640  | 2,801,858  |
| City of Chicago Illinois, Refunding RB, Series A:<br>Sales Tax, 5.25%, 1/01/38   | 2,445  | 2,658,644  |
| Waterworks, 2nd Lien (AMBAC), 5.00%, 11/01/36  | 5,305  | 5,605,263  |
| City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT:<br>5.50%, 1/01/30                 | 6,500  | 7,357,480  |
| 5.50%, 1/01/32   | 6,275  | 7,030,949  |

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<br>(000) | Value        |
|---|--------------|--------------|
| <b>Municipal Bonds</b>  |              |              |
| <b>Illinois (concluded)</b>   |              |              |
| City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT (concluded):                        |              |              |
| 5.00%, 1/01/33  | \$ 4,355     | \$ 4,712,546 |
| 5.00%, 1/01/41  | 8,020        | 8,542,904    |
| City of Chicago Illinois Transit Authority, RB:   |              |              |
| Federal Transit Administration, Section 5309, Series A (AGC), 6.00%, 6/01/26  | 6,315        | 7,139,297    |
| Sales Tax Receipts, 5.25%, 12/01/36   | 1,960        | 2,167,407    |
| Sales Tax Receipts, 5.25%, 12/01/40   | 10,960       | 12,075,728   |
| Sales Tax Receipts, 5.00%, 12/01/44   | 2,500        | 2,768,375    |
| Sales Tax Receipts, 5.00%, 12/01/44   | 5,675        | 6,253,680    |
| City of Chicago Illinois Transit Authority, Refunding RB, Federal Transit Administration, Section 5309 (AGM), 5.00%, 6/01/28      |              |              |
|   | 7,735        | 8,305,456    |
| County of Cook Illinois Community College District No. 508, GO, City College of Chicago:  |              |              |
| 5.50%, 12/01/38   | 2,895        | 3,297,637    |
| 5.25%, 12/01/43   | 3,305        | 3,640,557    |
| Illinois Finance Authority, RB:   |              |              |
| Carle Foundation, Series A, 6.00%, 8/15/41  | 4,000        | 4,599,680    |
| University of Chicago, Series B, 5.50%, 7/01/18 (a)   | 10,000       | 11,798,200   |
| Railsplitter Tobacco Settlement Authority, RB:  |              |              |
| 5.50%, 6/01/23  | 4,365        | 5,125,558    |
| 6.00%, 6/01/28  | 1,245        | 1,465,128    |
| State of Illinois, GO:  |              |              |
| 5.25%, 2/01/31  | 2,700        | 2,929,581    |
| 5.25%, 2/01/32  | 5,525        | 5,972,414    |
| 5.50%, 7/01/33  | 7,820        | 8,509,489    |
| 5.50%, 7/01/38  | 1,295        | 1,401,255    |
| 5.00%, 2/01/39  | 5,000        | 5,186,200    |
|   |              | 163,967,994  |
| <b>Indiana 3.5%</b>   |              |              |
| Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges East End Crossing Project, Series A, AMT, 5.00%, 7/01/40 |              |              |
|   | 1,240        | 1,308,795    |
| Indiana Municipal Power Agency, Refunding RB, Series A:   |              |              |
| 5.25%, 1/01/32  | 1,500        | 1,713,945    |
| 5.25%, 1/01/33  | 1,500        | 1,710,255    |
| Indianapolis Local Public Improvement Bond Bank, Refunding RB, Waterworks Project, Series A (AGC), 5.50%, 1/01/38                 |              |              |
|   | 14,105       | 15,735,820   |
|   |              | 20,468,815   |
| <b>Louisiana 0.9%</b>   |              |              |
| City of New Orleans Louisiana Aviation Board, Refunding GARB, Restructuring (AGC):  |              |              |
| Series A-1, 6.00%, 1/01/23  | 500          | 576,855      |
| Series A-2, 6.00%, 1/01/23  | 720          | 830,671      |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A, 5.50%, 5/15/29  |              |              |
|   | 3,735        | 4,100,022    |
|   |              | 5,507,548    |
| <b>Massachusetts 0.8%</b>   |              |              |
| Massachusetts Educational Financing Authority, RB, Education Loan, Issue I, AMT:  |              |              |
| 5.00%, 1/01/26  | 2,070        | 2,301,219    |
| 5.00%, 1/01/27  | 2,000        | 2,219,780    |
|   |              | 4,520,999    |
| <b>Michigan 6.0%</b>  |              |              |
| City of Detroit Michigan Sewage Disposal System, Refunding RB, Senior Lien (AGM):   |              |              |

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|   |              |              |
|---|--------------|--------------|
| Series B, 7.50%, 7/01/33  | 2,780        | 3,307,644    |
| Series C-1, 7.00%, 7/01/27  | 9,055        | 10,656,739   |
|   | <b>Par</b>   |              |
| <b>Municipal Bonds</b>  | <b>(000)</b> | <b>Value</b> |
| <b>Michigan (concluded)</b>   |              |              |
| City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM), 6.25%, 7/01/36  | \$ 6,320     | \$ 6,884,439 |
| Hudsonville Public Schools, GO, School Building & Site (Q-SBLF), 5.25%, 5/01/41   | 6,015        | 6,580,049    |
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (a)                             | 5,780        | 7,468,685    |
|   |              | 34,897,556   |
| <b>Minnesota 2.0%</b>   |              |              |
| City of Minneapolis Minnesota, Refunding RB, Fairview Health Services, Series B (AGC), 6.50%, 11/15/38                                  | 9,900        | 11,697,444   |
| <b>Mississippi 3.3%</b>   |              |              |
| Mississippi Development Bank, RB, Special Obligation, Jackson Water & Sewer System Project, (AGM):                                      |              |              |
| 6.75%, 12/01/31   | 3,775        | 5,015,842    |
| 6.75%, 12/01/33   | 2,350        | 3,113,398    |
| 6.88%, 12/01/40   | 6,405        | 8,470,612    |
| Mississippi State University Educational Building Corp., Refunding RB, Mississippi State University Improvement Project, 5.25%, 8/01/38 | 2,300        | 2,653,740    |
|   |              | 19,253,592   |
| <b>Nevada 5.4%</b>  |              |              |
| County of Clark Nevada, ARB, Las Vegas-McCarran International Airport, Series A (AGM), 5.25%, 7/01/39                                   | 11,175       | 12,491,974   |
| County of Clark Nevada, GO, Limited Tax, 5.00%, 6/01/38   | 11,245       | 12,418,978   |
| County of Clark Nevada Water Reclamation District, GO, Series A, 5.25%, 7/01/34   | 5,850        | 6,725,569    |
|   |              | 31,636,521   |
| <b>New Jersey 7.4%</b>  |              |              |
| <b>New Jersey EDA, RB:</b>  |              |              |
| Private Activity Bond, The Goethals Bridge Replacement Project, AMT, 5.38%, 1/01/43   | 7,000        | 7,584,570    |
| Private Activity Bond, The Goethals Bridge Replacement Project, AMT (AGM), 5.00%, 1/01/31   | 2,425        | 2,662,868    |
| School Facilities Construction (AGC), 6.00%, 12/15/18 (a)   | 4,280        | 5,213,682    |
| School Facilities Construction (AGC), 6.00%, 12/15/34   | 70           | 81,483       |
| New Jersey Health Care Facilities Financing Authority, RB, Virtua Health, Series A (AGC), 5.50%, 7/01/38                                | 6,500        | 7,076,745    |
| New Jersey Higher Education Student Assistance Authority, Refunding RB, Series 1, AMT, 5.75%, 12/01/28                                  | 4,475        | 5,096,533    |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:  |              |              |
| Series A, 5.50%, 6/15/41  | 5,410        | 6,086,791    |
| Series AA, 5.50%, 6/15/39   | 8,175        | 9,218,212    |
|   |              | 43,020,884   |
| <b>New York 7.3%</b>  |              |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution:                |              |              |
| Fiscal 2009, Series EE, 5.25%, 6/15/40  | 7,500        | 8,511,675    |
| Fiscal 2011, Series EE, 5.38%, 6/15/43  | 3,475        | 4,069,816    |
| Series FF-2, 5.50%, 6/15/40   | 4,000        | 4,596,520    |

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>  |          |              |
| City of New York New York Transitional Finance Authority Building Aid, BARB, Fiscal 2009, Series S-4 (AGC), 5.50%, 1/15/29 | \$ 4,000 | \$ 4,650,000 |
| Metropolitan Transportation Authority, RB:   |          |              |
| Series A, 5.25%, 11/15/38  | 4,000    | 4,474,920    |
| Series A-1, 5.25%, 11/15/39  | 4,490    | 5,088,786    |
| Port Authority of New York & New Jersey, Refunding ARB, Consolidated, 166th Series, 5.25%, 7/15/36                         | 10,000   | 11,446,700   |
|  |          | 42,838,417   |
| <b>Ohio 2.0%</b>   |          |              |
| State of Ohio Turnpike Commission, RB, Junior Lien, Infrastructure Projects, Series A-1:                                   |          |              |
| 5.25%, 2/15/30   | 2,645    | 3,046,220    |
| 5.25%, 2/15/31   | 5,145    | 5,892,620    |
| 5.25%, 2/15/32   | 2,250    | 2,568,015    |
|  |          | 11,506,855   |
| <b>Pennsylvania 1.9%</b>   |          |              |
| Pennsylvania Turnpike Commission, RB:  |          |              |
| Series A, 5.00%, 12/01/44  | 2,030    | 2,277,355    |
| Sub-Series A, 6.00%, 12/01/41  | 4,945    | 5,382,089    |
| Township of Bristol Pennsylvania School District, GO, 5.25%, 6/01/37   | 3,000    | 3,383,160    |
|  |          | 11,042,604   |
| <b>South Carolina 4.7%</b>   |          |              |
| County of Charleston South Carolina, RB, Special Source, 5.25%, 12/01/38   | 6,735    | 7,892,006    |
| County of Charleston South Carolina Airport District, ARB, Series A, AMT:  |          |              |
| 5.25%, 7/01/25   | 4,490    | 5,231,254    |
| 5.50%, 7/01/38   | 3,000    | 3,355,800    |
| 6.00%, 7/01/38   | 5,270    | 6,081,896    |
| 5.50%, 7/01/41   | 4,170    | 4,661,268    |
|  |          | 27,222,224   |
| <b>Texas 15.9%</b>   |          |              |
| City of Beaumont Texas, GO, Certificates of Obligation, 5.25%, 3/01/37   | 4,190    | 4,848,836    |
| City of Houston Texas Utility System, Refunding RB, Combined 1st Lien, Series A (AGC):                                     |          |              |
| 6.00%, 11/15/35  | 12,700   | 15,146,655   |
| 6.00%, 11/15/36  | 9,435    | 11,205,572   |
| 5.38%, 11/15/38  | 5,000    | 5,683,950    |
| County of Tarrant Texas Cultural Education Facilities Finance Corp., Refunding RB, Christus Health, Series A (AGC):        |          |              |
| 6.50%, 1/01/19 (a)   | 320      | 398,128      |
| 6.50%, 7/01/37   | 1,450    | 1,641,704    |
| Dallas Area Rapid Transit, Refunding RB, Senior Lien, 5.25%, 12/01/38  | 9,110    | 10,288,196   |
| Dallas-Fort Worth International Airport, ARB, Joint Improvement, AMT:  |          |              |
| Series A, 5.00%, 11/01/38  | 5,580    | 5,900,962    |
| Series H, 5.00%, 11/01/37  | 4,575    | 4,884,041    |
| Lower Colorado River Authority, Refunding RB, 5.50%, 5/15/33   | 3,735    | 4,297,566    |
| North Texas Tollway Authority, Refunding RB, 1st Tier:   |          |              |
| (AGM), 6.00%, 1/01/43  | 5,555    | 6,331,311    |
| Series K-1 (AGC), 5.75%, 1/01/38   | 12,150   | 13,919,769   |
| Red River Education Financing Corp., RB, Texas Christian University Project, 5.25%, 3/15/38                                | 7,170    | 8,272,746    |
|  |          | 92,819,436   |

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|  | Par      |                    |
|--|----------|--------------------|
|  | (000)    | Value              |
| <b>Municipal Bonds</b>   |          |                    |
| <b>Virginia 1.2%</b>   |          |                    |
| City of Lexington Virginia IDA, RB, Washington & Lee University, 5.00%, 1/01/43  | \$ 1,750 | \$ 1,956,938       |
| Virginia Public School Authority, RB, Fluvanna County School Financing, 6.50%, 12/01/18 (a)  | 4,300    | 5,309,081          |
|  |          | 7,266,019          |
| <b>Washington 1.5%</b>   |          |                    |
| City of Seattle Washington Municipal Light & Power, Refunding RB, Series A, 5.25%, 2/01/36   | 4,200    | 4,750,788          |
| State of Washington, GO, Various Purposes, Series B, 5.25%, 2/01/36  | 3,290    | 3,841,371          |
|  |          | 8,592,159          |
| <b>Total Municipal Bonds 129.5%</b>  |          | <b>756,998,660</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>  |          |                    |
| <b>Alabama 1.2%</b>  |          |                    |
| City of Mobile Alabama Board of Water & Sewer Commissioners, RB (NPFGC), 5.00%, 1/01/31  | 6,500    | 6,785,285          |
| <b>California 1.9%</b>   |          |                    |
| California State University, Refunding RB, Systemwide, Series A (AGM), 5.00%, 11/01/32   | 7,960    | 8,697,972          |
| Los Angeles Unified School District California, GO, Series I, 5.00%, 1/01/34   | 2,400    | 2,718,624          |
|  |          | 11,416,596         |
| <b>District of Columbia 0.7%</b>   |          |                    |
| District of Columbia Water & Sewer Authority, Refunding RB, Senior Lien, Series A, 6.00%, 10/01/35 (c)                               | 3,379    | 3,945,352          |
| <b>Florida 2.3%</b>  |          |                    |
| County of Hillsborough Florida Aviation Authority, ARB, Tampa International Airport, Series A, AMT (AGC), 5.50%, 10/01/38            | 10,657   | 11,950,723         |
| County of Lee Florida Housing Finance Authority, RB, S/F Housing, Multi-County Program, Series A-2, AMT (Ginnie Mae), 6.00%, 9/01/40 | 1,515    | 1,564,601          |
|  |          | 13,515,324         |
| <b>Indiana 1.8%</b>  |          |                    |
| Indiana Health & Educational Facilities Financing Authority, Refunding RB, St. Francis, Series E (AGM), 5.25%, 5/15/41               | 9,850    | 10,438,636         |
| <b>Kentucky 0.1%</b>   |          |                    |
| Kentucky State Property & Building Commission, Refunding RB, Project No. 93 (AGC), 5.25%, 2/01/27                                    | 404      | 461,921            |
| <b>Nevada 2.6%</b>   |          |                    |
| County of Clark Nevada Water Reclamation District, GO:<br>Limited Tax, 6.00%, 7/01/38  | 8,000    | 9,316,880          |
| Series B, 5.50%, 7/01/29   | 5,008    | 5,894,287          |
|  |          | 15,211,167         |
| <b>New Jersey 3.4%</b>   |          |                    |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series CC, 5.25%, 10/01/29  | 7,402    | 7,962,703          |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:<br>Series A (AMBAC), 5.00%, 12/15/32                      | 8,000    | 8,818,880          |
| Series B, 5.25%, 6/15/36 (c)   | 2,961    | 3,265,711          |
|  |          | 20,047,294         |

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 Transferred to Tender Option Bond Trusts (b)</b>  |           |                |
| <b>New York 10.9%</b>  |           |                |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 6/15/40 | \$ 4,994  | \$ 5,739,120   |
| City of New York New York Transitional Finance Authority, BARB, Fiscal 2009, Series S-3, 5.25%, 1/15/39  | 5,619     | 6,319,042      |
| Hudson Yards Infrastructure Corp., RB, Fiscal 2012, Series A, 5.75%, 2/15/47 (c)   | 9,249     | 10,665,130     |
| New York Liberty Development Corp., RB, 1 World Trade Center Port Authority Consolidated, 5.25%, 12/15/43  | 13,950    | 15,893,933     |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (c)  | 8,200     | 9,496,502      |
| New York State Dormitory Authority, ERB, Personal Income Tax, Series B, 5.25%, 3/15/38   | 13,500    | 15,362,730     |
|  |           | 63,476,457     |
| <b>Texas 4.2%</b>  |           |                |
| City of San Antonio Texas Public Service Board, Refunding RB, Series A, 5.25%, 2/01/31 (c)   | 12,027    | 13,706,252     |
| North Texas Tollway Authority, RB, Special Projects System, Series A, 5.50%, 9/01/41   | 9,640     | 11,126,199     |
|  |           | 24,832,451     |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (b)</b>  |           |                |
| <b>Utah 1.2%</b>   |           |                |
| City of Riverton Utah, RB, IHC Health Services, Inc., 5.00%, 8/15/41   | \$ 6,371  | \$ 6,856,901   |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 30.3%</b>  |           | 176,987,384    |
| <b>Total Long-Term Investments (Cost \$840,184,293) 159.8%</b>   |           | 933,986,044    |
| <b>Short-Term Securities</b>   |           |                |
| FBI Institutional Tax-Exempt Fund, 0.03% (d)(e)  | 6,198,367 | 6,198,367      |
| <b>Total Short-Term Securities (Cost \$6,198,367) 1.0%</b>   |           | 6,198,367      |
| <b>Total Investments (Cost \$846,382,660) 160.8%</b>   |           | 940,184,411    |
| <b>Other Assets Less Liabilities 1.5%</b>  |           | 8,286,518      |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (15.3)%</b>   |           | (89,181,120)   |
| <b>VRDP Shares, at Liquidation Value (47.0)%</b>   |           | (274,600,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |           | \$ 584,689,809 |

## Notes to Schedule of Investments

(a) U.S. 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)

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Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds serve as collateral in a financing transaction. See Note 3 of the Notes to Financial Statements for details of municipal bonds transferred to TOBs.

- (c) 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 \$22,520,646.
- (d) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held at August 31, 2013 | Net Activity | Shares Held at August 31, 2014 | Income   |
|-----------------------------------|--------------------------------|--------------|--------------------------------|----------|
| FPI Institutional Tax-Exempt Fund | 27,631,574                     | (21,433,207) | 6,198,367                      | \$ 2,806 |

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts Sold | Issue                      | Exchange               | Expiration    | Notional Value | Unrealized Depreciation |
|----------------|----------------------------|------------------------|---------------|----------------|-------------------------|
| (347)          | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 43,646,094  | \$ (73,681)             |

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 Fund's own assumptions used in determining the fair value of investments and derivative financial instruments)

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

See Notes to Financial Statements.





**Table of Contents****Schedule of Investments (concluded)****BlackRock MuniHoldings Investment Quality Fund (MFL)**

investments and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1      | Level 2        | Level 3 | Total          |
|------------------------------------|--------------|----------------|---------|----------------|
| <b>Assets:</b>                     |              |                |         |                |
| Investments:                       |              |                |         |                |
| Long-Term Investments <sup>1</sup> |              | \$ 933,986,044 |         | \$ 933,986,044 |
| Short-Term Securities              | \$ 6,198,367 |                |         | 6,198,367      |
| <b>Total</b>                       | \$ 6,198,367 | \$ 933,986,044 |         | \$ 940,184,411 |

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

|   | Level 1     | Level 2 | Level 3 | Total       |
|---|-------------|---------|---------|-------------|
| <b>Derivative Financial Instruments<sup>2</sup></b> |             |         |         |             |
| <b>Liabilities:</b>                                 |             |         |         |             |
| Interest rate contracts                             | \$ (73,681) |         |         | \$ (73,681) |

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2          | Level 3 | Total            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 474,000 |                  |         | \$ 474,000       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| TOB trust certificates                       |            | \$ (89,156,878)  |         | (89,156,878)     |
| VRDP Shares                                  |            | (274,600,000)    |         | (274,600,000)    |
| <b>Total</b>                                 | \$ 474,000 | \$ (363,756,878) |         | \$ (363,282,878) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.

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## Schedule of Investments August 31, 2014

BlackRock MuniVest Fund, Inc. (MVF)

(Percentages shown are based on Net Assets)

|  | Par          |              |
|--|--------------|--------------|
|  | (000)        | Value        |
| <b>Municipal Bonds</b>   |              |              |
| <b>Alabama 2.7%</b>  |              |              |
| City of Selma Alabama IDB, RB, Gulf Opportunity Zone, International Paper Co. Project, Series A:   |              |              |
| 5.80%, 5/01/34   | \$ 1,850     | \$ 2,071,741 |
| 5.38%, 12/01/35  | 1,000        | 1,104,670    |
| County of Jefferson Alabama Sewer, Refunding RB, Senior Lien, Series A (AGM), 5.25%, 10/01/48  | 5,000        | 5,410,650    |
| State of Alabama Docks Department, Refunding RB, 6.00%, 10/01/40   | 7,610        | 8,857,888    |
|  |              | 17,444,949   |
| <b>Alaska 0.1%</b>   |              |              |
| Northern Tobacco Securitization Corp., Refunding RB, Tobacco Settlement, Asset-Backed, Series A, 5.00%, 6/01/46                                      |              |              |
|  | 1,250        | 924,800      |
| <b>Arizona 3.2%</b>  |              |              |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Junior Lien, Series A, 5.00%, 7/01/40   |              |              |
|  | 2,000        | 2,128,820    |
| City of Phoenix Arizona IDA, RB, Candeo School, Inc. Project:  |              |              |
| 6.63%, 7/01/33   | 2,245        | 2,459,622    |
| 6.88%, 7/01/44   | 3,440        | 3,797,038    |
| County of Maricopa Arizona IDA, RB, Arizona Charter Schools Project, Series A, 6.75%, 7/01/29  | 3,600        | 3,403,224    |
| County of Maricopa Arizona Pollution Control Corp., Refunding RB, Southern California Edison Co., Series A, 5.00%, 6/01/35                           | 3,300        | 3,548,721    |
| Salt Verde Financial Corp., RB, Senior, 5.00%, 12/01/37  | 5,000        | 5,694,550    |
|  |              | 21,031,975   |
| <b>California 7.1%</b>   |              |              |
| California Health Facilities Financing Authority, RB:  |              |              |
| St. Joseph Health System, Series A, 5.75%, 7/01/39   | 5,000        | 5,825,450    |
| Sutter Health, Series B, 6.00%, 8/15/42  | 5,600        | 6,741,056    |
| California Health Facilities Financing Authority, Refunding RB, Catholic Healthcare West, Series A, 6.00%, 7/01/34                                   | 1,055        | 1,206,741    |
| California HFA, RB, S/F Housing, Home Mortgage, Series K, AMT, 5.50%, 2/01/42  | 780          | 796,388      |
| City of Los Angeles California Department of Airports, Refunding ARB, Los Angeles International Airport, Series A, 5.25%, 5/15/39                    | 1,200        | 1,371,324    |
| Los Angeles Community College District California, GO, Refunding, Election of 2008, Series A, 6.00%, 8/01/33   | 9,585        | 11,513,119   |
| Poway Unified School District, GO, Refunding, CAB, School Facilities Improvement District No. 2007-1, Election of 2008, Series B, 0.00%, 8/01/46 (a) | 10,000       | 2,391,400    |
| San Diego Community College District California, GO, Election of 2006, 5.00%, 8/01/43  | 4,285        | 4,886,571    |
| State of California, GO, Various Purposes, 6.50%, 4/01/33  | 9,675        | 11,821,882   |
|  |              | 46,553,931   |
| <b>Colorado 1.0%</b>   |              |              |
| Colorado Health Facilities Authority, RB, Catholic Health Initiatives, Series D, 6.25%, 10/01/33   |              |              |
|  | 2,500        | 2,884,525    |
| Colorado Health Facilities Authority, Refunding RB, Evangelical Lutheran, Series A, 5.25%, 6/01/34   | 3,000        | 3,011,280    |
| Regional Transportation District, COP, Refunding, Series A, 5.38%, 6/01/31   | 385          | 427,504      |
|  |              | 6,323,309    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Delaware 0.4%</b>   |              |              |
|  | \$ 2,500     | \$ 2,785,375 |

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County of Sussex Delaware, RB, NRG Energy, Inc., Indian River Power LLC Project,  
6.00%, 10/01/40

### District of Columbia 0.2%

Metropolitan Washington Airports Authority, Refunding RB, Dulles Toll Road, 1st Senior Lien,  
Series A:

|                 |     |         |
|-----------------|-----|---------|
| 5.00%, 10/01/39 | 415 | 445,577 |
| 5.25%, 10/01/44 | 650 | 706,056 |

1,151,633

### Florida 7.1%

County of Miami-Dade Florida, GO, Building Better Communities Program:

Series B, 6.38%, 7/01/28 4,630 5,462,242

Series B-1, 5.63%, 7/01/38 5,000 5,705,250

County of Miami-Dade Florida, Refunding RB, Transit System Sales Surtax, 5.00%, 7/01/42 3,750 4,146,075

County of Miami-Dade Florida Aviation, Refunding ARB, Miami International Airport:

Series A, AMT (AGC), 5.00%, 10/01/40 10,000 10,313,900

Series A-1, 5.38%, 10/01/41 10,290 11,586,437

County of Miami-Dade Florida Expressway Authority, RB, Toll System, Series A (AGM),

5.00%, 7/01/35 8,900 9,569,903

46,783,807

### Georgia 1.7%

City of Atlanta Georgia Department of Aviation, Refunding GARB, Series B, AMT, 5.00%,  
1/01/29

1,070 1,174,518

County of DeKalb Georgia Hospital Authority, Refunding RB, DeKalb Medical Center, Inc.

Project, 6.13%, 9/01/40 3,570 3,803,728

DeKalb Private Hospital Authority, Refunding RB, Children s Healthcare, 5.25%, 11/15/39 3,335 3,795,263

Municipal Electric Authority of Georgia, Refunding RB, Series W, 6.60%, 1/01/18 2,510 2,710,072

11,483,581

### Hawaii 0.9%

State of Hawaii Harbor System, RB, Series A, 5.50%, 7/01/35

5,000 5,630,500

### Illinois 13.1%

City of Chicago Illinois, GARB, O Hare International Airport, 3rd Lien, Series B-2, AMT  
(NPFGC), 6.00%, 1/01/27

605 607,753

City of Chicago Illinois, GO, Refunding, Series A, 5.00%, 1/01/36 15,000 15,519,600

City of Chicago Illinois, Refunding RB, Sales Tax Receipts, Series A, 5.00%, 1/01/41 4,640 4,896,082

City of Chicago Illinois Board of Education, GO, Series A, 5.50%, 12/01/39 1,965 2,077,870

City of Chicago Illinois Midway International Airport, Refunding ARB, 2nd Lien, Series A, AMT,

5.00%, 1/01/41 1,740 1,853,448

City of Chicago Illinois Transit Authority, RB, Sales Tax Receipts, 5.25%, 12/01/36 2,110 2,333,280

City of Chicago Illinois Waterworks, Refunding RB, 2nd Lien (AGM), 5.25%, 11/01/33 1,330 1,455,339

County of Cook Illinois Community College District No. 508, GO, University & College

Improvements, 5.25%, 12/01/31 5,000 5,606,600

Illinois Finance Authority, RB:

Advocate Health Care Network, Series D, 6.50%, 11/01/38 9,700 11,307,290

Community Rehabilitation Providers Facilities, Series A, 6.50%, 7/01/22 575 575,874

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>Illinois (concluded)</b>   |            |              |
| Illinois Finance Authority, RB (concluded):   |            |              |
| Disposal Waste Management, Inc., Series A, AMT, 5.05%, 8/01/29  | \$ 1,000   | \$ 1,029,560 |
| Memorial Health System, Series A, 5.25%, 7/01/44  | 1,785      | 1,931,691    |
| Illinois Finance Authority, Refunding RB, Series A:   |            |              |
| Northwestern Memorial Hospital, 6.00%, 8/15/39  | 9,000      | 10,571,220   |
| OSF Healthcare System, 6.00%, 5/15/39   | 4,990      | 5,652,472    |
| Railsplitter Tobacco Settlement Authority, RB, 6.00%, 6/01/28   | 2,645      | 3,112,662    |
| Regional Transportation Authority, RB:  |            |              |
| Series A (AMBAC), 7.20%, 11/01/20   | 2,500      | 2,912,825    |
| Series C (NPFGC), 7.75%, 6/01/20  | 4,000      | 4,826,720    |
| Village of Hodgkins Illinois, RB, Metropolitan Biosolids Management LLC Project, AMT, 6.00%, 11/01/23   | 10,000     | 10,014,800   |
|   |            | 86,285,086   |
| <b>Indiana 2.2%</b>   |            |              |
| City of Valparaiso Indiana, RB, Exempt Facilities, Pratt Paper LLC Project, AMT, 6.75%, 1/01/34   | 2,250      | 2,542,545    |
| Indiana Finance Authority, RB, Private Activity Bond, Ohio River Bridges East End Crossing Project, Series A, AMT, 5.00%, 7/01/40                       | 2,640      | 2,786,467    |
| Indiana Health & Educational Facilities Financing Authority, RB, Clarian Health Obligation, Series A, 5.25%, 2/15/40                                    | 8,980      | 9,185,103    |
|   |            | 14,514,115   |
| <b>Iowa 1.5%</b>  |            |              |
| Iowa Finance Authority, Refunding RB, Midwestern Disaster Area, Iowa Fertilizer Co. Project, 5.25%, 12/01/25  | 4,500      | 4,858,965    |
| Iowa Tobacco Settlement Authority, Refunding RB, Asset-Backed:  |            |              |
| CAB, Series B, 5.60%, 6/01/34   | 1,500      | 1,326,975    |
| Series C, 5.63%, 6/01/46  | 4,500      | 3,766,410    |
|   |            | 9,952,350    |
| <b>Kentucky 2.8%</b>  |            |              |
| County of Owen Kentucky, RB, Kentucky American Water Co. Project, Series B, 5.63%, 9/01/39  | 1,000      | 1,106,470    |
| Kentucky Economic Development Finance Authority, Refunding RB, Hospital Facilities, St. Elizabeth Medical Center, Inc., Series A, 5.50%, 5/01/39        | 8,000      | 9,082,240    |
| Lexington-Fayette Urban County Airport Board, Refunding GARB, Series A, 5.00%, 7/01/27  | 7,000      | 8,020,600    |
|   |            | 18,209,310   |
| <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      | 3,013,239    |
| Parish of St. Charles Louisiana, RB, Valero Energy Corp., 4.00%, 12/01/40 (b)   | 2,210      | 2,352,368    |
| Tobacco Settlement Financing Corp., Refunding RB, Asset-Backed, Series A:   |            |              |
| 5.25%, 5/15/31  | 3,420      | 3,691,172    |
| 5.25%, 5/15/32  | 4,375      | 4,682,081    |
| 5.25%, 5/15/33  | 4,750      | 5,060,840    |
| 5.25%, 5/15/35  | 1,500      | 1,606,245    |
|   |            | 20,405,945   |
| <b>Maine 1.0%</b>   |            |              |
| Maine Health & Higher Educational Facilities Authority, RB, Series A, 5.00%, 7/01/39  | 5,000      | 5,324,100    |
|   | <b>Par</b> |              |
|   | (000)      | Value        |
| <b>Municipal Bonds</b>  |            |              |

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### Maine (concluded)

|  |          |              |
|--|----------|--------------|
| Portland Housing Development Corp., Refunding RB, Senior Living, Retirement Facilities, Series A, 6.00%, 2/01/34 | \$ 1,190 | \$ 1,208,933 |
|--|----------|--------------|

6,533,033

### Maryland 1.8%

|   |       |           |
|---|-------|-----------|
| Maryland Community Development Administration, HRB, Series H, AMT, 5.10%, 9/01/37 | 1,835 | 1,874,764 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| Maryland Community Development Administration, Refunding, HRB, Residential, Series D, AMT, 4.90%, 9/01/42 | 3,250 | 3,295,858 |
|---|-------|-----------|

#### Maryland Health & Higher Educational Facilities Authority, Refunding RB:

|   |       |           |
|---|-------|-----------|
| Charlestown Community Project, 6.25%, 1/01/41 | 2,000 | 2,216,580 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| University of Maryland Medical System, 5.00%, 7/01/34 | 2,100 | 2,232,279 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| University of Maryland Medical System, 5.13%, 7/01/39 | 2,100 | 2,233,287 |
|---|-------|-----------|

11,852,768

### Massachusetts 4.4%

|   |       |           |
|---|-------|-----------|
| Massachusetts Bay Transportation Authority, Refunding RB, General Transportation System, Series A, 7.00%, 3/01/19 | 3,010 | 3,308,742 |
|---|-------|-----------|

#### Massachusetts HFA, RB, AMT:

|  |       |           |
|--|-------|-----------|
| M/F Housing, Series A, 5.20%, 12/01/37 | 2,865 | 2,920,696 |
|--|-------|-----------|

|  |       |           |
|--|-------|-----------|
| S/F Housing, Series 130, 5.00%, 12/01/32 | 2,500 | 2,568,475 |
|--|-------|-----------|

|   |       |           |
|---|-------|-----------|
| Massachusetts HFA, Refunding RB, Series C, AMT, 5.35%, 12/01/42 | 6,550 | 6,815,602 |
|---|-------|-----------|

|   |        |            |
|---|--------|------------|
| Massachusetts Water Resources Authority, RB, Series A, 6.50%, 7/15/19 (c) | 11,640 | 13,226,183 |
|---|--------|------------|

28,839,698

### Michigan 3.9%

#### City of Detroit Michigan Water Supply System, RB, 2nd Lien, Series B (AGM):

|                |       |           |
|----------------|-------|-----------|
| 6.25%, 7/01/36 | 2,500 | 2,723,275 |
|----------------|-------|-----------|

|                |       |           |
|----------------|-------|-----------|
| 7.00%, 7/01/36 | 1,250 | 1,413,988 |
|----------------|-------|-----------|

#### Michigan State Hospital Finance Authority, Refunding RB, Series A:

|   |       |           |
|---|-------|-----------|
| Henry Ford Health System, 5.25%, 11/15/46 | 7,950 | 8,101,765 |
|---|-------|-----------|

|                                     |       |           |
|-------------------------------------|-------|-----------|
| McLaren Health Care, 5.75%, 5/15/38 | 7,285 | 8,218,791 |
|-------------------------------------|-------|-----------|

|   |       |           |
|---|-------|-----------|
| Royal Oak Hospital Finance Authority, Refunding RB, William Beaumont Hospital, Series V, 8.25%, 9/01/18 (d) | 4,100 | 5,297,856 |
|---|-------|-----------|

25,755,675

### Mississippi 4.8%

#### County of Lowndes Mississippi, Refunding RB, Solid Waste Disposal & Pollution Control,

##### Weyerhaeuser Co. Project:

|                          |       |            |
|--------------------------|-------|------------|
| Series A, 6.80%, 4/01/22 | 9,160 | 11,006,748 |
|--------------------------|-------|------------|

|                          |       |           |
|--------------------------|-------|-----------|
| Series B, 6.70%, 4/01/22 | 4,500 | 5,361,345 |
|--------------------------|-------|-----------|

|  |        |            |
|--|--------|------------|
| Mississippi Business Finance Corp., Refunding RB, System Energy Resource, Inc. Project, 5.88%, 4/01/22 | 15,000 | 15,011,100 |
|--|--------|------------|

31,379,193

### Nebraska 1.0%

|   |       |           |
|---|-------|-----------|
| Central Plains Energy Project Nebraska, RB, Gas Project No. 3, 5.00%, 9/01/42 | 6,200 | 6,629,908 |
|---|-------|-----------|

### New Hampshire 0.8%

|  |       |           |
|--|-------|-----------|
| New Hampshire Housing Finance Authority, Refunding RB, S/F Housing, Acquisition, Series H, AMT, 5.15%, 1/01/40 | 5,445 | 5,552,539 |
|--|-------|-----------|

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>New Jersey 7.1%</b>   |              |              |
| New Jersey EDA, RB, AMT:   |              |              |
| Continental Airlines, Inc. Project, Series A, 5.63%, 11/15/30  | \$ 1,530     | \$ 1,652,568 |
| Private Activity Bond, The Goethals Bridge Replacement Project, 5.13%, 1/01/34   | 1,050        | 1,139,712    |
| Private Activity Bond, The Goethals Bridge Replacement Project, 5.38%, 1/01/43   | 10,000       | 10,835,100   |
| New Jersey EDA, Refunding RB, School Facilities Construction, Series AA, 5.25%, 12/15/33   | 10,000       | 10,945,900   |
| New Jersey Housing & Mortgage Finance Agency, RB, S/F Housing, Series AA, 6.38%, 10/01/28  | 670          | 697,979      |
| New Jersey Transportation Trust Fund Authority, RB, Transportation System:   |              |              |
| CAB, Series A, 0.00%, 12/15/38 (a)   | 7,260        | 2,213,211    |
| Series AA, 5.25%, 6/15/33  | 8,750        | 9,900,100    |
| Series B, 5.50%, 6/15/31   | 8,000        | 9,258,000    |
|  |              | 46,642,570   |
| <b>New York 4.6%</b>   |              |              |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series FF-2, 5.50%, 6/15/40                   |              |              |
|  | 4,150        | 4,768,890    |
| Metropolitan Transportation Authority, RB, Series C:   |              |              |
| 6.25%, 11/15/23  | 3,245        | 3,913,924    |
| 6.50%, 11/15/28  | 14,925       | 18,173,128   |
| Port Authority of New York & New Jersey, ARB, Special Project, JFK International Air Terminal LLC Project, Series 8, 6.00%, 12/01/36                                   |              |              |
|  | 3,165        | 3,677,255    |
|  |              | 30,533,197   |
| <b>North Carolina 0.6%</b>   |              |              |
| County of Gaston North Carolina Industrial Facilities & Pollution Control Financing Authority, RB, Exempt Facilities, National Gypsum Co. Project, AMT, 5.75%, 8/01/35 |              |              |
|  | 4,105        | 4,110,829    |
| <b>Ohio 3.8%</b>   |              |              |
| Buckeye Tobacco Settlement Financing Authority, RB, Asset-Backed, Senior Turbo Term, Series A-2, 6.50%, 6/01/47  |              |              |
|  | 1,125        | 961,909      |
| County of Allen Ohio Hospital Facilities, Refunding RB, Catholic Healthcare Partners, Series A, 5.25%, 6/01/38   |              |              |
|  | 2,875        | 3,136,625    |
| County of Franklin Ohio, RB, Health Care Facilities Improvement, OPRS Communities Obligation Group, Series A, 6.13%, 7/01/40   |              |              |
|  | 1,690        | 1,823,273    |
| County of Lucas Ohio, Refunding RB, Promedica Healthcare, Series A, 6.50%, 11/15/37  |              |              |
|  | 1,915        | 2,328,602    |
| County of Montgomery Ohio, RB, Catholic Health Initiatives, Series D-2, 5.45%, 10/01/38  |              |              |
|  | 9,230        | 10,411,994   |
| County of Montgomery Ohio, Refunding RB, Catholic Health, Series A, 5.50%, 5/01/34   |              |              |
|  | 5,470        | 6,251,553    |
|  |              | 24,913,956   |
| <b>Pennsylvania 2.7%</b>   |              |              |
| City of Philadelphia Pennsylvania IDA, RB:   |              |              |
| Arbor House, Inc. Project, Series E, 6.10%, 7/01/33  | 980          | 989,153      |
| Retirement Facilities, Rieder House Project, Series A, 6.10%, 7/01/33  | 1,315        | 1,327,282    |
| Commonwealth of Pennsylvania, GO, 1st Series, 5.00%, 6/15/29   |              |              |
|  | 5,000        | 5,917,550    |
| County of Beaver Pennsylvania IDA, Refunding RB, FirstEnergy Nuclear Generation Project, Series B, 3.50%, 12/01/35 (b)   |              |              |
|  | 9,085        | 9,207,829    |
|  | <b>Par</b>   |              |
|  | <b>(000)</b> | <b>Value</b> |
| <b>Municipal Bonds</b>   |              |              |
| <b>Pennsylvania (concluded)</b>  |              |              |
| Delaware River Port Authority, RB, Series D, 5.00%, 1/01/40  |              |              |
|  | \$ 195       | \$ 209,614   |
|  |              | 17,651,428   |
| <b>Rhode Island 0.4%</b>   |              |              |
| Tobacco Settlement Financing Corp., RB, Asset-Backed, Series A, 6.25%, 6/01/42   |              |              |
|  | 2,500        | 2,500,050    |

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### South Carolina 0.2%

|  |       |           |
|--|-------|-----------|
| County of Georgetown South Carolina, Refunding RB, International Paper Co. Project, Series A, AMT, 5.55%, 12/01/29 | 1,000 | 1,023,230 |
|--|-------|-----------|

### Texas 12.6%

|   |       |         |
|---|-------|---------|
| Brazos River Authority, Refunding RB, Texas Utility Co., Series A, AMT, 7.70%, 4/01/33 (e)(f) | 3,055 | 282,587 |
|---|-------|---------|

Central Texas Regional Mobility Authority, Refunding RB, Senior Lien:

|                |       |           |
|----------------|-------|-----------|
| 5.75%, 1/01/31 | 1,000 | 1,129,290 |
|----------------|-------|-----------|

|                |       |           |
|----------------|-------|-----------|
| 6.00%, 1/01/41 | 4,300 | 4,874,824 |
|----------------|-------|-----------|

|                          |       |           |
|--------------------------|-------|-----------|
| Series A, 5.00%, 1/01/43 | 6,925 | 7,376,164 |
|--------------------------|-------|-----------|

City of Houston Texas Airport System, Refunding ARB, United Airlines, Inc. Terminal E Project, AMT:

|                |       |           |
|----------------|-------|-----------|
| 4.75%, 7/01/24 | 3,330 | 3,488,508 |
|----------------|-------|-----------|

|                |       |           |
|----------------|-------|-----------|
| 5.00%, 7/01/29 | 2,665 | 2,723,870 |
|----------------|-------|-----------|

|   |     |         |
|---|-----|---------|
| County of Harris Texas Cultural Education Facilities Finance Corp., RB, 1st Mortgage, Brazos Presbyterian Homes, Inc. Project, Series B, 7.00%, 1/01/43 | 850 | 960,355 |
|---|-----|---------|

County of Harris Texas Health Facilities Development Corp., Refunding RB, Memorial Hermann Healthcare System, Series B (d):

|                 |       |           |
|-----------------|-------|-----------|
| 7.13%, 12/01/18 | 3,500 | 4,402,510 |
|-----------------|-------|-----------|

|                 |       |           |
|-----------------|-------|-----------|
| 7.25%, 12/01/18 | 5,400 | 6,820,524 |
|-----------------|-------|-----------|

|   |       |           |
|---|-------|-----------|
| County of Tarrant Texas Cultural Education Facilities Finance Corp., RB, Scott & White Healthcare, 6.00%, 8/15/45 | 5,000 | 6,015,750 |
|---|-------|-----------|

|  |     |           |
|--|-----|-----------|
| La Vernia Higher Education Finance Corp., RB, KIPP, Inc., Series A, 6.25%, 8/15/39 | 925 | 1,043,058 |
|--|-----|-----------|

|   |       |           |
|---|-------|-----------|
| Love Field Airport Modernization Corp., RB, Southwest Airlines Co. Project, 5.25%, 11/01/40 | 3,600 | 3,817,296 |
|---|-------|-----------|

|  |       |           |
|--|-------|-----------|
| New Hope Cultural Education Facilities Corp., Refunding RB, 1st Mortgage, Morningside Ministries Project, 6.25%, 1/01/33 | 1,600 | 1,734,880 |
|--|-------|-----------|

|   |       |           |
|---|-------|-----------|
| North Texas Education Finance Corp., ERB, Uplift Education, Series A, 5.13%, 12/01/42 | 1,000 | 1,064,030 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| North Texas Tollway Authority, Refunding RB, 1st Tier, Series A, 6.25%, 1/01/39 | 3,500 | 4,072,390 |
|---|-------|-----------|

Texas Private Activity Bond Surface Transportation Corp., RB, Senior Lien:

|   |        |            |
|---|--------|------------|
| LBJ Infrastructure Group LLC, LBJ Freeway Managed Lanes Project, 7.00%, 6/30/40 | 10,000 | 12,031,400 |
|---|--------|------------|

|   |       |           |
|---|-------|-----------|
| NTE Mobility Partners LLC, North Tarrant Express Managed Lanes Project, 6.88%, 12/31/39 | 4,710 | 5,565,807 |
|---|-------|-----------|

|   |       |           |
|---|-------|-----------|
| Texas State University System, Refunding RB (AGM), 5.00%, 3/15/30 | 5,660 | 5,988,620 |
|---|-------|-----------|

|  |       |           |
|--|-------|-----------|
| Texas Transportation Commission, Refunding RB, Central Texas Turnpike System, 1st Tier, Series A, 4.00%, 8/15/38 | 9,375 | 9,419,344 |
|--|-------|-----------|

82,811,207

### Vermont 0.0%

|  |    |        |
|--|----|--------|
| Vermont Educational & Health Buildings Financing Agency, RB, Developmental & Mental Health, Series A, 6.38%, 6/15/22 | 30 | 30,451 |
|--|----|--------|

### Virginia 4.7%

|  |       |           |
|--|-------|-----------|
| City of Portsmouth Virginia, GO, Refunding, Series D, 5.00%, 7/15/34 | 3,105 | 3,537,061 |
|--|-------|-----------|

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 (concluded)</b>   |              |                    |
| County of Fairfax Virginia EDA, Refunding RB, Goodwin House, Inc.:  |              |                    |
| 5.13%, 10/01/37   | \$ 2,000     | \$ 2,072,340       |
| 5.13%, 10/01/42   | 6,015        | 6,206,036          |
| Virginia Commonwealth Transportation Board, RB, Capital Projects, 5.00%, 5/15/32  | 8,000        | 9,201,520          |
| Virginia HDA, Refunding RB, S/F Housing, Sub-Series A-3, AMT, 5.05%, 7/01/26  | 1,325        | 1,382,359          |
| Virginia Small Business Financing Authority, RB, Senior Lien, Elizabeth River Crossings OpCo LLC Project, AMT:                      |              |                    |
| 6.00%, 1/01/37  | 2,620        | 2,954,417          |
| 5.50%, 1/01/42  | 5,140        | 5,589,236          |
|   |              | 30,942,969         |
| <b>Washington 4.4%</b>  |              |                    |
| Energy Northwest, Refunding RB, Series B, 7.13%, 7/01/16  | 14,320       | 16,071,193         |
| Washington Health Care Facilities Authority, RB, Catholic Health Initiatives, Series A, 5.75%, 1/01/45                              | 4,010        | 4,591,891          |
| Washington Health Care Facilities Authority, Refunding RB, Catholic Health Initiatives, Series D, 6.38%, 10/01/36                   | 7,000        | 8,110,620          |
|   |              | 28,773,704         |
| <b>West Virginia 0.4%</b>   |              |                    |
| West Virginia Hospital Finance Authority, Refunding RB, Improvement, Charleston Area Medical Center, Inc., Series A, 5.63%, 9/01/32 | 2,500        | 2,696,750          |
| <b>Wisconsin 1.0%</b>   |              |                    |
| Wisconsin Health & Educational Facilities Authority, Refunding RB, Froedtert & Community Health, Inc., Series C, 5.25%, 4/01/39     | 6,100        | 6,575,556          |
| <b>Wyoming 1.3%</b>   |              |                    |
| County of Sweetwater Wyoming, Refunding RB, Idaho Power Co. Project, Remarketing, 5.25%, 7/15/26                                    | 4,500        | 5,132,070          |
| Wyoming Community Development Authority, Refunding RB, Series 2 & 3, 4.05%, 12/01/38  | 3,165        | 3,209,247          |
|   |              | 8,341,317          |
| <b>Total Municipal Bonds 108.6%</b>   |              | <b>713,570,694</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (g)</b>   |              |                    |
| <b>Arizona 0.6%</b>   |              |                    |
| City of Phoenix Arizona Civic Improvement Corp., Refunding RB, Water System, Junior Lien, Series A, 5.00%, 7/01/34                  | 3,500        | 3,961,230          |
| <b>California 3.5%</b>  |              |                    |
| University of California, RB, General, Series O, 5.25%, 5/15/39   | 20,000       | 22,942,600         |
| <b>Connecticut 2.0%</b>   |              |                    |
| Connecticut State Health & Educational Facility Authority, RB, Yale University, Series Z-3, 5.05%, 7/01/42                          | 12,000       | 13,142,640         |
| <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        | 8,479,270          |
| <b>Florida 2.5%</b>   |              |                    |
| County of Miami-Dade Florida Water & Sewer System, RB (AGM), 5.00%, 10/01/39  | 14,747       | 16,515,973         |
|   | <b>Par</b>   |                    |
| <b>Municipal Bonds Transferred to Tender Option Bond Trusts (g)</b>   | <b>(000)</b> | <b>Value</b>       |
| <b>Illinois 3.0%</b>  |              |                    |

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|  |           |               |
|--|-----------|---------------|
| State of Illinois Finance Authority, RB, University of Chicago, Series B, 6.25%, 7/01/18 (d)   | \$ 10,000 | \$ 12,081,500 |
| State of Illinois Toll Highway Authority, RB, Senior Priority, Series B, 5.50%, 1/01/33  | 6,999     | 7,778,865     |
|  |           | 19,860,365    |
| <b>Kentucky 1.6%</b>   |           |               |
| County of Louisville & Jefferson Kentucky Metropolitan Government Parking Authority, RB, River City, Inc., 1st Mortgage, Series A, 5.38%, 12/01/39 | 9,195     | 10,596,594    |
| <b>Maryland 0.8%</b>   |           |               |
| State of Maryland Transportation Authority, RB, Transportation Facilities Project (AGM), 5.00%, 7/01/41  | 4,710     | 5,243,408     |
| <b>Nevada 2.8%</b>   |           |               |
| County of Clark Nevada Water Reclamation District, GO, Limited Tax, Series B, 5.75%, 7/01/34   | 15,789    | 18,644,081    |
| <b>New York 5.9%</b>   |           |               |
| City of New York New York Municipal Water Finance Authority, Refunding RB, Water & Sewer System, 2nd General Resolution, Series DD, 5.00%, 6/15/37 | 24,199    | 26,867,221    |
| New York Liberty Development Corp., Refunding RB, 4 World Trade Center Project, 5.75%, 11/15/51 (h)  | 10,000    | 11,581,100    |
|  |           | 38,448,321    |
| <b>North Carolina 2.9%</b>   |           |               |
| North Carolina Capital Facilities Finance Agency, Refunding RB:  |           |               |
| Duke University Project, Series A, 5.00%, 10/01/41   | 12,678    | 13,573,274    |
| Wake Forest University, 5.00%, 1/01/38   | 5,000     | 5,607,000     |
|  |           | 19,180,274    |
| <b>Ohio 2.2%</b>   |           |               |
| Ohio Higher Educational Facility Commission, RB, Cleveland Clinic Health, Series A, 5.25%, 1/01/33   | 4,400     | 4,843,036     |
| State of Ohio, RB, Cleveland Clinic Health Obligated Group, Series B, 5.50%, 1/01/34   | 8,500     | 9,586,810     |
|  |           | 14,429,846    |
| <b>Oregon 2.1%</b>   |           |               |
| State of Oregon Housing & Community Services Department, HRB, M/F Housing, Series A, AMT, 4.95%, 7/01/30   | 13,000    | 13,638,673    |
| <b>South Carolina 0.4%</b>   |           |               |
| State of South Carolina Housing Finance & Development Authority, Refunding RB, S/F Housing, Series B-1, 5.55%, 7/01/39                             | 2,259     | 2,320,815     |
| <b>Texas 7.8%</b>  |           |               |
| City of Houston Texas, Refunding RB, Airport System, Senior Lien, Series A, 5.50%, 7/01/34   | 8,333     | 9,496,900     |
| City of Houston Texas Higher Education Finance Corp., RB, Rice University Project, Series A, 5.00%, 5/15/40  | 10,000    | 11,386,991    |
| County of Harris Texas Health Facilities Development Corp., Refunding RB, School Health Care System, Series B, 5.75%, 7/01/27 (c)                  | 20,970    | 27,113,581    |
| Texas Department of Housing & Community Affairs, RB, S/F Mortgage, Series B, AMT (Ginnie Mae), 5.25%, 9/01/32                                      | 3,097     | 3,187,799     |
|  |           | 51,185,271    |

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 (g)</b>                                      |               |                |
| <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      | \$ 2,354,827   |
| Virginia Small Business Financing Authority, Refunding RB, Sentara Healthcare, 5.00%, 11/01/40           | 5,002         | 5,422,135      |
|  |               | 7,776,962      |
| <b>Washington 4.2%</b>   |               |                |
| Central Puget Sound Regional Transit Authority, RB, Series A: 5.00%, 11/01/34                            | 5,000         | 5,529,600      |
| 5.00%, 11/01/36  | 6,000         | 6,579,310      |
| (AGM), 5.00%, 11/01/32   | 14,007        | 15,440,122     |
|  |               | 27,549,032     |
| <b>Total Municipal Bonds Transferred to Tender Option Bond Trusts 44.8%</b>                              |               | 293,915,355    |
| <b>Total Long-Term Investments (Cost \$908,011,663) 153.4%</b>   |               | 1,007,486,049  |
| <b>Short-Term Securities</b>   | <b>Shares</b> | <b>Value</b>   |
| FBI Institutional Tax-Exempt Fund, 0.03% (i)(j)  | 13,105,794    | 13,105,794     |
| <b>Total Short-Term Securities (Cost \$13,105,794) 2.0%</b>  |               | 13,105,794     |
| <b>Total Investments (Cost \$921,117,457) 155.4%</b>   |               | 1,020,591,843  |
| <b>Other Assets Less Liabilities 3.8%</b>  |               | 25,268,920     |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (22.1)%</b>         |               | (145,138,726)  |
| <b>VMTP Shares, at Liquidation Value (37.1)%</b>   |               | (243,800,000)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>   |               | \$ 656,922,037 |

## Notes to Schedule of Investments

- (a) Zero-coupon bond.
- (b) Variable rate security. Rate shown is as of report date.
- (c) Security is collateralized by municipal or U.S. Treasury obligations.
- (d) U.S. 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) Non-income producing security.

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- (f) Issuer filed for bankruptcy and/or is in default of principal and/or interest payments.
- (g) Represent bonds transferred to a TOB. In exchange for which the Trust received cash and residual interest certificates. These bonds 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 agreement, which expires on November 15, 2019 is \$5,295,486.
- (i) Investments in issuers considered to be an affiliate of the Trust during the year ended August 31, 2014, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

| Affiliate                         | Shares Held<br>at August 31,<br>2013 | Net<br>Activity | Shares Held<br>at August 31,<br>2014 | Income   |
|-----------------------------------|--------------------------------------|-----------------|--------------------------------------|----------|
| FFI Institutional Tax-Exempt Fund | 6,144,050                            | 6,961,744       | 13,105,794                           | \$ 3,388 |

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

Financial futures contracts outstanding as of August 31, 2014 were as follows:

| Contracts<br>Sold | Issue                      | Exchange               | Expiration    | Notional<br>Value | Unrealized<br>Depreciation |
|-------------------|----------------------------|------------------------|---------------|-------------------|----------------------------|
| (350)             | 10-Year U.S. Treasury Note | Chicago Board of Trade | December 2014 | \$ 44,023,438     | \$ (74,318)                |

**Fair Value Measurements** Various inputs are used in determining the fair value of investments and derivative financial instruments. 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 and derivative financial instruments)

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 MuniVest Fund, Inc. (MVF)**

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 and derivative financial instruments is based on the pricing transparency of the investment and derivative financial instrument 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 and derivative financial instruments, please refer to Note 2 of the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy as of August 31, 2014:

|                                    | Level 1       | Level 2          | Level 3 | Total            |
|------------------------------------|---------------|------------------|---------|------------------|
| <b>Assets:</b>                     |               |                  |         |                  |
| Investments:                       |               |                  |         |                  |
| Long-Term Investments <sup>1</sup> |               | \$ 1,007,486,049 |         | \$ 1,007,486,049 |
| Short-Term Securities              | \$ 13,105,794 |                  |         | 13,105,794       |
| <b>Total</b>                       | \$ 13,105,794 | \$ 1,007,486,049 |         | \$ 1,020,591,843 |

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

|   | Level 1     | Level 2 | Level 3 | Total       |
|---|-------------|---------|---------|-------------|
| <b>Derivative Financial Instruments<sup>2</sup></b> |             |         |         |             |
| <b>Liabilities:</b>                                 |             |         |         |             |
| Interest rate contracts                             | \$ (74,318) |         |         | \$ (74,318) |

<sup>2</sup> Derivative financial instruments are financial futures contracts, which are valued at the unrealized appreciation/depreciation on the instrument.

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of August 31, 2014, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|  | Level 1    | Level 2          | Level 3 | Total            |
|--|------------|------------------|---------|------------------|
| <b>Assets:</b>                               |            |                  |         |                  |
| Cash pledged for financial futures contracts | \$ 478,000 |                  |         | \$ 478,000       |
| <b>Liabilities:</b>                          |            |                  |         |                  |
| TOB trust certificates                       |            | \$ (145,110,611) |         | (145,110,611)    |
| VMTP Shares                                  |            | (243,800,000)    |         | (243,800,000)    |
| <b>Total</b>                                 | \$ 478,000 | \$ (388,910,611) |         | \$ (388,432,611) |

There were no transfers between levels during the year ended August 31, 2014.

See Notes to Financial Statements.

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## Statements of Assets and Liabilities

|   | <b>BlackRock</b>   |   |  |   |
|---|--|---|--|---|
|   | <b>BlackRock<br/>Municipal Bond<br/>Investment Trust<br/>(BIE)</b> | <b>BlackRock<br/>Municipal Bond<br/>Trust<br/>(BBK)</b> | <b>Municipal Income<br/>Investment<br/>Quality Trust<br/>(BAF)</b> | <b>BlackRock<br/>Municipal Income<br/>Quality Trust<br/>(BYM)</b> |
| <b>August 31, 2014</b>  |  |   |  |   |
| <b>Assets</b>   |  |   |  |   |
| Investments at value unaffiliated                                       | \$ 86,815,823  | \$ 273,964,146  | \$ 211,318,129   | \$ 633,413,915  |
| Investments at value affiliated   | 698,423  | 3,426,637   | 1,321,380  | 4,098,719   |
| Cash pledged for financial futures contracts                            | 83,000   | 189,000   | 119,000  | 496,000   |
| Interest receivable   | 932,731  | 2,859,952   | 2,263,116  | 6,088,518   |
| Investments sold receivable   |  | 798,251   |  | 167,460   |
| Variation margin receivable on financial futures contracts              | 2,250  | 8,625   | 5,438  | 22,688  |
| Deferred offering costs   | 125,341  | 17,876  | 14,502   | 24,413  |
| TOB trust receivable  |  | 1,995,000   |  |   |
| Prepaid expenses  | 53,679   | 21,674  | 21,335   | 24,053  |
| <b>Total assets</b>   | <b>88,711,247</b>  | <b>283,281,161</b>                                      | <b>215,062,900</b>   | <b>644,335,766</b>  |
| <b>Accrued Liabilities</b>  |  |   |  |   |
| Investments purchased payable   |  | 8,965,521   |  | 165,853   |
| Income dividends payable Common Shares                                  | 253,740  | 861,890   | 599,335  | 1,888,049   |
| Investment advisory fees payable  | 42,516   | 148,705   | 99,212   | 297,711   |
| Officers and Trustees fees payable                                      | 8,601  | 30,274  | 22,642   | 70,079  |
| Interest expense and fees payable                                       | 2,809  | 5,160   | 7,154  | 24,812  |
| Other accrued expenses payable  | 40,348   | 76,532  | 67,037   | 97,670  |
| <b>Total accrued liabilities</b>  | <b>348,014</b>   | <b>10,088,082</b>                                       | <b>795,380</b>   | <b>2,544,174</b>  |
| <b>Other Liabilities</b>  |  |   |  |   |
| TOB trust certificates  | 16,235,837   | 19,494,759  | 32,344,766   | 93,815,779  |
| VRDP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup> | 17,800,000   |   |  |   |
| VMTP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup> |  | 79,900,000  | 42,200,000   | 137,200,000   |
| <b>Total other liabilities</b>  | <b>34,035,837</b>  | <b>99,394,759</b>                                       | <b>74,544,766</b>  | <b>231,015,779</b>  |
| <b>Total liabilities</b>  | <b>34,383,851</b>  | <b>109,482,841</b>                                      | <b>75,340,146</b>  | <b>233,559,953</b>  |
| <b>Net Assets Applicable to Common Shareholders</b>                     | <b>\$ 54,327,396</b>   | <b>\$ 173,798,320</b>                                   | <b>\$ 139,722,754</b>  | <b>\$ 410,775,813</b>   |
| <b>Net Assets Applicable to Common Shareholders Consist of</b>          |  |   |  |   |
| Paid-in capital <sup>5,6,7</sup>  | \$ 47,249,675  | \$ 149,361,541  | \$ 124,034,133   | \$ 374,675,197  |
| Undistributed net investment income                                     | 771,516  | 3,306,462   | 1,596,663  | 4,244,894   |
| Accumulated net realized loss   | (3,018,062)  | (1,408,419)   | (5,951,301)  | (22,546,285)  |
| Net unrealized appreciation/depreciation                                | 9,324,267  | 22,538,736  | 20,043,259   | 54,402,007  |
| <b>Net Assets Applicable to Common Shareholders</b>                     | <b>\$ 54,327,396</b>   | <b>\$ 173,798,320</b>                                   | <b>\$ 139,722,754</b>  | <b>\$ 410,775,813</b>   |
| Net asset value per Common Share  | \$ 16.27   | \$ 16.54  | \$ 15.97   | \$ 15.56  |
| <sup>1</sup> Investments at cost unaffiliated                           | \$ 77,483,912  | \$ 251,396,107  | \$ 191,256,397   | \$ 578,934,829  |
| <sup>2</sup> Investments at cost affiliated                             | \$ 698,423   | \$ 3,426,637  | \$ 1,321,380   | \$ 4,098,719  |
| <sup>3</sup> VRDP/VMTP Shares outstanding:                              |  |   |  |   |

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|   |           |            |           |            |
|---|-----------|------------|-----------|------------|
| Par value \$0.001 per share   | 178       | 799        | 422       | 1,372      |
| Par value \$ 0.10 per share   |           |            |           |            |
| <sup>4</sup> Preferred Shares authorized, including Auction Market Preferred Shares<br>( AMPS ) | unlimited | unlimited  | unlimited | unlimited  |
| <sup>5</sup> Par Value per Common Share   | \$ 0.001  | \$ 0.001   | \$ 0.001  | \$ 0.001   |
| <sup>6</sup> Common Shares outstanding  | 3,338,684 | 10,510,852 | 8,749,418 | 26,406,273 |
| <sup>7</sup> Common Shares authorized   | unlimited | unlimited  | unlimited | unlimited  |

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## Statements of Assets and Liabilities (concluded)

| August 31, 2014   | BlackRock<br>Municipal Income<br>Trust II<br>(BLE) | BlackRock<br>MuniHoldings<br>Investment<br>Quality Fund<br>(MFL) | BlackRock<br>MuniVest Fund,<br>Inc.<br>(MVF) |
|---|--|--|--|
| <b>Assets</b>   |  |  |  |
| Investments at value unaffiliated   | \$ 571,314,619                                     | \$ 933,986,044   | \$ 1,007,486,049                             |
| Investments at value affiliated   | 7,457,326  | 6,198,367  | 13,105,794                                   |
| Cash pledged for financial futures contracts                              | 369,000  | 474,000  | 478,000                                      |
| Interest receivable   | 6,809,937  | 10,801,264   | 12,488,481                                   |
| Investments sold receivable   | 330,000  |  | 17,987,166                                   |
| Variation margin receivable on financial futures contracts                | 16,893   | 21,688   | 21,875                                       |
| Deferred offering costs   | 26,061   | 454,643  | 39,391                                       |
| TOB trust receivable  |  |  |  |
| Prepaid expenses  | 23,879   | 50,249   | 32,239                                       |
| <b>Total assets</b>   | <b>586,347,715</b>                                 | <b>951,986,255</b>   | <b>1,051,638,995</b>                         |
| <b>Accrued Liabilities</b>  |  |  |  |
| Investments purchased payable   | 949,024  |  | 1,605,030                                    |
| Income dividends payable Common Shares                                    | 1,923,147  | 2,703,256  | 3,423,050                                    |
| Investment advisory fees payable  | 270,029  | 439,406  | 441,423                                      |
| Officers and Trustees fees payable  | 63,630   | 227,775  | 164,457                                      |
| Interest expense and fees payable   | 14,539   | 24,242   | 28,115                                       |
| Other accrued expenses payable  | 97,256   | 144,889  | 144,272                                      |
| <b>Total accrued liabilities</b>  | <b>3,317,625</b>                                   | <b>3,539,568</b>   | <b>5,806,347</b>                             |
| <b>Other Liabilities</b>  |  |  |  |
| TOB trust certificates  | 68,691,599   | 89,156,878   | 145,110,611                                  |
| VRDP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup>   |  | 274,600,000  |  |
| VMTP Shares, at liquidation value of \$100,000 per share <sup>3,4</sup>   | 151,300,000  |  | 243,800,000                                  |
| <b>Total other liabilities</b>  | <b>219,991,599</b>                                 | <b>363,756,878</b>   | <b>388,910,611</b>                           |
| <b>Total liabilities</b>  | <b>223,309,224</b>                                 | <b>367,296,446</b>   | <b>394,716,958</b>                           |
| <b>Net Assets Applicable to Common Shareholders</b>                       | <b>\$ 363,038,491</b>                              | <b>\$ 584,689,809</b>  | <b>\$ 656,922,037</b>                        |
| <b>Net Assets Applicable to Common Shareholders Consist of</b>            |  |  |  |
| Paid-in capital <sup>5,6,7</sup>  | \$ 332,663,092                                     | \$ 525,924,068   | \$ 581,632,620                               |
| Undistributed net investment income                                       | 4,746,351  | 7,434,839  | 8,736,704                                    |
| Accumulated net realized loss   | (17,868,790)                                       | (42,397,168)   | (32,847,355)                                 |
| Net unrealized appreciation/depreciation                                  | 43,497,838   | 93,728,070   | 99,400,068                                   |
| <b>Net Assets Applicable to Common Shareholders</b>                       | <b>\$ 363,038,491</b>                              | <b>\$ 584,689,809</b>  | <b>\$ 656,922,037</b>                        |
| Net asset value per Common Share  | \$ 15.48   | \$ 15.46   | \$ 10.27                                     |
| <sup>1</sup> Investments at cost unaffiliated                             | \$ 527,774,215                                     | \$ 840,184,293   | \$ 908,011,663                               |
| <sup>2</sup> Investments at cost affiliated                               | \$ 7,457,326                                       | \$ 6,198,367   | \$ 13,105,794                                |
| <sup>3</sup> VRDP/VMTP Shares outstanding:<br>Par value \$0.001 per share | 1,513  |  |  |

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|  |            |            |             |
|--|------------|------------|-------------|
| Par value \$ 0.10 per share  |            | 2,746      | 2,438       |
| <sup>4</sup> Preferred Shares authorized, including Auction Market Preferred Shares ( AMPS ) | unlimited  | 1 million  | 10 million  |
| <sup>5</sup> Par Value per Common Share  | \$ 0.001   | \$ 0.10    | \$ 0.10     |
| <sup>6</sup> Common Shares outstanding   | 23,453,016 | 37,807,776 | 63,982,238  |
| <sup>7</sup> Common Shares authorized  | unlimited  | unlimited  | 150 million |

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## Statements of Operations

| Year Ended August 31, 2014  | BlackRock<br>Municipal Bond<br>Investment Trust<br>(BIE) | BlackRock<br>Municipal Bond<br>Trust<br>(BBK) | BlackRock<br>Municipal Income<br>Investment<br>Quality Trust<br>(BAF) | BlackRock<br>Municipal Income<br>Quality Trust<br>(BYM) |
|---|--|---|---|---|
| <b>Investment Income</b>  |  |   |   |   |
| Interest  | \$ 4,085,869   | \$ 13,141,898                                 | \$ 9,318,704  | \$ 28,599,716   |
| Income affiliated   | 258  | 1,029   | 601   | 2,004   |
| Total income  | 4,086,127  | 13,142,927                                    | 9,319,305   | 28,601,720  |
| <b>Expenses</b>   |  |   |   |   |
| Investment advisory   | 554,329  | 1,684,863                                     | 1,129,542   | 3,432,242   |
| Liquidity fees  | 165,429  |   |   |   |
| Professional  | 41,543   | 58,148  | 54,036  | 80,487  |
| Remarketing fees on Preferred Shares  | 18,046   |   |   |   |
| Transfer agent  | 17,358   | 25,683  | 23,561  | 40,829  |
| Accounting services   | 15,440   | 42,300  | 35,477  | 59,626  |
| Custodian   | 9,099  | 17,590  | 13,890  | 29,962  |
| Printing  | 7,784  | 10,105  | 9,100   | 13,590  |
| Registration  | 6,899  | 6,871   | 6,911   | 6,963   |
| Officer and Trustees  | 5,854  | 18,822  | 14,962  | 44,593  |
| Miscellaneous   | 60,500   | 66,795  | 57,651  | 80,758  |
| Total expenses excluding interest expense, fees and amortization of offering costs            | 902,281  | 1,931,177                                     | 1,345,130   | 3,789,050   |
| Interest expense, fees and amortization of offering costs <sup>1</sup>                        | 157,128  | 1,049,954                                     | 719,545   | 2,179,059   |
| Total expenses  | 1,059,409  | 2,981,131                                     | 2,064,675   | 5,968,109   |
| Less fees waived by Manager   | (68,580)   | (1,452)                                       | (838)   | (2,732)   |
| Total expenses after fees waived  | 990,829  | 2,979,679                                     | 2,063,837   | 5,965,377   |
| Net investment income   | 3,095,298  | 10,163,248                                    | 7,255,468   | 22,636,343  |
| <b>Realized and Unrealized Gain (Loss)</b>  |  |   |   |   |
| Net realized gain (loss) from:  |  |   |   |   |
| Investments   | (566,784)  | (743,895)                                     | (3,150,459)   | (5,406,235)   |
| Financial futures contracts   | (116,656)  | (646,646)                                     | (287,992)   | (1,513,145)   |
|   | (683,440)  | (1,390,541)                                   | (3,438,451)   | (6,919,380)   |
| Net change in unrealized appreciation/depreciation on:  |  |   |   |   |
| Investments   | 7,321,284  | 27,060,014                                    | 22,154,568  | 63,951,769  |
| Financial futures contracts   | (7,644)  | (29,303)                                      | (18,473)  | (77,079)  |
|   | 7,313,640  | 27,030,711                                    | 22,136,095  | 63,874,690  |
| Net realized and unrealized gain  | 6,630,200  | 25,640,170                                    | 18,697,644  | 56,955,310  |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations</b> | <b>\$ 9,725,498</b>                                      | <b>\$ 35,803,418</b>                          | <b>\$ 25,953,112</b>  | <b>\$ 79,591,653</b>                                    |

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

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## Statements of Operations (concluded)

| Year Ended August 31, 2014  | BlackRock<br>Municipal Income<br>Trust II<br>(BLE) | BlackRock<br>MuniHoldings<br>Investment<br>Quality Fund<br>(MFL) | BlackRock<br>MuniVest Fund,<br>Inc.<br>(MVF) |
|---|--|--|--|
| <b>Investment Income</b>  |  |  |  |
| Interest  | \$ 27,410,490                                      | \$ 42,152,709  | \$ 49,865,487                                |
| Income affiliated   | 2,104  | 2,806  | 3,388  |
| Total income  | 27,412,594   | 42,155,515   | 49,868,875                                   |
| <b>Expenses</b>   |  |  |  |
| Investment advisory   | 3,068,449  | 4,999,978  | 5,064,052                                    |
| Liquidity fees  |  | 1,146,074  |  |
| Professional  | 78,783   | 160,731  | 139,334                                      |
| Remarketing fees on Preferred Shares  |  | 181,838  |  |
| Transfer agent  | 37,738   | 49,405   | 61,198                                       |
| Accounting services   | 59,620   | 114,532  | 124,962                                      |
| Custodian   | 29,169   | 40,292   | 40,851                                       |
| Printing  | 12,561   | 17,036   | 17,815                                       |
| Registration  | 7,716  | 9,714  | 21,046                                       |
| Officer and Trustees  | 39,208   | 81,900   | 79,186                                       |
| Miscellaneous   | 82,251   | 89,875   | 92,028                                       |
| Total expenses excluding interest expense, fees and amortization of offering costs            | 3,415,495  | 6,891,375  | 5,640,472                                    |
| Interest expense, fees and amortization of offering costs <sup>1</sup>                        | 2,109,222  | 2,044,207  | 3,618,468                                    |
| Total expenses  | 5,524,717  | 8,935,582  | 9,258,940                                    |
| Less fees waived by Manager   | (2,602)  | (398,198)  | (4,392)                                      |
| Total expenses after fees waived  | 5,522,115  | 8,537,384  | 9,254,548                                    |
| Net investment income   | 21,890,479   | 33,618,131   | 40,614,327                                   |
| <b>Realized and Unrealized Gain (Loss)</b>  |  |  |  |
| Net realized gain (loss) from:  |  |  |  |
| Investments   | (5,304,107)  | (9,461,314)  | 908,748                                      |
| Financial futures contracts   | (1,619,153)  | (1,167,861)  | (3,291,529)                                  |
|   | (6,923,260)  | (10,629,175)   | (2,382,781)                                  |
| Net change in unrealized appreciation/depreciation on:  |  |  |  |
| Investments   | 58,932,402   | 92,403,750   | 77,555,506                                   |
| Financial futures contracts   | (42,566)   | (73,681)   | (74,318)                                     |
|   | 58,889,836   | 92,330,069   | 77,481,188                                   |
| Net realized and unrealized gain  | 51,966,576   | 81,700,894   | 75,098,407                                   |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations</b> | <b>\$ 73,857,055</b>                               | <b>\$ 115,319,025</b>  | <b>\$ 115,712,734</b>                        |

<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 (BLE)<br>Year Ended August 31, |               | BlackRock Municipal Bond Trust (BBK)<br>Year Ended August 31, |                |
|---|--|---------------|---|----------------|
|   | 2014   | 2013          | 2014  | 2013           |
| <b>Operations</b>   |  |               |   |                |
| Net investment income   | \$ 3,095,298   | \$ 3,009,781  | \$ 10,163,248   | \$ 10,121,543  |
| Net realized loss   | (683,440)  | (514,362)     | (1,390,541)   | 1,996,264      |
| Net change in unrealized appreciation/depreciation  | 7,313,640  | (8,100,674)   | 27,030,711  | (27,894,939)   |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | 9,725,498  | (5,605,255)   | 35,803,418  | (15,777,132)   |
| <b>Dividends and Distributions to Common Shareholders From<sup>1</sup></b>                        |  |               |   |                |
| Net investment income   | (3,044,880)  | (3,094,784)   | (10,140,509)  | (10,235,733)   |
| Net realized gain   |  |               | (867,349)   | (1,455,701)    |
| Decrease in net assets resulting from dividends and distributions to Common Shareholders          |  |               | (11,007,858)  | (11,691,434)   |
| <b>Capital Share Transactions</b>   |  |               |   |                |
| Reinvestment of common dividends  |  | 16,133        |   | 255,741        |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |               |   |                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | 6,680,618  | (8,683,906)   | 24,795,560  | (27,212,825)   |
| Beginning of year   | 47,646,778   | 56,330,684    | 149,002,760   | 176,215,585    |
| End of year   | \$ 54,327,396  | \$ 47,646,778 | \$ 173,798,320  | \$ 149,002,760 |
| Undistributed net investment income, end of year  | \$ 771,516   | \$ 697,806    | \$ 3,306,462  | \$ 3,153,158   |

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

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | Municipal Income Investment Quality Trust (BAF)<br>Year Ended August 31, |              | BlackRock Municipal Income Quality Trust (BYM)<br>Year Ended August 31, |               |
|---|--|--------------|---|---------------|
|   | 2014   | 2013         | 2014  | 2013          |
| <b>Operations</b>   |  |              |   |               |
| Net investment income   | \$ 7,255,468   | \$ 7,099,697 | \$ 22,636,343   | \$ 23,897,300 |
| Net realized loss   | (3,438,451)  | (1,504,631)  | (6,919,380)   | 2,074,437     |
| Net change in unrealized appreciation/depreciation  | 22,136,095   | (22,035,087) | 63,874,690  | (71,172,199)  |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | 25,953,112   | (16,440,021) | 79,591,653  | (45,200,462)  |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |  |              |   |               |
| Net investment income   | (7,192,022)  | (7,226,601)  | (24,188,146)  | (24,710,368)  |
| <b>Capital Share Transactions</b>   |  |              |   |               |

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|                                  |        |         |
|----------------------------------|--------|---------|
| Reinvestment of common dividends | 41,052 | 498,568 |
|----------------------------------|--------|---------|

### Net Assets Applicable to Common Shareholders

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | 18,761,090     | (23,625,570)   | 55,403,507     | (69,412,262)   |
| Beginning of year   | 120,961,664    | 144,587,234    | 355,372,306    | 424,784,568    |
| End of year   | \$ 139,722,754 | \$ 120,961,664 | \$ 410,775,813 | \$ 355,372,306 |
| Undistributed net investment income, end of year                          | \$ 1,596,663   | \$ 1,489,042   | \$ 4,244,894   | \$ 5,922,521   |

<sup>1</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

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| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock Municipal<br>Income Trust II (BLE) |                | BlackRock MuniHoldings<br>Investment Quality Fund<br>(MFL) |                |
|---|--|----------------|--|----------------|
|   | Year Ended August 31,<br>2014                | 2013           | Year Ended August 31,<br>2014                              | 2013           |
| <b>Operations</b>   |  |                |  |                |
| Net investment income   | \$ 21,890,479                                | \$ 22,707,879  | \$ 33,618,131  | \$ 32,713,247  |
| Net realized gain (loss)  | (6,923,260)                                  | 1,783,167      | (10,629,175)   | (9,831,710)    |
| Net change in unrealized appreciation/depreciation  | 58,889,836                                   | (65,487,095)   | 92,330,069   | (90,463,253)   |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | 73,857,055                                   | (40,996,049)   | 115,319,025  | (67,581,716)   |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |  |                |  |                |
| Net investment income   | (23,298,295)                                 | (24,096,233)   | (32,439,071)   | (34,131,947)   |
| <b>Capital Share Transactions</b>   |  |                |  |                |
| Reinvestment of common dividends  | 150,439                                      | 647,211        |  | 743,537        |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |                |  |                |
| Total increase (decrease) in net assets applicable to Common Shareholders                         | 50,709,199                                   | (64,445,071)   | 82,879,954   | (100,970,126)  |
| Beginning of year   | 312,329,292                                  | 376,774,363    | 501,809,855  | 602,779,981    |
| End of year   | \$ 363,038,491                               | \$ 312,329,292 | \$ 584,689,809   | \$ 501,809,855 |
| Undistributed net investment income, end of year  | \$ 4,746,351                                 | \$ 6,088,102   | \$ 7,434,839   | \$ 6,221,903   |

<sup>1</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

| Increase (Decrease) in Net Assets Applicable to Common Shareholders:                              | BlackRock<br>MuniVest Fund, Inc. (MVF) |               |
|---|--|---------------|
|   | Year Ended August 31,<br>2014          | 2013          |
| <b>Operations</b>   |  |               |
| Net investment income   | \$ 40,614,327                          | \$ 42,884,784 |
| Net realized loss   | (2,382,781)                            | (1,650,054)   |
| Net change in unrealized appreciation/depreciation  | 77,481,188                             | (94,389,898)  |
| Net increase (decrease) in net assets applicable to Common Shareholders resulting from operations | 115,712,734                            | (53,155,168)  |
| <b>Dividends to Common Shareholders From<sup>1</sup></b>  |  |               |
| Net investment income   | (43,508,693)                           | (45,202,014)  |
| <b>Capital Share Transactions</b>   |  |               |
| Reinvestment of common dividends  |  | 3,867,890     |
| <b>Net Assets Applicable to Common Shareholders</b>   |  |               |

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|   |                |                |
|---|----------------|----------------|
| Total increase (decrease) in net assets applicable to Common Shareholders | 72,204,041     | (94,489,292)   |
| Beginning of year   | 584,717,996    | 679,207,288    |
| End of year   | \$ 656,922,037 | \$ 584,717,996 |
| Undistributed net investment income, end of year                          | \$ 8,736,704   | \$ 11,506,847  |

<sup>1</sup> Dividends for annual periods determined in accordance with federal income tax regulations.

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| <b>Year Ended August 31, 2014</b>   | <b>BlackRock<br/>Municipal Bond<br/>Investment Trust<br/>(BIE)</b> | <b>BlackRock<br/>Municipal Bond<br/>Trust<br/>(BBK)</b> | <b>BlackRock<br/>Municipal Income<br/>Investment<br/>Quality Trust<br/>(BAF)</b> | <b>BlackRock<br/>Municipal Income<br/>Quality Trust<br/>(BYM)</b> |
|---|--|---|--|---|
| <b>Cash Provided by Operating Activities</b>  |  |   |  |   |
| Net increase in net assets resulting from operations  | \$ 9,725,498   | \$ 35,803,418   | \$ 25,953,112  | \$ 79,591,653   |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |  |   |  |   |
| Increase in cash pledged for financial futures contracts  | (83,000)   | (189,000)   | (119,000)  | (496,000)   |
| (Increase) decrease in interest receivable  | (66,675)   | 8,992   | (46,826)   | 436,183   |
| Increase in variation margin receivable on financial futures contracts  | (2,250)  | (8,625)   | (5,438)  | (22,688)  |
| (Increase) decrease in prepaid expenses   | (16,426)   | (17,296)  | (17,559)   | (14,407)  |
| Increase in investment advisory fees payable  | 1,637  | 11,429  | 2,839  | 8,642   |
| Increase in Officers and Trustees fees payable  | 1,005  | 3,556   | 2,616  | 8,231   |
| Decrease in interest expense and fees payable   | (2,553)  | (486)   | (2,950)  | (16,990)  |
| Increase (decrease) in other accrued expenses payable   | 15,674   | 18,300  | 5,085  | (1,663)   |
| Net realized gain (loss) on investments   | 566,784  | 743,895   | 3,150,459  | 5,406,235   |
| Net unrealized gain on investments  | (7,321,284)  | (27,060,014)  | (22,154,568)   | (63,951,769)  |
| Amortization of premium and accretion of discount on investments  | 214,313  | (1,563,383)   | 767,384  | (1,094,007)   |
| Proceeds from sales of long-term investments  | 14,865,531   | 83,297,003  | 55,437,543   | 146,453,686   |
| Purchases of long-term investments  | (15,538,703)   | (78,911,862)  | (54,697,784)   | (122,107,081)   |
| Net proceeds from sales (purchases) of short-term securities  | 1,181,620  | (1,756,684)   | 330,794  | 1,088,358   |
| <b>Net cash provided by operating activities</b>  | <b>3,541,171</b>   | <b>10,379,243</b>                                       | <b>8,605,707</b>   | <b>45,288,383</b>   |
| <b>Cash Used for Financing Activities</b>   |  |   |  |   |
| Proceeds from TOB trust certificates  |  | 1,185,000   |  | 1,230,000   |
| Repayments of TOB trust certificates  | (519,986)  | (724,485)   | (1,500,377)  | (22,361,928)  |
| Cash dividends paid to Common Shareholders  | (3,044,880)  | (10,971,070)  | (7,192,022)  | (24,359,786)  |
| Amortization of deferred offering costs   | 23,695   | 59,686  | 48,862   | 80,947  |
| <b>Net cash used for financing activities</b>   | <b>(3,541,171)</b>   | <b>(10,450,869)</b>                                     | <b>(8,643,537)</b>   | <b>(45,410,767)</b>   |
| <b>Cash</b>   |  |   |  |   |
| Net increase (decrease) in cash   |  | (71,626)  | (37,830)   | (122,384)   |
| Cash at beginning of year   |  | 71,626  | 37,830   | 122,384   |
| <b>Cash at end of year</b>  |  |   |  |   |
| <b>Supplemental Disclosure of Cash Flow Information</b>   |  |   |  |   |
| Cash paid during the year for interest  | \$ 135,986   | \$ 990,754  | \$ 673,633   | \$ 2,115,102  |
| <b>Non-cash Financing Activities</b>  |  |   |  |   |
| Capital shares issued in reinvestment of dividends paid to Common Shareholders  |  |   |  |   |

See Notes to Financial Statements.

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## Statements of Cash Flows (concluded)

| Year Ended August 31, 2014  | BlackRock<br>Municipal Income<br>Trust II<br>(BLE) | BlackRock<br>MuniHoldings<br>Investment<br>Quality Fund<br>(MFL) | BlackRock<br>MuniVest Fund,<br>Inc.<br>(MVF) |
|---|--|--|--|
| <b>Cash Provided by Operating Activities</b>  |  |  |  |
| Net increase in net assets resulting from operations  | \$ 73,857,055                                      | \$ 115,319,025   | \$ 115,712,734                               |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: |  |  |  |
| Increase in cash pledged for financial futures contracts  | (369,000)  | (474,000)  | (478,000)                                    |
| (Increase) decrease in interest receivable  | (180,051)  | (571,772)  | 371,269                                      |
| Increase in variation margin receivable on financial futures contracts  | (16,893)   | (21,688)   | (21,875)                                     |
| (Increase) decrease in prepaid expenses   | (14,899)   | 11,734   | (21,393)                                     |
| Increase in investment advisory fees payable  | 13,494   | 20,869   | 12,150                                       |
| Increase in Officers and Trustees fees payable  | 7,276  | 53,154   | 20,328                                       |
| Decrease in interest expense and fees payable   | (12,146)   | (15,457)   | (30,285)                                     |
| Increase (decrease) in other accrued expenses payable   | 16,049   | (153,950)  | 32,839                                       |
| Net realized gain (loss) on investments   | 5,304,107  | 9,461,314  | (908,748)                                    |
| Net unrealized gain on investments  | (58,932,402)                                       | (92,403,750)   | (77,555,506)                                 |
| Amortization of premium and accretion of discount on investments  | 336,088  | 2,896,346  | 1,374,413                                    |
| Proceeds from sales of long-term investments  | 98,594,127   | 231,346,208  | 155,844,330                                  |
| Purchases of long-term investments  | (86,493,800)                                       | (256,871,864)  | (139,686,032)                                |
| Net proceeds from sales (purchases) of short-term securities  | (4,274,110)  | 30,633,207   | (6,961,744)                                  |
| Net cash provided by operating activities   | 27,834,895   | 39,229,376   | 47,704,480                                   |
| <b>Cash Used for Financing Activities</b>   |  |  |  |
| Proceeds from TOB trust certificates  | 5,866,247  |  | 625,000                                      |
| Repayments of TOB trust certificates  | (10,705,793)                                       | (6,802,289)  | (4,599,043)                                  |
| Cash dividends paid to Common Shareholders  | (23,217,295)                                       | (32,439,071)   | (43,860,592)                                 |
| Amortization of deferred offering costs   | 86,314   | 11,984   | 130,155                                      |
| Net cash used for financing activities  | (27,970,527)                                       | (39,229,376)   | (47,704,480)                                 |
| <b>Cash</b>   |  |  |  |
| Net increase (decrease) in cash   | (135,632)  |  |  |
| Cash at beginning of year   | 135,632  |  |  |
| Cash at end of year   |  |  |  |
| <b>Supplemental Disclosure of Cash Flow Information</b>   |  |  |  |
| Cash paid during the year for interest  | \$ 2,035,054                                       | \$ 2,047,680   | \$ 3,518,598                                 |
| <b>Non-cash Financing Activities</b>  |  |  |  |
| Capital shares issued in reinvestment of dividends paid to Common Shareholders  | \$ 150,439   |  |  |

See Notes to Financial Statements.



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

|   | <b>Year Ended August 31,</b> |                    |                      |                    |                    |
|---|------------------------------|--------------------|----------------------|--------------------|--------------------|
|   | <b>2014</b>                  | <b>2013</b>        | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |                    |                      |                    |                    |
| Net asset value, beginning of year  | \$ 14.27                     | \$ 16.88           | \$ 14.67             | \$ 15.51           | \$ 14.16           |
| Net investment income <sup>1</sup>  | 0.93                         | 0.90               | 0.92                 | 1.03               | 1.02               |
| Net realized and unrealized gain (loss)   | 1.98                         | (2.58)             | 2.26                 | (0.89)             | 1.27               |
| Dividends to AMPS Shareholders from net investment income   |                              |                    | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             |
| Net increase (decrease) from investment operations  | 2.91                         | (1.68)             | 3.18                 | 0.12               | 2.27               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>  | (0.91)                       | (0.93)             | (0.97)               | (0.96)             | (0.92)             |
| Net asset value, end of year  | \$ 16.27                     | \$ 14.27           | \$ 16.88             | \$ 14.67           | \$ 15.51           |
| Market price, end of year   | \$ 14.58                     | \$ 13.14           | \$ 16.61             | \$ 14.22           | \$ 15.60           |
| <b>Total Return Applicable to Common Shareholders<sup>4</sup></b>   |                              |                    |                      |                    |                    |
| Based on net asset value  | 21.64%                       | (10.35)%           | 22.36%               | 1.29%              | 16.80%             |
| Based on market price   | 18.37%                       | (16.10)%           | 24.21%               | (2.38)%            | 26.02%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                    |                      |                    |                    |
| Total expenses  | 2.07%                        | 2.09%              | 2.21% <sup>5</sup>   | 1.81% <sup>5</sup> | 1.57% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly  | 1.94%                        | 1.96%              | 2.12% <sup>5</sup>   | 1.66% <sup>5</sup> | 1.35% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>6</sup> | 1.63% <sup>7</sup>           | 1.60% <sup>7</sup> | 1.72% <sup>5,7</sup> | 1.39% <sup>5</sup> | 1.15% <sup>5</sup> |
| Net investment income   | 6.05%                        | 5.45%              | 5.78% <sup>5</sup>   | 7.25% <sup>5</sup> | 6.92% <sup>5</sup> |
| Dividends to AMPS Shareholders  |                              |                    | 0.01%                | 0.13%              | 0.15%              |
| Net investment income to Common Shareholders  | 6.05%                        | 5.45%              | 5.77%                | 7.12%              | 6.77%              |
| <b>Supplemental Data</b>  |                              |                    |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 54,327                    | \$ 47,647          | \$ 56,331            | \$ 48,941          | \$ 51,708          |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                    |                      | \$ 17,850          | \$ 17,850          |
| VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 17,800                    | \$ 17,800          | \$ 17,800            |                    |                    |
| Portfolio turnover rate   | 18%                          | 32%                | 36%                  | 25%                | 47%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |                    |                      | \$ 93,546          | \$ 97,421          |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year  | \$ 405,210                   | \$ 367,678         | \$ 416,465           |                    |                    |

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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is greater than \$(0.005) per share.
- <sup>3</sup> Dividends for annual periods determined in accordance with federal income tax regulations.
- <sup>4</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>5</sup> Does 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, 2014, August 31, 2013 and August 31, 2012, the total expense ratio after fees waived and excluding interest expense, fees, amortization of offering costs, liquidity and remarketing fees was 1.27%, 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)**

|   | Year Ended August 31, |            |                      |                    |                    |
|---|-----------------------|------------|----------------------|--------------------|--------------------|
|   | 2014                  | 2013       | 2012                 | 2011               | 2010               |
| <b>Per Share Operating Performance</b>  |                       |            |                      |                    |                    |
| Net asset value, beginning of year  | \$ 14.18              | \$ 16.79   | \$ 14.48             | \$ 15.29           | \$ 13.23           |
| Net investment income <sup>1</sup>  | 0.97                  | 0.96       | 1.01                 | 1.14               | 1.14               |
| Net realized and unrealized gain (loss)   | 2.43                  | (2.46)     | 2.37                 | (0.87)             | 1.97               |
| Dividends to AMPS Shareholders from net investment income   |                       |            | (0.01)               | (0.03)             | (0.03)             |
| Net increase (decrease) from investment operations  | 3.40                  | (1.50)     | 3.37                 | 0.24               | 3.08               |
| Dividends and distributions to Common Shareholders from: <sup>2</sup>   |                       |            |                      |                    |                    |
| Net investment income   | (0.96)                | (0.97)     | (1.06)               | (1.05)             | (1.02)             |
| Net realized gain   | (0.08)                | (0.14)     |                      |                    |                    |
| Total dividends and distributions to Common Shareholders  | (1.04)                | (1.11)     | (1.06)               | (1.05)             | (1.02)             |
| Net asset value, end of year  | \$ 16.54              | \$ 14.18   | \$ 16.79             | \$ 14.48           | \$ 15.29           |
| Market price, end of year   | \$ 15.59              | \$ 13.49   | \$ 17.16             | \$ 14.86           | \$ 15.79           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>   |                       |            |                      |                    |                    |
| Based on net asset value  | 25.27%                | (9.52)%    | 23.96%               | 2.02%              | 24.13%             |
| Based on market price   | 24.11%                | (15.78)%   | 23.45%               | 1.38%              | 22.90%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                       |            |                      |                    |                    |
| Total expenses  | 1.84%                 | 1.82%      | 1.69% <sup>4</sup>   | 1.33% <sup>4</sup> | 1.29% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.84% <sup>5</sup>    | 1.82%      | 1.64% <sup>4</sup>   | 1.19% <sup>4</sup> | 1.08% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.19%                 | 1.17%      | 1.18% <sup>4,6</sup> | 1.16% <sup>4</sup> | 1.05% <sup>4</sup> |
| Net investment income   | 6.29%                 | 5.85%      | 6.39% <sup>4</sup>   | 8.15% <sup>4</sup> | 8.08% <sup>4</sup> |
| Dividends to AMPS Shareholders  |                       |            | 0.04%                | 0.19%              | 0.22%              |
| Net investment income to Common Shareholders  | 6.29%                 | 5.85%      | 6.35%                | 7.96%              | 7.86%              |
| <b>Supplemental Data</b>  |                       |            |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 173,798            | \$ 149,003 | \$ 176,216           | \$ 151,471         | \$ 159,216         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                       |            |                      | \$ 79,900          | \$ 79,900          |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 79,900             | \$ 79,900  | \$ 79,900            |                    |                    |
| Portfolio turnover rate   | 32%                   | 32%        | 46%                  | 27%                | 51%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                       |            |                      | \$ 72,394          | \$ 74,819          |



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|  |            |            |            |
|--|------------|------------|------------|
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year | \$ 317,520 | \$ 286,487 | \$ 320,545 |
|--|------------|------------|------------|

- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Dividends and distributions for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>4</sup> Does 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%.

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

|   | <b>Year Ended August 31,</b> |             |                      |                    |                    |
|---|------------------------------|-------------|----------------------|--------------------|--------------------|
|   | <b>2014</b>                  | <b>2013</b> | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |             |                      |                    |                    |
| Net asset value, beginning of year  | \$ 13.83                     | \$ 16.53    | \$ 14.50             | \$ 15.08           | \$ 14.06           |
| Net investment income <sup>1</sup>  | 0.83                         | 0.81        | 0.83                 | 0.91               | 0.94               |
| Net realized and unrealized gain (loss)   | 2.13                         | (2.68)      | 2.09                 | (0.58)             | 0.95               |
| Dividends to AMPS Shareholders from net investment income   |                              |             | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             |
| Net increase (decrease) from investment operations  | 2.96                         | (1.87)      | 2.92                 | 0.31               | 1.87               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>  | (0.82)                       | (0.83)      | (0.89)               | (0.89)             | (0.85)             |
| Net asset value, end of year  | \$ 15.97                     | \$ 13.83    | \$ 16.53             | \$ 14.50           | \$ 15.08           |
| Market price, end of year   | \$ 14.18                     | \$ 12.82    | \$ 16.24             | \$ 13.92           | \$ 15.64           |
| <b>Total Return Applicable to Common Shareholders<sup>4</sup></b>   |                              |             |                      |                    |                    |
| Based on net asset value  | 22.67%                       | (11.69)%    | 20.76%               | 2.62%              | 13.93%             |
| Based on market price   | 17.50%                       | (16.68)%    | 23.59%               | (5.01)%            | 27.70%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |             |                      |                    |                    |
| Total expenses  | 1.58%                        | 1.63%       | 1.49% <sup>5</sup>   | 1.25% <sup>5</sup> | 1.23% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly  | 1.58%                        | 1.63%       | 1.49% <sup>5</sup>   | 1.23% <sup>5</sup> | 1.14% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>6</sup> | 1.03%                        | 1.03%       | 1.06% <sup>5,7</sup> | 1.09% <sup>5</sup> | 0.97% <sup>5</sup> |
| Net investment income   | 5.56%                        | 5.02%       | 5.31% <sup>5</sup>   | 6.51% <sup>5</sup> | 6.54% <sup>5</sup> |
| Dividends to AMPS Shareholders  |                              |             | 0.02%                | 0.12%              | 0.14%              |
| Net investment income to Common Shareholders  | 5.56%                        | 5.02%       | 5.29%                | 6.39%              | 6.40%              |
| <b>Supplemental Data</b>  |                              |             |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 139,723                   | \$ 120,962  | \$ 144,587           | \$ 126,783         | \$ 131,772         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |             |                      | \$ 42,275          | \$ 42,275          |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 42,200                    | \$ 42,200   | \$ 42,200            |                    |                    |
| Portfolio turnover rate   | 26%                          | 43%         | 51%                  | 33%                | 26%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |             |                      | \$ 99,975          | \$ 102,926         |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 431,097                   | \$ 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 for annual periods determined in accordance with federal income tax regulations.
- <sup>4</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>5</sup> Does 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 1.05%.

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

|   | <b>Year Ended August 31,</b> |             |                      |                    |                    |
|---|------------------------------|-------------|----------------------|--------------------|--------------------|
|   | <b>2014</b>                  | <b>2013</b> | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |             |                      |                    |                    |
| Net asset value, beginning of year  | \$ 13.46                     | \$ 16.11    | \$ 14.09             | \$ 14.64           | \$ 13.55           |
| Net investment income <sup>1</sup>  | 0.86                         | 0.91        | 0.93                 | 0.97               | 0.96               |
| Net realized and unrealized gain (loss)   | 2.16                         | (2.62)      | 2.02                 | (0.58)             | 1.00               |
| Dividends to AMPS Shareholders from net investment income   |                              |             | (0.00) <sup>2</sup>  | (0.02)             | (0.02)             |
| Net increase (decrease) from investment operations  | 3.02                         | (1.71)      | 2.95                 | 0.37               | 1.94               |
| Dividends to Common Shareholders from net investment income <sup>3</sup>  | (0.92)                       | (0.94)      | (0.93)               | (0.92)             | (0.85)             |
| Net asset value, end of year  | \$ 15.56                     | \$ 13.46    | \$ 16.11             | \$ 14.09           | \$ 14.64           |
| Market price, end of year   | \$ 13.96                     | \$ 12.59    | \$ 16.73             | \$ 13.85           | \$ 15.26           |
| <b>Total Return Applicable to Common Shareholders<sup>4</sup></b>   |                              |             |                      |                    |                    |
| Based on net asset value  | 23.69%                       | (11.13)%    | 21.54%               | 3.09%              | 14.74%             |
| Based on market price   | 18.65%                       | (19.96)%    | 28.40%               | (2.79)%            | 18.42%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |             |                      |                    |                    |
| Total expenses  | 1.55%                        | 1.55%       | 1.46% <sup>5</sup>   | 1.25% <sup>5</sup> | 1.15% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly  | 1.55%                        | 1.55%       | 1.46% <sup>5</sup>   | 1.24% <sup>5</sup> | 1.06% <sup>5</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>6</sup> | 0.98%                        | 0.96%       | 1.00% <sup>5,7</sup> | 1.07% <sup>5</sup> | 0.92% <sup>5</sup> |
| Net investment income   | 5.89%                        | 5.77%       | 6.12% <sup>5</sup>   | 7.15% <sup>5</sup> | 6.85% <sup>5</sup> |
| Dividends to AMPS Shareholders  |                              |             | 0.03%                | 0.14%              | 0.15%              |
| Net investment income to Common Shareholders  | 5.89%                        | 5.77%       | 6.09%                | 7.01%              | 6.70%              |
| <b>Supplemental Data</b>  |                              |             |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 410,776                   | \$ 355,372  | \$ 424,785           | \$ 371,014         | \$ 384,563         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |             |                      | \$ 137,250         | \$ 137,250         |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 137,200                   | \$ 137,200  | \$ 137,200           |                    |                    |
| Portfolio turnover rate   | 20%                          | 24%         | 17%                  | 19%                | 13%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |             |                      | \$ 92,580          | \$ 95,049          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 399,399                   | \$ 359,018  | \$ 409,610           |                    |                    |

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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Amount is greater than \$(0.005) per share.
- <sup>3</sup> Dividends for annual periods determined in accordance with federal income tax regulations.
- <sup>4</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>5</sup> Does 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%.

See Notes to Financial Statements.

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

|   | <b>Year Ended August 31,</b> |             |                      |                    |                    |
|---|------------------------------|-------------|----------------------|--------------------|--------------------|
|   | <b>2014</b>                  | <b>2013</b> | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |             |                      |                    |                    |
| Net asset value, beginning of year  | \$ 13.32                     | \$ 16.10    | \$ 13.96             | \$ 14.63           | \$ 12.78           |
| Net investment income <sup>1</sup>  | 0.93                         | 0.97        | 1.02                 | 1.08               | 1.08               |
| Net realized and unrealized gain (loss)   | 2.22                         | (2.72)      | 2.14                 | (0.73)             | 1.77               |
| Dividends to AMPS Shareholders from net investment income   |                              |             | (0.01)               | (0.02)             | (0.03)             |
| Net increase (decrease) from investment operations  | 3.15                         | (1.75)      | 3.15                 | 0.33               | 2.82               |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (0.99)                       | (1.03)      | (1.01)               | (1.00)             | (0.97)             |
| Net asset value, end of year  | \$ 15.48                     | \$ 13.32    | \$ 16.10             | \$ 13.96           | \$ 14.63           |
| Market price, end of year   | \$ 14.70                     | \$ 13.20    | \$ 16.74             | \$ 14.13           | \$ 15.22           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>   |                              |             |                      |                    |                    |
| Based on net asset value  | 24.73%                       | (11.60)%    | 23.25%               | 2.70%              | 22.83%             |
| Based on market price   | 19.52%                       | (15.75)%    | 26.61%               | (0.07)%            | 21.42%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |             |                      |                    |                    |
| Total expenses  | 1.64%                        | 1.67%       | 1.55% <sup>4</sup>   | 1.18% <sup>4</sup> | 1.16% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.64%                        | 1.67%       | 1.48% <sup>4</sup>   | 1.10% <sup>4</sup> | 1.08% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.01%                        | 1.00%       | 0.96% <sup>4,6</sup> | 1.01% <sup>4</sup> | 0.99% <sup>4</sup> |
| Net investment income   | 6.49%                        | 6.17%       | 6.74% <sup>4</sup>   | 7.94% <sup>4</sup> | 7.89% <sup>4</sup> |
| Dividends to AMPS Shareholders  |                              |             | 0.03%                | 0.17%              | 0.20%              |
| Net investment income to Common Shareholders  | 6.49%                        | 6.17%       | 6.71%                | 7.77%              | 7.69%              |
| <b>Supplemental Data</b>  |                              |             |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 363,038                   | \$ 312,329  | \$ 376,774           | \$ 325,713         | \$ 340,269         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |             |                      | \$ 151,300         | \$ 151,300         |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 151,300                   | \$ 151,300  | \$ 151,300           |                    |                    |
| Portfolio turnover rate   | 16%                          | 17%         | 24%                  | 16%                | 29%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |             |                      | \$ 78,819          | \$ 81,226          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 339,946                   | \$ 306,430  | \$ 349,025           |                    |                    |

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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Dividends for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>4</sup> Does 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 0.94%.

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>2014</b>                  | <b>2013</b>        | <b>2012</b>        | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |                    |                    |                    |                    |
| Net asset value, beginning of year  | \$ 13.27                     | \$ 15.96           | \$ 14.00           | \$ 14.69           | \$ 13.57           |
| Net investment income <sup>1</sup>  | 0.89                         | 0.87               | 0.86               | 0.95               | 0.96               |
| Net realized and unrealized gain (loss)   | 2.16                         | (2.66)             | 2.02               | (0.71)             | 1.04               |
| Dividends to AMPS Shareholders from net investment income   |                              |                    |                    | (0.02)             | (0.03)             |
| Net increase (decrease) from investment operations  | 3.05                         | (1.79)             | 2.88               | 0.22               | 1.97               |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (0.86)                       | (0.90)             | (0.92)             | (0.91)             | (0.85)             |
| Net asset value, end of year  | \$ 15.46                     | \$ 13.27           | \$ 15.96           | \$ 14.00           | \$ 14.69           |
| Market price, end of year   | \$ 13.92                     | \$ 12.59           | \$ 16.13           | \$ 13.84           | \$ 14.65           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>   |                              |                    |                    |                    |                    |
| Based on net asset value  | 24.24%                       | (11.70)%           | 21.22%             | 2.01%              | 15.22%             |
| Based on market price   | 17.91%                       | (17.11)%           | 23.93%             | 1.12%              | 23.46%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |                    |                    |                    |                    |
| Total expenses  | 1.64%                        | 1.71%              | 1.87%              | 1.37% <sup>4</sup> | 1.17% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.57%                        | 1.62%              | 1.80%              | 1.30% <sup>4</sup> | 1.09% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 1.19% <sup>6</sup>           | 1.29% <sup>6</sup> | 1.39% <sup>6</sup> | 1.14% <sup>4</sup> | 1.01% <sup>4</sup> |
| Net investment income   | 6.18%                        | 5.55%              | 5.76%              | 7.03% <sup>4</sup> | 6.85% <sup>4</sup> |
| Dividends to AMPS Shareholders  |                              |                    |                    | 0.18%              | 0.21%              |
| Net investment income to Common Shareholders  | 6.18%                        | 5.55%              | 5.76%              | 6.85%              | 6.64%              |
| <b>Supplemental Data</b>  |                              |                    |                    |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 584,690                   | \$ 501,810         | \$ 602,780         | \$ 528,173         | \$ 553,367         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |                    |                    |                    | \$ 274,650         |
| VRDP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 274,600                   | \$ 274,600         | \$ 274,600         | \$ 274,600         |                    |
| Portfolio turnover rate   | 25%                          | 59%                | 44%                | 32%                | 38%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |                    |                    |                    | \$ 75,371          |
| Asset coverage per VRDP Shares at \$100,000 liquidation value, end of year  | \$ 312,924                   | \$ 282,742         | \$ 319,512         | \$ 292,343         |                    |



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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Dividends for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>4</sup> Does 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, 2014, 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 0.95%, 0.92% and 0.99%, respectively.

See Notes to Financial Statements.

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

|   | <b>Year Ended August 31,</b> |             |                      |                    |                    |
|---|------------------------------|-------------|----------------------|--------------------|--------------------|
|   | <b>2014</b>                  | <b>2013</b> | <b>2012</b>          | <b>2011</b>        | <b>2010</b>        |
| <b>Per Share Operating Performance</b>  |                              |             |                      |                    |                    |
| Net asset value, beginning of year  | \$ 9.14                      | \$ 10.68    | \$ 9.55              | \$ 10.01           | \$ 8.98            |
| Net investment income <sup>1</sup>  | 0.63                         | 0.67        | 0.69                 | 0.73               | 0.73               |
| Net realized and unrealized gain (loss)   | 1.18                         | (1.50)      | 1.16                 | (0.47)             | 0.97               |
| Dividends to AMPS Shareholders from net investment income   |                              |             | (0.01)               | (0.02)             | (0.02)             |
| Net increase (decrease) from investment operations  | 1.81                         | (0.83)      | 1.84                 | 0.24               | 1.68               |
| Dividends to Common Shareholders from net investment income <sup>2</sup>  | (0.68)                       | (0.71)      | (0.71)               | (0.70)             | (0.65)             |
| Net asset value, end of year  | \$ 10.27                     | \$ 9.14     | \$ 10.68             | \$ 9.55            | \$ 10.01           |
| Market price, end of year   | \$ 9.83                      | \$ 8.91     | \$ 11.28             | \$ 9.73            | \$ 10.38           |
| <b>Total Return Applicable to Common Shareholders<sup>3</sup></b>   |                              |             |                      |                    |                    |
| Based on net asset value  | 20.70%                       | (8.39)%     | 19.85%               | 2.90%              | 19.31%             |
| Based on market price   | 18.50%                       | (15.45)%    | 24.24%               | 1.11%              | 24.69%             |
| <b>Ratios to Average Net Assets Applicable to Common Shareholders</b>   |                              |             |                      |                    |                    |
| Total expenses  | 1.49%                        | 1.54%       | 1.51% <sup>4</sup>   | 1.28% <sup>4</sup> | 1.22% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly  | 1.49%                        | 1.54%       | 1.51% <sup>4</sup>   | 1.28% <sup>4</sup> | 1.22% <sup>4</sup> |
| Total expenses after fees waived and paid indirectly and excluding interest expense, fees and amortization of offering costs <sup>5</sup> | 0.91%                        | 0.91%       | 0.98% <sup>4,6</sup> | 1.05% <sup>4</sup> | 1.03% <sup>4</sup> |
| Net investment income   | 6.53%                        | 6.43%       | 6.79% <sup>4</sup>   | 7.93% <sup>4</sup> | 7.71% <sup>4</sup> |
| Dividends to AMPS Shareholders  |                              |             | 0.05%                | 0.18%              | 0.19%              |
| Net investment income to Common Shareholders  | 6.53%                        | 6.43%       | 6.74%                | 7.75%              | 7.52%              |
| <b>Supplemental Data</b>  |                              |             |                      |                    |                    |
| Net assets applicable to Common Shareholders, end of year (000)   | \$ 656,922                   | \$ 584,718  | \$ 679,207           | \$ 602,234         | \$ 625,195         |
| AMPS outstanding at \$25,000 liquidation preference, end of year (000)  |                              |             |                      | \$ 243,825         | \$ 243,825         |
| VMTP Shares outstanding at \$100,000 liquidation value, end of year (000)   | \$ 243,800                   | \$ 243,800  | \$ 243,800           |                    |                    |
| Portfolio turnover rate   | 14%                          | 11%         | 11%                  | 10%                | 25%                |
| Asset coverage per AMPS at \$25,000 liquidation preference, end of year   |                              |             |                      | \$ 86,749          | \$ 89,106          |
| Asset coverage per VMTP Shares at \$100,000 liquidation value, end of year  | \$ 369,451                   | \$ 339,835  | \$ 378,592           |                    |                    |

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- <sup>1</sup> Based on average Common Shares outstanding.
- <sup>2</sup> Dividends for annual periods determined in accordance with federal income tax regulations.
- <sup>3</sup> Total returns based on market price, which can be significantly greater or less than the net asset value, may result in substantially different returns. Where applicable, excludes the effects of any sales charges and assumes the reinvestment of dividends and distributions.
- <sup>4</sup> Does 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%.

See Notes to Financial Statements.

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**Table of Contents****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 ( U.S. 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. Each Trust is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. The following is a summary of significant accounting policies followed by the Trusts:

**Valuation:** U.S. 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 value 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.

In the event that the 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, deems relevant consistent with the principles of fair value measurement. 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 where a Trust enters into certain investments (e.g., financial futures contracts) or certain borrowings (e.g., TOBs) that would be senior securities for 1940 Act purposes, the Trust may segregate or designate on its books and records cash or liquid securities having a market value at least equal to the amount of the Trust's future obligations under such investments or borrowings. Doing so allows the investment or borrowing to be excluded from treatment as a senior security. Furthermore, if required by an exchange or counterparty agreement, the Trust may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

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

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

**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.

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

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 officers' and trustees' fees payable in the Statements of Assets and Liabilities and will remain as a liability of the Trusts until such amounts are distributed in accordance with the Plan.

**Recent Accounting Standard:** In June 2014, the Financial Accounting Standards Board issued guidance to improve the financial reporting of reverse repurchase agreements and other similar transactions. The guidance will require expanded disclosure for entities that enter into reverse repurchase agreements and similar transactions accounted for as secured borrowings. It is effective for financial statements with fiscal years beginning on or after December 15, 2014 and interim periods within those fiscal years. Management is evaluating the impact, if any, of this guidance on the Trusts' financial statement disclosures.

**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, 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 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, 2014, no TOBs in which the Trusts participated were terminated without the consent of the Trusts.

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The cash received by the TOB from the sale of the TOB Trust Certificates, less transaction expenses, is paid to a Trust. The Trusts 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 issued 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 the Statements 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

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## Notes to Financial Statements (continued)

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 fund, 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 Trusts at August 31, 2014, in proportion to their participation. The recourse TOB Trusts are identified in the Schedules of Investments including the maximum potential amounts owed by the Trusts at August 31, 2014.

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 Statements 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. At August 31, 2014, 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:

|     | <b>Underlying<br/>Municipal<br/>Bonds<br/>Transferred to<br/>TOBs</b> | <b>Liability for<br/>TOB Trust<br/>Certificates</b> | <b>Range of<br/>Interest Rates</b> |
|-----|---|---|------------------------------------|
| BIE | \$ 31,713,396   | \$ 16,235,837                                       | 0.05% - 0.30%                      |
| BBK | \$ 35,903,379   | \$ 19,494,759                                       | 0.05% - 0.25%                      |
| BAF | \$ 60,301,131   | \$ 32,344,766                                       | 0.05% - 0.30%                      |
| BYM | \$ 178,878,014  | \$ 93,815,779                                       | 0.05% - 0.33%                      |
| BLE | \$ 121,880,756  | \$ 68,691,599                                       | 0.04% - 0.25%                      |
| MFL | \$ 176,987,384  | \$ 89,156,878                                       | 0.05% - 0.30%                      |
| MVF | \$ 293,915,355  | \$ 145,110,611                                      | 0.04% - 0.15%                      |

For the year ended August 31, 2014, the Trusts' average TOB Trust Certificates outstanding and the daily weighted average interest rate, including fees, were as follows:

|     | <b>Average TOB<br/>Trust<br/>Certificates<br/>Outstanding</b> | <b>Daily<br/>Weighted<br/>Average<br/>Interest Rate</b> |
|-----|---|---|
| BIE | \$ 16,299,883   | 0.65%   |
| BBK | \$ 17,650,031   | 0.63%   |
| BAF | \$ 32,580,554   | 0.68%   |
| BYM | \$ 102,340,740  | 0.63%   |
| BLE | \$ 69,097,229   | 0.60%   |
| MFL | \$ 90,079,248   | 0.67%   |
| MVF | \$ 147,337,753  | 0.61%   |

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.



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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 at an established level over the life of the contract. Securities deposited as initial margin are designated on the Schedules of Investments and cash deposited, if any, is recorded on the Statements 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.

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## Notes to Financial Statements (continued)

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 rates and the underlying assets.

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

**Fair Values of Derivative Financial Instruments as of August 31, 2014**

| Statements of Assets and Liabilities Location | Value  | BIE        | BBK         | BAF         | BYM         | BLE         | MFL         | MVF         |
|---|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|
|   |  |            |             |             |             |             |             |             |
| Interest rate contracts                       | Net unrealized appreciation/ depreciation <sup>1</sup> | \$ (7,644) | \$ (29,303) | \$ (18,473) | \$ (77,079) | \$ (42,566) | \$ (73,681) | \$ (74,318) |

<sup>1</sup> Includes cumulative appreciation/depreciation on financial futures contracts as reported in the Schedules of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

**The Effect of Derivative Financial Instruments in the Statements of Operations  
Year Ended August 31, 2014**

|  | Net Realized Loss From |              |              |                |                |                | Net Change in Unrealized Depreciation on |            |             |             |             |             |             |             |
|--|------------------------|--------------|--------------|----------------|----------------|----------------|--|------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | BIE                    | BBK          | BAF          | BYM            | BLE            | MFL            | MVF                                      | BIE        | BBK         | BAF         | BYM         | BLE         | MFL         | MVF         |
|  | \$ (116,656)           | \$ (646,646) | \$ (287,992) | \$ (1,513,145) | \$ (1,619,153) | \$ (1,167,861) | \$ (3,291,529)                           | \$ (7,644) | \$ (29,303) | \$ (18,473) | \$ (77,079) | \$ (42,566) | \$ (73,681) | \$ (74,318) |

For the year ended August 31, 2014, the average quarterly balances of outstanding derivative financial instruments were as follows:

|  | BIE          | BBK           | BAF           | BYM           | BLE           | MFL           | MVF           |
|--|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Financial futures contracts:             |              |               |               |               |               |               |               |
| Average number of contracts sold         | 44           | 162           | 111           | 360           | 312           | 457           | 470           |
| Average notional value of contracts sold | \$ 5,553,609 | \$ 20,281,328 | \$ 13,930,664 | \$ 45,126,582 | \$ 39,118,090 | \$ 57,290,445 | \$ 58,862,305 |

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 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, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, a Trust does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency) of the clearing broker or clearinghouse. Additionally, 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).

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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 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 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:

|                         | <b>BIE</b> | <b>BBK</b> | <b>BAF</b> | <b>BYM</b> | <b>BLE</b> | <b>MFL</b> | <b>MVF</b> |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|
| Investment advisory fee | 0.65%      | 0.65%      | 0.55%      | 0.55%      | 0.55%      | 0.55%      | 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 its total accrued liabilities.

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. The amounts waived are included in fees waived by Manager in the Statements of Operations. For the year ended August 31, 2014, the amounts included in fees waived by Manager were as follows:

|                | <b>BIE</b> | <b>MFL</b> |
|----------------|------------|------------|
| Amounts waived | \$ 68,225  | \$ 393,749 |

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## Notes to Financial Statements (continued)

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. These amounts waived or reimbursed are included in fees waived by Manager in the Statements of Operations. For the year ended August 31, 2014, the amounts waived were as follows:

|                | BIE    | BBK      | BAF    | BYM      | BLE      | MFL      | MVF      |
|----------------|--------|----------|--------|----------|----------|----------|----------|
| Amounts waived | \$ 355 | \$ 1,452 | \$ 838 | \$ 2,732 | \$ 2,602 | \$ 4,449 | \$ 4,392 |

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

Prior to July 1, 2014, BlackRock Financial Management, Inc. ( BFM ), an affiliate of the Manager, served as a sub-advisor to BIE, BBK, BAF, BYM and BLE and BlackRock Investment Management, LLC ( BIM ), an affiliate of the Manager, served as a sub-advisor to MFL and MVF pursuant to sub-advisory agreements with the Manager, and received for their services a monthly fee from the Manager at an annual rate equal to a percentage of the investment advisory fees paid by each Trust to the Manager under the Investment Advisory Agreements. Effective July 1, 2014, the sub-advisory agreements between the Manager and BFM, with respect to each Trust, expired and the sub-advisory agreement with BIM was terminated.

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 Operations.

**6. Purchases and Sales:**

Purchases and sales of investments, excluding short-term securities, for the year ended August 31, 2014, were as follows:

|           | BIE           | BBK           | BAF           | BYM            | BLE           | MFL            | MVF            |
|-----------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|
| Purchases | \$ 14,716,753 | \$ 86,506,687 | \$ 53,474,765 | \$ 120,887,629 | \$ 87,442,824 | \$ 219,231,418 | \$ 141,291,062 |
| Sales     | \$ 14,865,531 | \$ 82,580,187 | \$ 55,437,543 | \$ 146,621,146 | \$ 97,024,028 | \$ 227,383,826 | \$ 172,260,763 |

**7. Income Tax Information:**

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 their taxable income to their shareholders. Therefore, no federal income tax provision is required.

Each Trust files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Trusts' U.S. federal tax returns remains open for each of the four years ended August 31, 2014. 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 has analyzed tax laws and regulations and their application to the Trusts' facts and circumstances and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

U.S. 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. As of August 31, 2014, the following permanent differences attributable to amortization methods on fixed income securities and non-deductible expenses were reclassified to the following accounts:

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|                                     | <b>BIE</b>  | <b>BBK</b>  | <b>BAF</b>  | <b>BYM</b>   | <b>BLE</b>  | <b>MFL</b>  | <b>MVF</b>   |
|-------------------------------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|
| Paid-in capital                     | \$ (24,013) | \$ (61,118) | \$ (49,618) | \$ (83,410)  | \$ (89,030) | \$ (16,914) | \$ (134,535) |
| Undistributed net investment income | \$ 23,292   | \$ 130,565  | \$ 44,175   | \$ (125,824) | \$ 66,065   | \$ 33,876   | \$ 124,223   |
| Accumulated net realized loss       | \$ 721      | \$ (69,447) | \$ 5,443    | \$ 209,234   | \$ 22,965   | \$ (16,962) | \$ 10,312    |

The tax character of distributions paid was as follows:

|                                      |         | <b>BIE</b>   | <b>BBK</b>    | <b>BAF</b>   | <b>BYM</b>    | <b>BLE</b>    | <b>MFL</b>    | <b>MVF</b>    |
|--------------------------------------|---------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Tax-exempt income <sup>1</sup>       | 8/31/14 | \$ 3,072,297 | \$ 10,928,168 | \$ 7,639,133 | \$ 25,638,804 | \$ 24,890,090 | \$ 33,858,640 | \$ 46,057,995 |
|                                      | 8/31/13 | \$ 3,137,694 | \$ 11,043,650 | \$ 7,701,866 | \$ 26,255,131 | \$ 25,589,833 | \$ 35,043,625 | \$ 47,946,356 |
| Ordinary income <sup>2</sup>         | 8/31/14 |              | 447,312       |              | 2,986         | 11,567        |               | 34,555        |
|                                      | 8/31/13 | 149          | 772,204       |              | 410           | 214,942       | 2,525         | 1,054         |
| Long-term capital gains <sup>3</sup> | 8/31/14 |              | 509,853       |              |               |               |               |               |
|                                      | 8/31/13 |              | 815,068       |              |               |               |               |               |
| <b>Total</b>                         | 8/31/14 | \$ 3,072,297 | \$ 11,885,333 | \$ 7,639,133 | \$ 25,641,790 | \$ 24,901,657 | \$ 33,858,640 | \$ 46,092,550 |
|                                      | 8/31/13 | \$ 3,137,843 | \$ 12,630,922 | \$ 7,701,866 | \$ 26,255,541 | \$ 25,804,775 | \$ 35,046,150 | \$ 47,947,410 |

<sup>1</sup> The Trusts designate these amounts paid during the fiscal year August 31, 2014 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 gain dividends for non-U.S. residents and are eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

<sup>3</sup> The Trust designates this amount paid during the fiscal year ended August 31, 2014 as a capital gain dividend.

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## Notes to Financial Statements (continued)

As of August 31, 2014, the tax components of accumulated net earnings were as follows:

|   | <b>BIE</b>          | <b>BBK</b>           | <b>BAF</b>           | <b>BYM</b>           | <b>BLE</b>           | <b>MFL</b>           | <b>MVF</b>           |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Undistributed tax-exempt income         | \$ 430,724          | \$ 2,684,266         | \$ 1,519,167         | \$ 3,119,427         | \$ 3,881,944         | \$ 7,035,238         | \$ 7,156,547         |
| Undistributed ordinary income           |                     | 58,327               |                      |                      | 6,271                | 120                  | 69,286               |
| Capital loss carryforwards              | (2,283,770)         | (985,165)            | (3,781,281)          | (17,126,581)         | (10,790,096)         | (36,195,502)         | (23,604,403)         |
| Net unrealized gains <sup>1</sup>       | 9,177,046           | 23,099,069           | 19,744,665           | 52,598,341           | 42,654,749           | 92,320,344           | 93,523,427           |
| Qualified late-year losses <sup>2</sup> | (246,279)           | (419,718)            | (1,793,930)          | (2,490,571)          | (5,377,469)          | (4,394,459)          | (1,855,440)          |
| <b>Total</b>                            | <b>\$ 7,077,721</b> | <b>\$ 24,436,779</b> | <b>\$ 15,688,621</b> | <b>\$ 36,100,616</b> | <b>\$ 30,375,399</b> | <b>\$ 58,765,741</b> | <b>\$ 75,289,417</b> |

<sup>1</sup> The differences between book-basis and tax-basis net unrealized gains were attributable primarily to the tax deferral of losses on wash sales and straddles, the accrual of income on securities in default, amortization methods of premiums and discounts on fixed income securities, the timing and recognition of partnership income, the deferral of compensation to Trustees and the treatment of residual interests in tender option bond trusts.

<sup>2</sup> The Trusts have elected to defer certain qualified late-year losses and recognize such losses in the next taxable year. As of August 31, 2014, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

| <b>Expires August 31,</b>       | <b>BIE</b>          | <b>BBK</b>        | <b>BAF</b>          | <b>BYM</b>           | <b>BLE</b>           | <b>MFL</b>           | <b>MVF</b>           |
|---------------------------------|---------------------|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| 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>3</sup> | 1,415,064           | \$ 985,165        | \$ 3,781,281        | 5,270,835            | 1,908,534            | 22,597,148           | 10,709,257           |
| <b>Total</b>                    | <b>\$ 2,283,770</b> | <b>\$ 985,165</b> | <b>\$ 3,781,281</b> | <b>\$ 17,126,581</b> | <b>\$ 10,790,096</b> | <b>\$ 36,195,502</b> | <b>\$ 23,604,403</b> |

<sup>3</sup> Must be utilized prior to losses subject to expiration. As of August 31, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

|                               | <b>BIE</b>    | <b>BBK</b>     | <b>BAF</b>     | <b>BYM</b>     | <b>BLE</b>     | <b>MFL</b>     | <b>MVF</b>     |
|-------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tax cost                      | \$ 62,093,812 | \$ 234,737,664 | \$ 160,530,096 | \$ 491,036,274 | \$ 467,301,559 | \$ 758,490,554 | \$ 778,422,172 |
| Gross unrealized appreciation | \$ 9,333,079  | \$ 24,427,247  | \$ 20,067,995  | \$ 55,281,702  | \$ 48,248,708  | \$ 93,717,253  | \$ 102,500,458 |
| Gross unrealized depreciation | (148,482)     | (1,268,887)    | (303,348)      | (2,621,121)    | (5,469,921)    | (1,180,274)    | (5,441,398)    |
| Net unrealized appreciation   | \$ 9,184,597  | \$ 23,158,360  | \$ 19,764,647  | \$ 52,660,581  | \$ 42,778,787  | \$ 92,536,979  | \$ 97,059,060  |

**8. Concentration, Market and Credit Risk:**

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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 U.S. 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.

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 they believe 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, 2014, BIE, BBK, BAF and BYM invested a significant portion of their assets in securities in the county/city/special district/school district sector. 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. Changes in economic conditions affecting such 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.

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## Notes to Financial Statements (continued)

On December 10, 2013, regulators published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), which prohibit banking entities from engaging in proprietary trading of certain instruments and limit such entities' investments in, and relationships with, covered funds, as defined in the rules. Banking entities subject to the Volcker Rule are required to fully comply by July 21, 2015. The Volcker Rule may preclude banking entities and their affiliates from (i) sponsoring TOB trust programs (as such programs are presently structured) and (ii) continuing relationships with or services for existing TOB trust programs. As a result, TOB trusts may need to be restructured or unwound. There can be no assurances that TOB trusts can be restructured, that new sponsors of TOB trusts will develop, or that alternative forms of leverage will be available to the Trusts. Any alternative forms of leverage may be more or less advantageous to the Trusts than existing TOB leverage.

TOB transactions constitute an important component of the municipal bond market. Accordingly, implementation of the Volcker Rule may adversely impact the municipal market, including through reduced demand for and liquidity of municipal bonds and increased financing costs for municipal issuers. Any such developments could adversely affect the Trusts. The ultimate impact of these rules on the TOB market and the overall municipal market is not yet certain.

**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 August 31, | BIE | BBK    | BAF   | BYM    | BLE    | MFL    | MVF     |
|-----------------------|-----|--------|-------|--------|--------|--------|---------|
| 2014                  |     |        |       |        | 10,827 |        |         |
| 2013                  | 937 | 15,055 | 2,424 | 30,719 | 40,304 | 45,928 | 361,054 |
| Preferred Shares      |     |        |       |        |        |        |         |

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 Trusts' Common Shares or the repurchase of the Trusts' Common Shares if the Trusts fail 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 instruments, the Trusts are 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



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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 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.

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## Notes to Financial Statements (continued)

The VRDP Shares outstanding as of August 31, 2014 were as follows:

|     | Issue Date | Shares Issued | Aggregate Principal | Maturity Date |
|-----|------------|---------------|---------------------|---------------|
| 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 may require an initial commitment and a per annum liquidity fee to be paid to the liquidity provider. These fees, if applicable, are shown as liquidity fees in the Statements of Operations.

The fee agreements between BIE and MFL and the liquidity provider are scheduled to expire, unless renewed or terminated in advance, as follows:

|                 | BIE        | MFL       |
|-----------------|------------|-----------|
| Expiration date | 12/04/2014 | 4/19/2017 |

The fee agreement between BIE and the liquidity provider was subsequently extended until June 4, 2015, unless renewed or terminated in advanced.

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 custodians 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 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, 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. Subsequent to the issuance of the VRDP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of August 31, 2014, 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, 2014, the short-term ratings of the liquidity provider and the VRDP Shares for BIE were P1, 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 terminated prior to the

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scheduled termination date if the liquidity provider fails to maintain short-term debt ratings in one of the two highest rating categories. The short term ratings on the VRDP Shares of MFL were withdrawn by Moody's, Fitch and/or S&P at the commencement of the special rate period, as described below.

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, 2014 were successfully remarketed.

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## Notes to Financial Statements (continued)

The annualized dividend rates for the VRDP Shares for the year ended August 31, 2014 were as follows:

| Rate | BIE   | MFL   |
|------|-------|-------|
|      | 0.15% | 0.52% |

On April 17, 2014, MFL commenced a three-year term ending April 19, 2017 ( special rate period ) with respect to its VRDP Shares. The implementation of the special rate period resulted in a mandatory tender of MFL s VRDP Shares prior to the commencement of the special rate period. The mandatory tender event was not the result of a failed remarketing.

The liquidity and fee agreements remain in effect for the duration of the special rate period and MFL s VRDP shares are still subject to mandatory redemption by MFL on maturity date. MFL s VRDP Shares will not be remarketed or subject to optional or mandatory tender events during such time. During the special rate period, MFL is required to maintain the same asset coverage, basic maintenance amount and leverage requirements for the VRDP Shares.

During the special rate period, MFL will pay dividends monthly based on the sum of Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index and a percentage per annum based on the long-term ratings assigned to the VRDP Shares. The short-term ratings of MFL s VRDP Shares were withdrawn by Moody s, Fitch and/or S&P. Short-term ratings may be re-assigned upon the termination of the special rate period when MFL s VRDP Shares revert back to remarketable securities.

If MFL redeems the VRDP Shares on a date that is one year or more before the end of the special rate period and MFL s VRDP Shares are rated above A1/A by Moody s and Fitch respectively, then such redemption is subject to a redemption premium payable to the holder of the VRDP Shares based on the time remaining in the special rate period, subject to certain exceptions for redemptions that are required to maintain minimum asset coverage requirements. After April 19, 2017 the holder of MFL s VRDP Shares and MFL may mutually agree to extend the special rate period. If the special rate period is not extended, MFL s VRDP Shares will revert back to remarketable securities and will be remarketed and available for purchase by qualified institutional investors.

VRDP Shares issued and outstanding remained constant for the year ended August 31, 2014.

## 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 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, 2014 were as follows:

|     | Issue Date | Shares Issued | Aggregate Principal | Term Date |
|-----|------------|---------------|---------------------|-----------|
| BBK | 12/16/11   | 799           | \$ 79,900,000       | 12/31/15  |
| BAF | 12/16/11   | 422           | \$ 42,200,000       | 12/31/15  |
| BYM | 12/16/11   | 1,372         | \$ 137,200,000      | 12/31/15  |
| BLE | 12/16/11   | 1,513         | \$ 151,300,000      | 12/31/15  |
| MVF | 12/16/11   | 2,438         | \$ 243,800,000      | 12/31/15  |

Each VMTP Trust is required to redeem its VMTP Shares on the term date, unless earlier redeemed or repurchased or unless extended. The term date for VMTP Shares of each VMTP Trust was extended to December 31, 2015 in June 2014. 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.

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Subject to certain conditions, a Trust's VMTP Shares may be redeemed, in whole or in part, at any time at the option of 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 Trusts redeem 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. Subsequent to the issuance of the VMTP Shares, Moody's completed a review of its methodology for rating securities issued by registered closed-end funds. As of August 31, 2014 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

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## Notes to Financial Statements (concluded)

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, 2014 were as follows:

|      | <b>BBK</b> | <b>BAF</b> | <b>BYM</b> | <b>BLE</b> | <b>MVF</b> |
|------|------------|------------|------------|------------|------------|
| Rate | 1.06%      | 1.06%      | 1.06%      | 1.06%      | 1.06%      |

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, 2014.

Offering Costs: The Trusts incurred costs in connection with the issuance of VRDP Shares and/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 Statements of Operations.

**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:

The Trusts paid a net investment income dividend in the following amounts per share on October 1, 2014 to shareholders of record on September 15, 2014:

|     | <b>Common<br/>Dividend<br/>Per Share</b> |
|-----|--|
| BIE | \$ 0.0760                                |
| BBK | \$ 0.0820                                |
| BAF | \$ 0.0685                                |
| BYM | \$ 0.0715                                |
| BLE | \$ 0.0820                                |
| MFL | \$ 0.0715                                |
| MVF | \$ 0.0535                                |

Additionally, the Trusts declared a net investment income dividend on October 1, 2014 payable to Common Shareholders of record on October 15, 2014 for the same amounts noted above.

The dividends declared on Preferred Shares for the period September 1, 2014 to September 30, 2014 were as follows:

| <b>Series</b> | <b>Dividends<br/>Declared</b> |
|---------------|-------------------------------|
|---------------|-------------------------------|

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|                 |     |            |
|-----------------|-----|------------|
| BIE VRDP Shares | W-7 | \$ 1,917   |
| BBK VMTP Shares | W-7 | \$ 68,364  |
| BAF VMTP Shares | W-7 | \$ 36,107  |
| BYM VMTP Shares | W-7 | \$ 117,391 |
| BLE VMTP Shares | W-7 | \$ 129,455 |
| MFL VRDP Shares | W-7 | \$ 207,868 |
| MVF VMTP Shares | W-7 | \$ 208,599 |

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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, 2014, 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, 2014, 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, 2014, 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 23, 2014



**Table of Contents****Disclosure of Investment 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 May 9, 2014 (the May Meeting ) and June 5-6, 2014 (the June Meeting ) to consider the approval of each Fund's investment advisory agreement (each, an Advisory Agreement, and, collectively, the Advisory Agreements ) with BlackRock Advisors, LLC (the Manager ), each Fund's investment advisor. At the June Meeting, it was noted that (i) with respect to BIE, BBK, BAF, BYM and BLE, the sub-advisory agreement among the Manager, BlackRock Financial Management, Inc. and each Fund would expire effective July 1, 2014, and (ii) with respect to MFL and MVF, the sub-advisory agreement among the Manager, BlackRock Investment Management, LLC and each Fund would expire effective July 1, 2014. It was also noted that the non-renewal of each Fund's sub-advisory agreement would not result in any change in the nature or quality of services provided to such Fund, or in the portfolio management team that serves such Fund. The Manager is referred to herein as BlackRock.

**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 Advisory Agreements**

Pursuant to the 1940 Act, the Boards are required to consider the continuation of the Advisory 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 Advisory 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, as applicable, investment management, administrative, and shareholder services; oversight of fund service providers; marketing services; risk oversight; compliance and assistance in meeting applicable legal and regulatory requirements.

The Boards, acting directly and through their respective committees, consider 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 Advisory 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; (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 objective, policies and restrictions, and meeting new regulatory requirements; (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. BlackRock also furnished information to the Boards in response to specific questions. These questions covered issues such as: BlackRock's profitability; investment performance; subadvisory and advisory relationships with other clients (including mutual funds sponsored by third parties); investment professional investment in funds they manage; and management fee levels and breakpoints. The

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Boards further discussed with BlackRock: BlackRock's management structure; portfolio turnover; BlackRock's portfolio manager compensation and performance accountability; marketing support for the Funds; services provided to the Funds by BlackRock affiliates; and 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, each Fund has redeemed 100% of its outstanding AMPS.

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**Disclosure of Investment Advisory Agreements (continued)**

**Board Considerations in Approving the Advisory Agreements**

The Approval Process: Prior to the May Meeting, the Boards requested and received materials specifically relating to the Advisory Agreements. The Boards are continuously engaged in a process with their 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 May 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 peer group of funds as determined by Lipper and a customized peer group selected by BlackRock; (b) information on the profits realized by BlackRock and its affiliates pursuant to the Advisory 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 May Meeting, the Boards reviewed materials relating to their consideration of the Advisory Agreements. As a result of the discussions that occurred during the May 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 Agreements between the Manager and its Fund for a one-year term ending June 30, 2015. In approving the continuation of the Advisory 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 and its affiliates 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, each Board compared its Fund's performance to the performance of a comparable group of closed-end funds and/or the performance of a relevant benchmark, as applicable. The Boards met with BlackRock's senior management personnel responsible for investment activities, 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 the 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 and the statement of additional information in connection with the initial public offering and periodic shareholder reports; (ii) preparing communications

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with analysts to support secondary market trading of the Funds; (iii) oversight of daily 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 Board in its 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.

<sup>1</sup> Funds are ranked by Lipper in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable.

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**Table of Contents****Disclosure of Investment Advisory Agreements (continued)**

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 Fund. In preparation for the May Meeting, the Boards worked with their 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 its 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 that Fund's applicable Lipper category and the 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 its 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 BBK noted that for the one-, three- and five-year periods reported, BBK ranked in the third, first and first quartiles, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for BBK in that it measures a blend of total return and yield. BBK's Board and BlackRock reviewed and discussed the reasons for BBK's underperformance during the one-year period and noted that they will monitor BBK's performance.

The Board of BYM noted that for each of the one-, three- and five-year periods reported, BYM ranked in the first quartile against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for BYM in that it measures a blend of total return and yield.

The Board of BLE noted that for the one-, three- and five-year periods reported, BLE ranked in the third, second and first quartiles, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for BLE in that it measures a blend of total return and yield. BLE's Board and BlackRock reviewed and discussed the reasons for BLE's underperformance during the one-year period and noted that they will monitor BLE's performance.

The Board of MVF noted that for the one-, three- and five-year periods reported, MVF ranked in the first, first and second quartiles, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for MVF in that it measures a blend of total return and yield.

The Board of BIE noted that for the one-, three- and five-year periods reported, BIE ranked in the fourth, third and fourth quartiles, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for BIE in that it measures a blend of total return and yield.

The Board of BAF noted that for the one-, three- and five-year periods reported, BAF ranked in the fourth, third and third quartiles, respectively, against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for BAF in that it measures a blend of total return and yield.

BlackRock and the Board of each of BIE and BAF reviewed and discussed the reasons for its respective Fund's underperformance during these periods. The Board of BIE and BAF was informed that, among other things, underperformance is attributed to each Fund's below market distribution yield for these periods. The continued challenge going forward for each Fund is seeking ways to increase its yield component. One disadvantage BIE and BAF 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 Board of MFL noted that for each of the one-, three- and five-year periods reported, MFL ranked in the third quartile against its Customized Lipper Peer Group Composite. BlackRock believes that the Customized Lipper Peer Group Composite is an appropriate performance metric for MFL in that it measures a blend of total return and yield. The Board of MFL and BlackRock reviewed and discussed the reasons for MFL's underperformance during these periods. MFL's Board was informed that, among other things, the most significant factor impacting MFL's performance compared to its Customized Lipper Peer Group Composite is its below average yield. Impacting performance during the one-year period were MFL's large leverage and duration position as compared to its peers, given the rising rate environment. Holdings in health care, transportation and higher quality university bonds also contributed to poor performance.

BlackRock and the Board of each of BIE, BAF and MFL also discussed BlackRock's strategy for improving its respective Fund's performance and BlackRock's commitment to providing the resources necessary to assist the Fund's portfolio managers in seeking to improve the Fund's

performance.

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: The 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. The Board also compared the Fund's total expense ratio, as well as its actual management fee rate, to those of other funds in its Lipper category. The total expense ratio represents a fund's total net operating expenses, excluding any investment related expenses. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee

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**Table of Contents****Disclosure of Investment Advisory Agreements (continued)**

rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Boards considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, 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, 2013 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, calculating and comparing profitability at individual fund levels 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 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 Advisory Agreements and to continue to provide the high quality of services that is expected by the Boards. The Boards further considered factors including but not limited to BlackRock's commitment of time, assumption of risk and liability profile in servicing the Funds in contrast to what is required of BlackRock with respect to other products with similar investment objectives across the open-end fund, ETF, closed-end fund and institutional account product channels, as applicable.

The Board of BIE noted that BIE's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio each ranked in the fourth quartile, relative to its Expense Peers. The Board of BIE determined that BIE's contractual management fee rate was appropriate in light of the median contractual management fee rate paid by BIE's Expense Peers. The Board of BIE also noted that BlackRock had voluntarily agreed to waive a portion of the advisory fee payable by BIE, which was implemented on June 1, 2012. After discussions between the Board of BIE, including the Independent Board Members, and BlackRock, BIE's Board and BlackRock agreed to a continuation of the voluntary advisory fee waiver, which will result in savings to shareholders.

The Board of BBK noted that BBK's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio ranked in the fourth and third quartiles, respectively, relative to its Expense Peers. The Board of BBK determined that BBK's contractual management fee rate and total expense ratio were appropriate in light of the median contractual management fee rate and total expense ratio paid by BBK's Expense Peers.

The Board of BAF noted that BAF's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the third quartile, relative to its Expense Peers. The Board of BAF determined that BAF's actual management fee rate and total expense ratio were appropriate in light of the median actual management fee rate and total expense ratio paid by BAF's Expense Peers.

The Board of BYM noted that BYM's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the fourth and third quartiles, respectively, relative to its Expense Peers. The Board of BYM determined that BYM's actual management fee rate and total expense ratio were appropriate in light of the median actual management fee rate and total expense ratio paid by BYM's Expense Peers.

The Board of BLE noted that BLE's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio ranked in the fourth and third quartiles, respectively, relative to its Expense Peers. The Board of BLE determined that BLE's total expense ratio was appropriate in light of the median total expense ratio paid by BLE's Expense Peers.

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The Board of each of MFL and MVF noted that its respective Fund's contractual management fee rate ranked in the first quartile, and that the actual management fee rate and total expense ratio each ranked in the second 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.



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**Disclosure of Investment Advisory Agreements (concluded)**

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 it 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 Advisory 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 their Fund's fees and expenses are too high or if they are dissatisfied with the performance of their 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; developing equity shelf programs; 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 Agreements between the Manager and its Fund for a one-year term ending June 30, 2015. Based upon their evaluation of all of the aforementioned factors in their totality, the Boards, including the Independent Board Members, were satisfied that the terms of the Advisory Agreements were fair and reasonable and in the best interest of the Funds and their shareholders. In arriving at their decision to approve the Advisory 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 this determination. 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 30170, College Station, TX 77842-3170, Telephone: (800) 699-1236. Overnight correspondence should be directed to the Reinvestment Plan Agent at Computershare at 211 Quality Circle, Suite 210, College Station, TX 77845.

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## Officers and Trustees

| Name, Address <sup>1</sup><br>and Year of Birth | Position(s)<br>Held with<br>Trust   | Length<br>of Time<br>Served as<br>Trustee | Principal Occupation(s) During Past Five Years  | Number of<br>BlackRock-<br>Advised Registered<br>Investment<br>Companies<br>( RICs ) Consisting of<br>Investment<br>Portfolios<br>( Portfolios ) Overseen | Public<br>Directorships   |
|---|---|---|---|---|---|
| <b>Independent Trustees<sup>2</sup></b>         |   |   |   |   |   |
| <b>Richard E. Cavanagh</b><br><br>1946          | Chairman of the Board and Trustee   | Since 2007                                | 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. | 82 RICs consisting of<br><br>82 Portfolios  | None  |
| <b>Karen P. Robards</b><br><br>1950             | Vice Chairperson of the Board, Chairperson of the Audit Committee and Trustee | Since 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.   | 82 RICs consisting of<br><br>82 Portfolios  | AtriCure, Inc.<br><br>(medical devices);<br><br>Greenhill & Co., Inc. |
| <b>Michael J. Castellano</b><br><br>1946        | Trustee and Member of the Audit Committee                                     | Since 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.   | 82 RICs consisting of<br><br>82 Portfolios  | None  |
| <b>Frank J. Fabozzi<sup>3</sup></b><br><br>1948 | Trustee and Member of the Audit Committee                                     | Since 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.   | 115 RICs consisting of<br><br>237 Portfolios  | None  |
| <b>Kathleen F. Feldstein</b><br><br>1941        | Trustee   | Since 2005                                | 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.   | 82 RICs consisting of<br><br>82 Portfolios  | The McClatchy<br><br>Company<br><br>(publishing)                      |
| <b>James T. Flynn</b><br><br>1939               | Trustee and Member of the Audit Committee                                     | Since 2007                                | Chief Financial Officer of JPMorgan & Co., Inc. from 1990 to 1995.  | 82 RICs consisting of<br><br>82 Portfolios  | None  |
| <b>Jerrold B. Harris</b>                        | Trustee   | Since 2007                                | Trustee, Ursinus College since 2000; Director, Ducks Unlimited, Inc. (conservations) since 2013; Director, Troemner LLC (scientific equipment) since 2000; Director of Delta Waterfowl Foundation from 2010 to 2012; President  | 82 RICs consisting of<br><br>82 Portfolios  | BlackRock Kelso<br>Capital Corp.<br>(business<br>development)         |

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|                         |         |       |   |                       |   |
|-------------------------|---------|-------|---|-----------------------|---|
| 1942                    |         |       | and Chief Executive Officer, VWR Scientific Products Corporation from 1990 to 1999.             |                       | company)  |
| <b>R. Glenn Hubbard</b> | Trustee | Since | Dean, Columbia Business School since 2004; Faculty member, Columbia Business School since 1988. | 82 RICs consisting of | ADP (data and information services);            |
|                         |         | 2004  |   | 82 Portfolios         | Metropolitan Life Insurance Company (insurance) |
| 1958                    |         |       |   |                       |   |

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Officers and Trustees (continued)

| Name, Address <sup>1</sup><br>and Year of Birth   | Position(s)<br>Held with<br>Trust                  | Length<br>of Time<br>Served as<br>Trustee | Principal Occupation(s) During Past Five Years  | Number of<br>BlackRock-<br>Advised Registered<br>Investment<br>Companies<br>( RICs ) Consisting of<br>Investment<br>Portfolios<br>( Portfolios )<br>Overseen | Public<br>Directorships |
|---|--|---|---|--|-------------------------|
| <b>Independent Trustees<sup>2</sup> (concluded)</b>   |  |   |   |  |                         |
| <b>W. Carl Kester</b><br><br>1951   | Trustee and<br>Member of<br>the Audit<br>Committee | Since<br><br>2007                         | George Fisher Baker Jr. Professor of Business Administration, Harvard Business School since 2008; Deputy Dean for Academic Affairs from 2006 to 2010; Chairman of the Finance Unit, 2005 to 2006; Senior Associate Dean and Chairman of the MBA Program from 1999 to 2005; Member of the faculty of Harvard Business School since 1981.   | 82 RICs consisting of<br>82 Portfolios   | None                    |
| <sup>1</sup> The address of each Trustee is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.<br><sup>2</sup> Independent Trustees 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. 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 of the year in which he turns 75. Mr. Flynn turns 75 in 2014.<br><sup>3</sup> Dr. Fabozzi is also a board member of the BlackRock Equity-Liquidity Complex.  |  |   |   |  |                         |
| <b>Interested Trustees<sup>4</sup></b>  |  |   |   |  |                         |
| <b>Paul L. Audet</b><br><br>1953  | President <sup>5</sup><br>and Trustee              | Since<br><br>2011                         | Senior Managing Director of BlackRock and Head of U.S. Mutual Funds since 2011; Head of BlackRock's Real Estate business from 2008 to 2011; Member of BlackRock's Global Operating and Corporate Risk Management Committees since 2008; Head of BlackRock's Global Cash Management business from 2005 to 2010; Acting Chief Financial Officer of BlackRock from 2007 to 2008; Chief Financial Officer of BlackRock from 1998 to 2005. | 144 RICs consisting<br>of<br>330 Portfolios  | None                    |
| <b>Henry Gabbay</b><br><br>1947   | Trustee  | Since<br><br>2007                         | Consultant, BlackRock from 2007 to 2008; Managing Director, BlackRock from 1989 to 2007; Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006.  | 144 RICs consisting<br>of<br>330 Portfolios  | None                    |
| <sup>4</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 serve until their resignation, removal or death, or until December 31 of the year in which they turn 72. The maximum age limitation may be waived as to any Trustee by action of a majority of the Trustees upon finding good cause thereof.<br><sup>5</sup> For MFL. |  |   |   |  |                         |

**Table of Contents****Officers and Trustees (concluded)**

| <b>Name, Address<sup>1</sup></b>  | <b>Position(s)</b>   | <b>Held with Trust</b> | <b>Length of Time Served</b> | <b>Principal Occupation(s) During Past Five Years</b>  |
|-----------------------------------|--|------------------------|------------------------------|--|
| <b>Trust Officers<sup>2</sup></b> |  |                        |                              |  |
| <b>John M. Perlowski</b>          | President <sup>3</sup> and Chief Executive Officer         |                        | Since 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>Brendan Kyne</b>       | Vice President   |                        | Since 2009                   | Managing Director of BlackRock, Inc. since 2010; Director of BlackRock, Inc. from 2008 to 2009; Head of Americas Product Development for BlackRock since 2013; Head of Product Development and Management for BlackRock's U.S. Retail Group from 2009 to 2013 and Co-head thereof from 2007 to 2009; Vice President of BlackRock from 2005 to 2008.  |
| 1977<br><b>Robert W. Crothers</b> | Vice President   |                        | Since 2012                   | Director of BlackRock since 2011; Vice President of BlackRock from 2008 to 2010.   |
| 1981<br><b>Neal Andrews</b>       | 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.   |
| 1966<br><b>Jay Fife</b>           | 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.   |
| 1970<br><b>Charles Park</b>       | Chief Compliance Officer and Anti-Money Laundering Officer |                        | Since 2014                   | Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares® Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors (BFA) since 2006; Chief Compliance Officer for the BFA-advised iShares exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012. |
| 1967<br><b>Janey Ahn</b>          | 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.   |

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<sup>1</sup> The address of each Officer is c/o BlackRock, Inc., Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055.

<sup>2</sup> Officers of the Trust serve at the pleasure of the Board.

<sup>3</sup> For all Trusts except MFL.

Effective June 6, 2014, Brian Kindelan resigned as Chief Compliance Officer and Anti-Money Laundering Officer of the Trust and Charles Park became Chief Compliance Officer and Anti-Money Laundering Officer of the Trust.

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

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

<sup>2</sup> For all Trusts except MFL and MVF.

<sup>3</sup> For MFL.

<sup>4</sup> For BIF.

**Address of the Trusts**  
100 Bellevue Parkway  
Wilmington, DE 19809

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The Annual Meeting of Shareholders was held on July 30, 2014 for shareholders of record on June 3, 2014 to elect trustee nominees for each Trust. There were no broker non-votes with regard to any of the Trusts.

Approved the Class I Trustees as follows:

|     | <b>Paul L. Audet</b>              |                 |                | <b>Michael J. Castellano</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> |
| BYM | 22,069,209                        | 549,318         | 0              | 22,071,471                   | 547,055         | 0              | 21,830,286              | 788,241         | 0              |
| BAF | 7,036,305                         | 475,325         | 0              | 7,058,538                    | 453,092         | 0              | 7,031,279               | 480,351         | 0              |
| BBK | 9,685,509                         | 261,013         | 0              | 9,665,515                    | 281,007         | 0              | 9,579,886               | 366,636         | 0              |
| BIE | 2,953,356                         | 92,565          | 0              | 2,953,356                    | 92,565          | 0              | 2,898,793               | 147,128         | 0              |
| BLE | 19,096,570                        | 311,437         | 0              | 19,103,012                   | 304,995         | 0              | 18,978,950              | 429,057         | 0              |
|     | <b>W. Carl Kester<sup>1</sup></b> |                 |                |                              |                 |                |                         |                 |                |
|     | <b>Votes For</b>                  | <b>Withheld</b> | <b>Abstain</b> |                              |                 |                |                         |                 |                |
| BYM | 1,372                             | 0               | 0              |                              |                 |                |                         |                 |                |
| BAF | 422                               | 0               | 0              |                              |                 |                |                         |                 |                |
| BBK | 799                               | 0               | 0              |                              |                 |                |                         |                 |                |
| BIE | 93                                | 0               | 0              |                              |                 |                |                         |                 |                |
| BLE | 1,513                             | 0               | 0              |                              |                 |                |                         |                 |                |

<sup>1</sup> Voted on by holders of preferred shares only.

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 Richard E. Cavanagh, Frank J. Fabozzi, Kathleen F. Feldstein, James T. Flynn, Henry Gabbay, Jerrold B. Harris 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 | 34,253,876                          | 627,945         | 0              | 34,285,562                   | 596,259         | 0              | 34,254,839                 | 626,982         | 0              |
| MVF | 56,894,063                          | 1,933,272       | 0              | 56,821,363                   | 2,005,972       | 0              | 56,653,878                 | 2,173,457       | 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              | 34,129,793                   | 752,028         | 0              | 34,229,864                 | 651,957         | 0              |
| MVF | 2,438                               | 0               | 0              | 56,425,907                   | 2,401,428       | 0              | 56,553,641                 | 2,273,694       | 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 | 34,268,218                          | 613,603         | 0              | 34,278,755                   | 603,066         | 0              | 34,224,600                 | 657,221         | 0              |
| MVF | 56,833,633                          | 1,993,702       | 0              | 56,463,943                   | 2,363,392       | 0              | 56,713,082                 | 2,114,253       | 0              |
|     | <b>W. Carl Kester<sup>2</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              | 34,232,890                   | 648,931         | 0              |                            |                 |                |
| MVF | 2,438                               | 0               | 0              | 56,798,183                   | 2,029,152       | 0              |                            |                 |                |



<sup>2</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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**Additional Information (continued)**

**Dividend Policy**

Each Trust's 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**

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.

During the period, 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, current net asset value 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' website 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**

## Edgar Filing: BLACKROCK MUNIHOLDINGS INVESTMENT QUALITY FUND - Form N-CSR

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

### 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)**

**Shelf Offering Program**

From time-to-time, each Trust may seek to raise additional equity capital through an equity shelf program (a Shelf Offering). In a Shelf Offering, a Trust may, subject to market conditions, raise additional equity capital by issuing new Common Shares from time to time in varying amounts at a net price at or above the Trust's net asset value (NAV) per Common Share (calculated within 48 hours of pricing). While any such Shelf Offering may allow a Trust to pursue additional investment opportunities without the need to sell existing portfolio investments, it could also entail risks including that the issuance of additional Common Shares may limit the extent to which the Common Shares are able to trade at a premium to NAV in the secondary market. The Trusts have not filed a registration statement with respect to any Shelf Offerings. This report is not an offer to sell Trust Common Shares and is not a solicitation of an offer to buy Trust Common Shares. If a Trust files a registration statement with respect to any Shelf Offering, the prospectus contained therein will contain more complete information about the Trust and should be read carefully before investing.

**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 intended for existing shareholders. 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 short-term interest rates, 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:

| Entity Name                                    | (a) Audit Fees |             | (b) Audit-Related Fees <sup>1</sup> |             | (c) Tax Fees <sup>2</sup> |             | (d) All Other Fees <sup>3</sup> |             |
|--|----------------|-------------|-------------------------------------|-------------|---------------------------|-------------|---------------------------------|-------------|
|  | Current        | Previous    | Current                             | Previous    | Current                   | Previous    | Current                         | Previous    |
|  | Fiscal Year    | Fiscal Year | Fiscal Year                         | Fiscal Year | Fiscal Year               | Fiscal Year | Fiscal Year                     | Fiscal Year |
| BlackRock MuniHoldings Investment Quality Fund | End            | End         | End                                 | End         | End                       | End         | End                             | End         |
|  | \$39,663       | \$38,963    | \$0                                 | \$0         | \$20,100                  | \$20,100    | \$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 ):

|                                     | Current Fiscal Year End | Previous Fiscal Year End |
|-------------------------------------|-------------------------|--------------------------|
| (b) Audit-Related Fees <sup>1</sup> | \$0                     | \$0                      |
| (c) Tax Fees <sup>2</sup>           | \$0                     | \$0                      |
| (d) All Other Fees <sup>3</sup>     | \$2,555,000             | \$2,865,000              |

<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.



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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., 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 MuniHoldings<br>Investment Quality Fund | \$20,100                          | \$20,100                           |

Additionally, SSAE 16 Review (Formerly, SAS No. 70) fees for the current and previous fiscal years of \$2,555,000 and \$2,865,000, 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, 2014.

(a)(1) The registrant is managed by a team of investment professionals comprised of Robert Sneed, Director at BlackRock, Theodore R. Jaeckel, Jr., CFA, Managing Director at BlackRock, and Walter O Connor, Managing Director at BlackRock. Each of the foregoing professionals is a member of BlackRock's municipal tax-exempt management group and 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. Sneed, Jaeckel and O Connor have been members of the registrant's portfolio management team since 1998, 2006 and 2006, respectively.

| <b>Portfolio Manager</b> | <b>Biography</b>  |
|--------------------------|---|
| Theodore R. Jaeckel, Jr. | Managing Director of BlackRock since 2006; Managing Director of Merrill Lynch Investment Managers, L.P. ( 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.   |
| Robert Sneed             | Director of BlackRock since 2006; Vice President of MLIM from 1998 to 2006.   |

(a)(2) As of August 31, 2014:



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| (i) Name of<br>Portfolio<br>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 |                                   |          |
|-------------------------------------|---|--------------|----------|--|-----------------------------------|----------|
|                                     | Other   | Other Pooled |          | Other  | Performance-Based<br>Other Pooled |          |
|                                     | Registered  | Investment   | Other    | Registered   | Investment                        | Other    |
|                                     | Investment<br>Companies   | Vehicles     | Accounts | Investment<br>Companies  | Vehicles                          | Accounts |
| Theodore R.<br>Jaeckel, Jr.         | 64<br>\$26.39 Billion   | 0<br>\$0     | 0<br>\$0 | 0<br>\$0   | 0<br>\$0                          | 0<br>\$0 |
| Walter O Connor                     | 64<br>\$26.39 Billion   | 0<br>\$0     | 0<br>\$0 | 0<br>\$0   | 0<br>\$0                          | 0<br>\$0 |
| Robert Sneed                        | 11<br>\$1.59 Billion  | 0<br>\$0     | 0<br>\$0 | 0<br>\$0   | 0<br>\$0                          | 0<br>\$0 |

**(iv) Portfolio Manager 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 hedge fund and/or long only accounts, or may be part of a team managing 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 this 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 receiving preferential treatment. To this end, BlackRock, Inc. has adopted policies that are intended to ensure reasonable efficiency in client

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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, 2014:

### **Portfolio Manager Compensation Overview**

The discussion below describes the portfolio managers' compensation as of August 31, 2014.

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 the firm.

### **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 Funds 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: a combination of market-based indices (e.g., 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

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the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock, Inc. 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 with compensation above a specified threshold is eligible to participate in the deferred compensation program.

**Other Compensation Benefits.** In addition to base salary 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 (\$260,000 for 2014). 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 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, 2014.

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



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(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 MuniHoldings Investment Quality Fund

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock MuniHoldings Investment Quality Fund

Date: November 3, 2014

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 MuniHoldings Investment Quality Fund

Date: November 3, 2014

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock MuniHoldings Investment Quality Fund

Date: November 3, 2014