

CLOSED-END FUND REPORT

An Update on BlackRock Closed-End Funds and the Marketplace



Overall Market Overview

Despite some year-end volatility, US equities performed well over the course of 2014 with the S&P 500 up 13.69% on the year. International equities did not fare as well as global growth remains slow with the MSCI EAFE down -4.90% on the year. Emerging market countries that are commodity dependent, like Russia, were hurt as the price of oil fell. Overall, as commodities unperformed and growth remained slow in commodity dependent emerging markets countries emerging market stocks underperformed in 2014. The MSCI Emerging Market Index was down -2.19% on the year. 2014 was a good year for the US bond market, especially long duration strategies. The 10 year treasury started 2014 at 3.04% and ended the year down to 2.17%. This drop in rates led to strong performance from the Barclays US Aggregate Bond Index as it was up 5.79% on the year. This past year represented a sharp reversal from 2013 for municipal bonds. Long-duration and higher-yielding credits led the municipal market as investors stretched for yield. Rates fell and prices rose, lending additional support. The Barclays Municipal Bond Index was up 9.05% on the year.

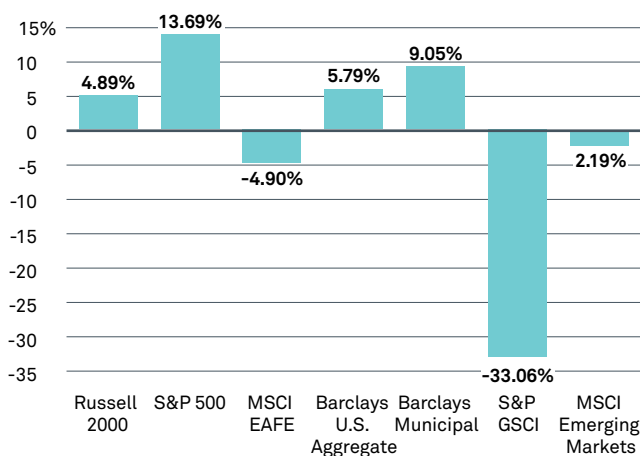
General Closed-End Fund Market Overview

Closed-end funds (“CEFs”) finished off the year with increased volatility in December, but most major categories finished positive for 2014. As interest rates fell throughout 2014, fixed income closed-end funds benefitted from their use of leverage. Using leverage can increase a fund’s duration and long duration bonds were the best performers in the CEF universe in 2014. The Morningstar US CEF Long-Term Bond category was up 20.16% on NAV and 19.04% on market price in 2014. The fall in rates also helped municipal bonds rally from a relatively poor 2013. Despite generally strong performance in 2014, closed end fund discounts remained wide throughout 2014. CEF discounts started 2013 at an average of -7.3% and finished the year slightly lower at -7.6%. Investors have been wary to increase their exposure to leverage and duration.

High yield funds had a rough fourth quarter driven by tumbling oil prices. Oil makes up one of the biggest components of the high yield bond market and as oil hit a five year low, high yield funds saw large outflows. While oil is only one component of the high yield market, the overall risk-off theme across markets caused a sell-off in high yield CEFs... Even after the sell-off, default rates remain low, and high coupons continue to be a good source of income in this low yield environment. The High Yield Bond CEF Morningstar Category finished the year up 2.63% on share price, up 1.65% on NAV, and traded at an average discount of -7.21% at the end of the year.

Bank loans continued to underperform in fourth quarter, as the category has lost the momentum it saw in 2013. Overall the category saw net outflows in 2014 and that carried over to the closed-end fund market pushing discounts wider. The Bank Loan Morningstar CEF Category finished 2014 up 1.30% on share price, down -2.81% on NAV, and traded at an average discount of -9.04% at the end of the quarter. After underperforming in the second half of 2013, long duration assets rallied in 2014 on the heels of decreasing interest rates. The 10 year treasury started the year at 3.04% but finished 2014 at 2.17%. This drop in rates particularly helped fixed income CEFs as they tend to have longer durations due to the use of leverage. The Long-Term Bond Morningstar

2014 TOTAL RETURN



Source: Bloomberg. Performance as of 12/31/2014. Past performance does not guarantee or indicate future results. It is not possible to invest directly in an index. Please refer to "Index Descriptions" at the end of this report.

Category was up 20.16% on share price, up 19.04 on NAV in 2014, and traded at a -8.73% discount at the end of the quarter. The Multi-sector CEF Bond Morningstar Category was up 5.69% on share price, 6.94% on NAV, and traded at an average discount of -3.10% as of the end of 2014.

The municipal market went 12 for 12 in 2014, posting a positive return each month and in December to round out a perfect year. Performance for the month was buoyed by falling rates (and rising bond prices) as the Fed maintained its accommodative stance and the global economy remained fragile. December, which tends to be a quiet month as supply winds down and activity slows toward year-end, was anything but typical in 2014. Issuance of \$37.8 billion was quite robust and outpaced both the five- and 10-year averages by nearly 20%. Many municipal CEFs have durations higher than eight years, and most muni CEFs employ leverage, both of which increase a fund's sensitivity to interest rates. This is what helped fuel municipal closed-end funds in 2014. For the year, the Muni National Long CEF Morningstar Category was up 19.52% on share price, up 19.65% on NAV, and traded at an average discount of -6.82%.

Volatility picked up toward the end of 2014, but overall US equities performed well. International equities continued to be sluggish in 2014 as global growth remained low. In 2014, the Large Value Morningstar Category was 11.77% on share price, down -8.70% on NAV, and traded at an average discount of -13.2% at the end of the year. The World Stock Morningstar Category was down -4.3% on share price, down -3.3% on NAV, and traded at an average discount of -5.11% at the end of the year.

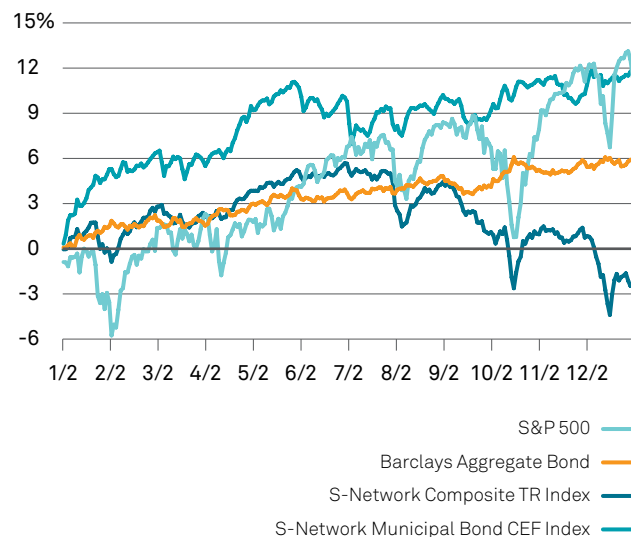
Closed-End Fund New Issue Marketplace

The theme of the 2014 IPO market has been equity and MLP funds. Fixed income issuance continues to be slow as funds trade at large discounts in the secondary market and investors are shying away from products with leverage. The CEF IPO Market raised in total \$4.1 billion in 2014, down significantly from the \$14.2 billion it raised in 2014. In the fourth quarter two new equity CEFs came to market. In October, BlackRock launched the BlackRock Science and Technology Trust (BST) which raised \$484 million. In November Miller/Howard came to market with the Miller/Howard High Income Equity Fund (HIE) and raised \$245 million. There was no new issuance in December.

BlackRock Closed-End Fund ARPS Update—VRDP/VMTP Issuance

As of the end of the third quarter, redemptions of auction rate preferred shares (ARPS) by BlackRock CEFs totals approximately \$9.71 billion across BlackRock taxable and

2014 TOTAL RETURN INDEX PERFORMANCE



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tax-exempt CEFs (approximately 98.8% of the total ARPS outstanding as of February 2008). BlackRock will continue to keep market participants and shareholders informed of its closed-end funds' progress to redeem ARPS via press releases and on BlackRock's website at www.blackrock.com.

BlackRock Closed-End Fund Complex Update

November 10, 2014

BlackRock Advisors, LLC announced the Reorganization of BlackRock Income Opportunity Trust, Inc. (NYSE:BNA) with and into BlackRock Core Bond Trust (NYSE:BHK and, together with BNA, the "Funds") (the "Reorganization") was effective as of the opening for business of the New York Stock Exchange on November 10, 2014.

December 8, 2014

BlackRock Advisors, LLC announced the reorganization of BlackRock Dividend Income Trust (NYSE:BQY) with and into BlackRock Enhanced Equity Dividend Trust. The reorganization was effective as of the opening for business of the New York Stock Exchange on December 8, 2014.

December 8, 2014

BlackRock Advisors, LLC announced the reorganization of BlackRock Real Asset Equity Trust (NYSE:BCF) and BlackRock EcoSolutions Investment Trust (NYSE:BQR) with and into BlackRock Resources & Commodities Strategy Trust. The reorganization was effective as of the opening for business of the New York Stock Exchange on December 8, 2014.

2014 CLOSED-END FUND IPOs

Month	Ticker	Name of Fund	Category	Total Raised (\$mm)
DEC		<i>No CEF new issuance</i>		
NOV	HIE	Miller/Howard High Income Equity Fund	US Equity - Broad	245
OCT	BST	BlackRock Science and Technology Trust	US Equity - Sector	420
SEP	GER	Goldman Sachs MLP Energy Renaissance Fund	US Equity - MLP	1,400
AUG		<i>No CEF new issuance</i>		
JUL	THQ	Tekla Healthcare Opportunities Fund	US Equity - Sector	770
JUN	DSE	Duff & Phelps Select Energy MLP Fund	U.S. Equity - MLP	485
MAY		<i>No CEF new issuance</i>		
APR		<i>No CEF new issuance</i>		
MAR	NML	Nuveen All Cap Energy MLP Opportunities Fund	US Equity - MLP	255
	MIE	First Trust New Opportunities MLP & Energy Fund	US Equity - MLP	440
FEB		<i>No CEF new issuance</i>		
JAN		<i>No CEF new issuance</i>		
2014 TOTAL				4,015

December 15, 2014

BlackRock Fixed Income Value Opportunities (XFIVX) (the "Fund") announced its final liquidating distribution, payable on December 17, 2014. The final liquidating distribution was made pursuant to the Fund's Plan of Liquidation, as announced on February 7, 2013, under which the Fund began the process of liquidating portfolio assets and unwinding its affairs in preparation for its anticipated termination. Since the fund's inception, it has had a cumulative total return of 60.4% (8.6% annualized) versus a cumulative total return of 33.2% (5.1% annualized) for the Barclays Aggregate Bond Index over the same period as of November 30th, 2014. On December 17, 2014, the Fund distributed to common shareholders \$334.1019 per share in a cash liquidation distribution, representing substantially all of the Fund's net assets at the time of liquidation.

About BlackRock

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At December 31, 2014, BlackRock's AUM was \$4.652 trillion. BlackRock helps clients meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRockSolutions®. Headquartered in New York City, as of December 31, 2014, the firm had approximately 12,200 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company's website at blackrock.com | Twitter: [@blackrock_news](https://twitter.com/blackrock_news) | Blog: blackrockblog.com | LinkedIn: www.linkedin.com/company/blackrock

Investment return, price, yields and NAV will fluctuate with changes in market conditions. At the time of sale, your shares may have a market price that is above or below net asset value, and may be worth more or less than your original investment. There is no assurance that a fund will meet its investment objective. Closed-end fund shares are not deposits or obligations of, or guaranteed by, any bank and are not insured by the FDIC or any other agency. Investing involves risk, including possible loss of principal amount invested. This is not a prospectus intended for use in the purchase or sale of any fund's shares. Investors should review a fund's prospectus and other publicly available information, including shareholder reports, carefully before investing. Shares may only be purchased or sold through registered broker/dealers. For more information regarding any of BlackRock's closed-end funds, please call BlackRock at 800-882-0052. No assurance can be given that a fund will achieve its investment objective.

Some BlackRock CEFs may utilize leverage to seek to enhance the yield and net asset value of their common stock, through bank borrowings, issuance of short-term debt securities or shares of preferred stock, or a combination thereof. However, these objectives cannot be achieved in all interest rate environments. While leverage may result in a higher yield for the fund, the use of leverage involves risk, including the potential for higher volatility of the NAV, fluctuations of dividends and other distributions paid by the fund and the market price of the fund's common stock, among others. Certain funds may invest assets in securities of issuers domiciled outside the United States, including issuers from emerging markets. Foreign investing involves special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments.

Some BlackRock CEFs make distributions of ordinary income and capital gains at calendar year end. Those distributions temporarily cause extraordinarily high yields. There is no assurance that a fund will repeat that yield in the future. Subsequent monthly distributions that do not include ordinary income or capital gains in the form of dividends will likely be lower. Fund details, holdings and characteristics are as of the date noted and subject to change.

The opinions expressed are those of BlackRock as of December 31, 2014, and are subject to change at any time due to changes in market or economic conditions. BlackRock makes no undertaking to change this document in response to such changes. These comments should not be construed as a recommendation of any individual holdings or market sectors.

Index Descriptions

The S-Network Composite Closed-End Fund TR Index (CEFX) is a fund index designed to serve as a benchmark for closed-end funds listed in the US that principally engage in asset management processes seeking to produce taxable annual yield. The CEFX is divided into three main closed-end fund sectors: a) Investment Grade Fixed Income Closed-End Funds; b) High-Yield Fixed Income Closed-End Funds; and c) Option Income Closed-End Funds. The **S-Network Municipal Bond Closed-End Fund Total Return Index (CEFMX)** is a mutual fund index designed to serve as a benchmark for closed-end funds listed in the US that are principally engaged in asset management processes designed to produce federally tax-exempt annual yield. The CEFMX is divided into four main closed-end fund sectors: a) Leveraged Municipal Fixed Income Closed-End Funds; b) Unleveraged Municipal Fixed Income Closed-End Funds; c) Leveraged High Yield Municipal Fixed Income Closed-End Funds; and d) Unleveraged High Yield Municipal Fixed Income Closed-End Funds. The **S&P 500 Index** is a gauge of the large cap US equities market. The index was first published in 1957. The index includes 500 leading companies in leading industries of the US economy, capturing 75% coverage of US equities. The **Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The US Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt. The **Barclays U.S. Municipal Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The **MSCI Emerging Markets Index** consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. The **MSCI EAFE Index** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The **MSCI EAFE Index** consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The **S&P GSCI** is designed to be a "tradable" index, providing investors with a reliable and publicly available benchmark for investment performance in the commodity markets. The index comprises the principal physical commodities that are traded in active, liquid futures markets. The **Russell 2000 Index** measures the performance of the small-cap segment of the US equity universe. The **Russell 2000** is a subset of the **Russell 3000** Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. **High Yield Bond Morningstar Category**— High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below. **Bank Loan Morningstar Category**— Bank-loan portfolios primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark such as the London Interbank Offered Rate, or LIBOR. **Long-Term Bond Morningstar Category**— Long-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of more than 6.0 years. Because of their long durations, these portfolios are exposed to greater interest-rate risk. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Long-term is defined as 125% of the three-year average effective duration of the MCBI. **Multisector Bond Morningstar Category**— Multisector-bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below. **Muni National Long Morningstar Category**— Muni national long portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of more than 7.0 years (or, if duration is unavailable, average maturities of more than 12 years). **Large Value Morningstar Category**— Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). **World Stock Morningstar Category**— World-stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks.

FOR MORE INFORMATION: blackrock.com

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