

CNO Financial Group, Inc.  
Form ARS  
March 27, 2019

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## A Letter to Shareholders from CEO Gary C. Bhojwani

### To our shareholders:

As I reflect on my first year as chief executive officer of CNO Financial Group, I am proud of what we accomplished in 2018. I also know with equal certainty that we have more work to do to build a stronger, more competitive company. The amount of work yet to be done is second only to our promise and potential.

Before I provide my perspective on our 2018 performance and share with you why I believe CNO remains a good investment, I wish to thank several important groups of people.

I begin by recognizing Neal Schneider for his service as chairman of the CNO board of directors. Neal retired as board chairman in May 2018, a position he held since 2011. He continues to serve as a director and as a member of both the Audit and Enterprise Risk Committee and the Governance and Nominating Committee. Neal joined the CNO board of directors in 2003. During his tenure as a director and later as board chairman, he helped successfully guide the company through our financial restructuring as well as the global financial crisis. Neal has been (and continues to be) an advocate for our customers and providing products that meet their financial security needs. For his dedicated stewardship on behalf of CNO over the past 15 years, I extend my sincere thanks.

Next, I wish to acknowledge Dan Maurer, our newly elected board chairman. Dan joined the CNO Financial board in May 2015 after having served in senior leadership roles at Intuit, Procter & Gamble and Campbell Soup Company. On behalf of the entire CNO executive leadership group, we thank Dan and the entire CNO board for their ongoing commitment to CNO.

Finally, to our 3,300 full-time associates and our more than 4,800 agents, I extend my appreciation for their unwavering dedication to serving the health and retirement needs of our policyholders nationwide. I also wish to thank our customers and shareholders for the trust they place in CNO Financial Group and our insurance companies: Bankers Life, Washington National and Colonial Penn.

### 2018 Performance

I have been asked frequently: “How should we view CNO’s performance in 2018?”

First, we can’t overlook the loss CNO posted in 2018. However, the bottom line does not tell the full story. Our 2018 results were negatively impacted by a transformative long-term care (LTC) reinsurance transaction that fundamentally changed the risk and earnings profile of our business. While the loss generated from this transaction is material, we firmly believe this transaction is critical to CNO’s long-term success and serves the best interests of our shareholders (more on this later). Fourth quarter equity market volatility also unfavorably impacted our performance, although we view this as temporary.

I am especially proud that CNO successfully reduced our LTC exposure and significantly de-risked the balance sheet as compared to one year ago. In 2018, we ceded \$2.7 billion of statutory reserves to Wilton Re. The transaction included 100% of our legacy (prior to 2003) comprehensive and nursing home policies, which had the most potential tail risk and volatility.

CNO was the only company that completed a significant LTC reinsurance transaction in 2018. This should provide considerable comfort that the portion of our LTC block that remains has a very different profile from the other long-term care blocks in the marketplace that continue to generate negative headlines.

In completing this transaction, we achieved our stated objective to reduce our exposure to the most unpredictable portion of our LTC business. We materially reduced the possibility of a future reserve strengthening charge. Bankers Life paid a ceding commission of \$825 million, which drove a loss of \$661 million, or \$4.00 per share. Although expensive, we are confident this was a prudent long-term move.

Absent this block of business, we expect a meaningful increase in our free cash flow generation and return on equity (ROE). Moody’s was the first to recognize this fundamental change, upgrading CNO to investment grade this past October. We remain on positive outlook with both S&P and Fitch.

The second—and arguably more important—part of our 2018 story is growth. When I look at the recurring measures of our business, I believe we executed well against our strategy and delivered strong operational and financial performance. Highlights include:

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Generated growth in all five of our key scorecard metrics in both the third and fourth quarters, compared to the same periods in the prior year.

Grew first year collected premiums by 8%; total collected premiums by 3%.

Returned \$166 million to shareholders.

Paid more than \$2.1 billion in claims.

I was particularly encouraged that many of the growth initiatives implemented over the past six to eight quarters began to drive strong production across all our companies. Total sales in our three businesses reflected sales growth in both the third and fourth quarters, compared to the same periods in the prior year. It has been many years since this has been the case at CNO.

After a slow start, Life and Health New Annualized Premium (NAP) growth accelerated in the second half of the year to grow by 5%

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compared to the same period in the prior year. Collected premiums at our operating segments increased 10% in the fourth quarter and 4.5% for the full year. Annuity collected premiums increased 30% for the fourth quarter and 13% for 2018 overall.

Third, I cannot overstate the importance of another force influencing our execution: changing our culture to embrace growth. During our company's "fix and focus" chapter, CNO appropriately had a risk-averse culture, which sometimes meant sacrificing efficiency, speed and innovation. With our focus having shifted squarely toward growth, we are becoming increasingly comfortable with taking smart, calculated risks. Continuously evaluating how we approach our day-to-day business will allow us to get better, faster.

It is not easy to change a risk-averse culture, but we're gaining momentum. Our product development cycle is moving at a faster pace than ever before with 12 new products and product enhancements launched in 2018. We also invested in technology. A large-scale initiative to improve agent productivity was introduced at Bankers Life at the end of 2018. Colonial Penn improved sales and advertising results due in part to agent and web technology enhancements to improve the customer experience and increase lead productivity.

Finally, we remain committed to deploying 100% of our excess free cash flow to its highest and best use over time. CNO maintains strong free cash flow generation that provides significant optionality for us to reinvest in the business or to return capital to shareholders in the form of dividends and share repurchases. Since 2011, we have spent \$2.1 billion to repurchase our common stock and have \$284 million remaining on our current authorization to repurchase shares.

In 2018, we repurchased \$100 million of common stock, including \$40 million in the fourth quarter, taking advantage of market volatility and a depressed stock price. We intend to remain flexible and opportunistic with these decisions, as well as responsive to changing market conditions. We believe strongly that our free cash flow generation and capital deployment will prove to be a key source of long-term value creation. However, we also believe that investing in growth and returning capital to shareholders are not mutually exclusive.

### **Bankers Life 2018 Results**

I am pleased to report that the impact of the various growth initiatives implemented at Bankers Life over the past six to eight quarters began to take hold in earnest in 2018. Total collected premiums were up 5% for the full year, including 12% in the fourth quarter alone.

Investments in reshaping the agency force contributed to the improving production results in 2018. While low unemployment creates significant headwinds to our efforts to recruit agents to a commission-based career opportunity, in 2018, we grew agent yield and agent productivity while recruiting fewer agents. New agent training, innovative recruiting tactics and retention initiatives helped drive a 4% increase in our quarterly average producing agent counts, plus a significant improvement in first-year agent retention. Changes to the incentive structure coupled with technology enhancements contributed positive results in agent productivity.

Bankers Life is also proving that we can successfully reach slightly younger, wealthier customers within the middle market as our "expand to the right" strategy gains traction. The average annuity face value increased 10% in 2018, and more than 40% in the past three years. Annuity collected premiums were up 13% for the full year. One in eight (13%) Bankers Life agents is now dually licensed as a financial advisor. Our Broker-Dealer and Registered Investment Advisor (BD/RIA) business now has client assets of more than \$1.1 billion. This is an important indicator for us as consumer relationships tend to be much stronger when we provide not just protection products, but also income and retirement solutions.

However, not everything went well at Bankers Life in 2018. We experienced an elevated benefit ratio in our Medicare supplement business during the second half of the year and raised our guidance for 2019 benefit ratios. Notably, we are able to adjust Medicare supplement rates annually, so we expect to return margins to more normalized levels within a year or so. Importantly, even at the slightly elevated levels, our Medicare supplement business remains healthy and profitable.

The Bankers Life business continues to generate significant earnings and cash flow. Now that we are returning to growth, I am even more optimistic about its long-term prospects.

### **Washington National 2018 Results**

Washington National performed well in 2018, with NAP from life and health products up 3% for the full year (including a record 11% in the fourth quarter) and total collected premiums up 3% over prior year.

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I am especially pleased with the performance of our worksite business, which delivered record production in 2018. Worksite sales were up 18% for the full year, and up 38% for the fourth quarter alone. Worksite now represents more than 40% of total Washington National sales and we are committed to continue investing in these capabilities.

Washington National's 2018 performance was driven by growth initiatives implemented over the past six to eight quarters. This includes the 14-state geographic expansion initiative, which delivered an impressive level of incremental NAP in 2018. Since we only recently entered these new states, market penetration remains low, providing opportunity for continued growth.

Washington National's efforts to enhance the product portfolio also has momentum that is carrying into 2019. Hospital Assure, our new hospitality indemnity product launched in late 2018, has been well received by both consumers and our distribution force. Product portfolio diversification continued through short-term care and life insurance sales, the latter comprising 10% of the segment's overall sales mix.

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While worksite outperformed in 2018, the individual part of the business fell short of expectations. A depressed farm and rural economy contributed in part to lower than projected sales. We have also not made enough progress in PMA agent recruiting. That said, quarterly average producing agents were up 6% in the fourth quarter. I am confident we will generate improvement in both areas.

### Colonial Penn 2018 Results

After a slow start to the first half of the year due to telesales agent staffing challenges, Colonial Penn delivered an impressive turnaround. I am pleased to report we ended the year with sales up 5%, total collected premiums up 2% over the prior year, and normalized telesales agent levels.

Efforts to expand and diversify Colonial Penn's lead generation sources beyond the company's traditional model of direct response television (DRTV) are part of Colonial Penn's 2018 highlights. In fact, 2018 web and digital sales grew 27% versus the prior year and now account for 16% of total sales. Investments in technology initiatives such as voice signature and an enhanced website user experience have also led to meaningful improvements in lead conversion and agent productivity.

While Colonial Penn turned in a strong performance in 2018, I would like to see us move even faster to extend the Colonial Penn brand, expand its product portfolio and further our investments in direct-to-consumer (DTC) technology.

### Why Invest in CNO Financial Group

I am a strong believer in CNO and I want to share why. Understanding how changing consumer demographics and macro-economic factors influence the insurance market provides important context for assessing an investment in any insurance company.

Most Americans are not financially prepared for retirement. Research conducted by our Bankers Life Center for a Secure Retirement found that nearly seven in 10 (69%) middle-income Boomers do not believe or do not know if they have enough money to live comfortably to age 85, the average life expectancy of a 65-year-old Boomer today. This finding is especially worrisome and critical within the middle market, which includes consumers with annual household incomes of between \$30,000 and \$100,000 with less than \$500,000 in investable assets. The impact of outliving one's retirement savings or the cost of an unexpected medical bill is especially devastating for families at this income level. As a child of first-generation immigrants, I can relate. Many of you may feel this connection too.

The market for those needing financial security products continues to grow. Boomers currently account for approximately 20% of the U.S. population. The youngest Boomers turned age 54 in 2018. This means that from now until 2030, 10,000 people per day will turn age 65, qualify for Medicare and be eligible to take early Social Security benefits. The oldest Boomers are now required to take their required minimum distributions (RMDs) from their retirement accounts, which leads to a need for assistance on how to manage this income.

Furthermore, middle-market consumers are often underserved by large insurance carriers. These companies believe (incorrectly in our opinion) that it is more profitable to focus on the affluent or mass affluent consumers. This creates a disproportionate number of middle-income retirees and pre-retirees who do not receive professional advice or product recommendations when planning for retirement.

Against these demographic and societal factors, the natural question is: "What makes CNO Financial a good investment?"

The attributes that make CNO unique are also the very reasons to invest in our company:

**Market Focus:** CNO is among a small number of companies focused exclusively on the middle-income market. This has long been our focus and it remains unchanged. Even as we advance with our "expand to the right" strategy targeting slightly younger, wealthier consumers, we stay squarely focused on the middle market. Since these households are often overlooked by larger carriers, CNO has a natural advantage.

**Distribution:** Unlike other insurance carriers, we have a unique network of distribution channels that allows us to reach these consumers according to their specific preferences. Bankers Life has career agents, we have wholly-owned and independent distributors at Washington National, and we operate a direct-to-consumer business at Colonial Penn. Our diversified infrastructure is a significant competitive advantage and allows us to experiment and cross-pollinate ideas from each channel.

**Health and Wealth Solutions:** As consumers approach age 65 and prepare to transition to Medicare, nearly all look for guidance and solutions to fill the gaps in their healthcare coverage. As a result, Medicare supplement products are as close to a nonvoluntary product as exists in our industry. Bankers Life is one of a handful of insurers that both manufactures and distributes Medicare supplement insurance (Bankers Life also distributes third-party Medicare Advantage products). Initial Medicare-related sales have proven to be a key door opener for agents to further assess consumer needs and recommend additional products, such as life insurance, long-term care insurance or an annuity. One in three Medicare supplement customers purchase a second product from Bankers Life.

**Insurance and Securities Solutions:** Consumer relationships are stronger and more persistent when we offer a complete retirement needs assessment, not just protection products. An insurance purchase conversation may begin as transactional. The relationship evolves into a more holistic, long-term approach when we also advise on the wealth accumulation and income preservation needs of our consumers. It also provides a career advancement path for insurance agents to move up to become securities-licensed financial advisors, which improves retention. In 2016, we started a Broker-Dealer and Registered Investment Advisor (BD/RIA) business and now have client assets of more than \$1.1 billion.

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Finally, our 2018 performance speaks to the strategic changes taking place at CNO. Our strong free cash flow generation, lower-risk balance sheet and renewed focus on growth are all markers of that success and rationale for continued investment in CNO. We believe we are the only insurance group that has all of these unique attributes.

### **Commitment to Social Responsibility**

We realize that our success is tied to the well-being of our customers, associates, neighbors and the way we conduct our business. In recognition of the increased importance that investors now place on environment, social and governance criteria (ESG), we recently formed a management committee comprised of senior management and other leaders to formulate and drive the execution of the company's social responsibility and sustainability strategy. We expect this strategy to focus on four key areas: community development and philanthropy, employee well-being, ethics and governance, and environmental responsibility and enterprise risk management.

### **Commitment to Associate Relations**

No business can thrive without committed associates who make up the workforce that serves our customers. This is particularly true in insurance, where we do not have factories or durable goods to sell. Our associates are our primary and most valuable asset. They develop products, advise clients, service customers and support the efficient running of the organization.

At CNO, we know that top-to-bottom associate alignment will help us achieve sustained success. During the second quarter, we leveraged the benefit of tax reform to introduce an enhanced compensation program for our employees. Like many companies, we had the opportunity to offer a one-time bonus payout to employees in 2018. Instead, we opted to invest in a broader, enhanced compensation program, which includes an annual cash bonus program, a one-time stock option grant and an employee stock purchase plan. We believe the ongoing cash bonus and employee stock purchase plan will not only benefit and incent associates, but also more closely connect them with the company's success.

### **What to Expect in 2019**

CNO strategic priorities remain unchanged. We will continue to grow the franchise; launch new products and services; expand to the right to reach slightly younger, wealthier consumers within the middle market; and deploy our robust free cash flow to its highest and best use. Cultivating a workplace culture that rewards taking smart, calculated risks is also a priority and a personal goal against which I measure my own performance.

We expect that ongoing market volatility in 2019 will generate increased interest in financial planning products, particularly within the middle market. With our singular focus on this demographic, CNO is extremely well positioned to serve middle-market consumers with their income protection needs. As they look for stability, our products and guidance from our agents and advisors will be needed more than ever.

At its core, our capital deployment strategy has remained consistent. While we recognize the long-term importance of investing in growing the business, when our shares are trading at a significant discount to book value, we recognize that we would be hard-pressed to find an acquisition or internal investment that could generate a similar or better risk-adjusted return.

Given our robust free cash flow generation and strong balance sheet, we believe that share repurchases, organic investments and M&A need not be mutually exclusive in any given year. We will take a very disciplined approach to the use of capital. Any capital outlay must have clear strategic value and compelling financial attributes.

In closing, I'm very proud of our 2018 accomplishments, and we have entered 2019 with good momentum. Many of our growth initiatives are just now starting to gain traction, leaving significant runway for further growth and shareholder value creation. We are building a stronger, more competitive company. CNO remains extremely well positioned for 2019 and beyond.

Thank you for your continued support of, and interest in, CNO.

Regards,

**Gary C. Bhojwani**  
Chief Executive Officer  
CNO Financial Group, Inc.

March 11, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2018**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**CNO FINANCIAL GROUP, INC.**

**Commission File Number 001-31792**

**DELAWARE**

**75-3108137**

*State of Incorporation*

*IRS Employer Identification No.*

**11825 N. Pennsylvania Street Carmel, Indiana 46032**

**(317) 817-6100**

*Address of principal executive offices*

*Telephone*

**SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:**

Title of each class

Name of Each Exchange on which Registered

**Common Stock, par value \$0.01 per share**

**New York Stock Exchange**

**Rights to purchase Series C Junior Participating Preferred Stock**

**New York Stock Exchange**

**SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:**

**NONE**

YES NO

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   Accelerated filer   Non-accelerated filer   Smaller reporting company filer   Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

At June 30, 2018, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's common equity held by nonaffiliates was approximately \$3.1 billion.

Shares of common stock outstanding as of February 8, 2019: 160,715,150

**DOCUMENTS INCORPORATED BY REFERENCE:**

## Edgar Filing: CNO Financial Group, Inc. - Form ARS

Portions of the Registrant's definitive proxy statement for the 2019 annual meeting of shareholders are incorporated by reference into Part III of this report.

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## ITEM 1. Business of CNO.

CNO Financial Group, Inc., a Delaware corporation (“CNO”), is a holding company for a group of insurance companies operating throughout the United States that develop, market and administer health insurance, annuity, individual life insurance and other insurance products. The terms “CNO Financial Group, Inc.,” “CNO”, the “Company”, “we”, “us”, and “our” as used in this report refer to CNO and its subsidiaries. Such terms, when used to describe insurance business and products, refer to the insurance business and products of CNO’s insurance subsidiaries.

We focus on serving middle-income pre-retiree and retired Americans, which we believe are attractive, underserved, high growth markets. We sell our products through three distribution channels: career agents, independent producers (some of whom sell one or more of our product lines exclusively) and direct marketing. As of December 31, 2018, we had shareholders’ equity of \$3.4 billion and assets of \$31.4 billion. For the year ended December 31, 2018, we had revenues of \$4.3 billion and a net loss of \$315.0 million (including a loss on a reinsurance transaction of \$661.1 million, net of taxes and gains recognized on the assets transferred in the transaction). See our consolidated financial statements and accompanying footnotes for additional financial information about the Company and its segments.

The Company manages its business through the following operating segments: Bankers Life, Washington National and Colonial Penn, which are defined on the basis of product distribution; long-term care in run-off; and corporate operations, comprised of holding company activities and certain noninsurance company businesses. On September 27, 2018, the Company completed a long-term care reinsurance transaction pursuant to which its wholly-owned subsidiary, Bankers Life and Casualty Company (“Bankers Life”), entered into an agreement with Wilton Reassurance Company (“Wilton Re”) to cede all of its legacy (prior to 2003) comprehensive and nursing home long-term care policies (with statutory reserves of \$2.7 billion) through 100% indemnity coinsurance. In anticipation of the reinsurance agreement, the Company reorganized its business segments to move the block to be ceded from the “Bankers Life segment” to the “Long-term care in run-off segment” in the third quarter of 2018. All prior period segment disclosures have been revised to conform to management’s current view of the Company’s operating segments.

The Company’s insurance segments are described below:

**Bankers Life**, which underwrites, markets and distributes Medicare supplement insurance, interest-sensitive life insurance, traditional life insurance, fixed annuities and long-term care insurance products to the middle-income senior market through a dedicated field force of career agents, financial and investment advisors, and sales managers supported by a network of community-based sales offices. The Bankers Life segment includes primarily the business of Bankers Life. Bankers Life also has various distribution and marketing agreements with other insurance companies to use Bankers Life’s career agents to distribute Medicare Advantage and prescription drug plans (“PDP”) products in exchange for a fee.

**Washington National**, which underwrites, markets and distributes supplemental health (including specified disease, accident and hospital indemnity insurance products) and life insurance to middle-income consumers at home and at the worksite. These products are marketed through Performance Matters Associates, Inc. (“PMA”, a wholly owned subsidiary) and through independent marketing organizations and insurance agencies including worksite marketing. The products being marketed are underwritten by Washington National Insurance Company (“Washington National”). This segment’s business also includes certain closed blocks of annuities and Medicare supplement policies which are no longer being actively marketed by this segment and were primarily issued or acquired by Washington National.

**Colonial Penn**, which markets primarily graded benefit and simplified issue life insurance directly to customers in the senior middle-income market through television advertising, direct mail, the internet and telemarketing. The Colonial Penn segment includes primarily the business of Colonial Penn Life Insurance Company (“Colonial Penn”).

**Long-term care in run-off** consists of: (i) the long-term care business that was recaptured due to the termination of certain reinsurance agreements effective September 30, 2016 (such business is not actively marketed and was issued or acquired by Washington National and Bankers Consec Life Insurance Company (“BCLIC”)); and (ii) certain legacy (prior to 2003) comprehensive and nursing home long-term care policies which were ceded to Wilton Re in September 2018 (such business was not actively marketed and was issued by Bankers Life).

**PART I**

**ITEM 1 Business of CNO**

**Our Strategic Direction**

At CNO, our mission is to enrich lives by providing financial solutions that help protect the health and retirement needs of middle-income Americans, while building enduring value for all our stakeholders. We remain committed to our strategic priorities to grow the franchise, launch new products and services, expand to the right to reach slightly younger, wealthier consumers within the middle market, and deploy excess capital to its highest and best use.

Our middle-market focus and diverse distribution is a key strength and opportunity for CNO. We have career agents at Bankers Life, wholly-owned and independent distributors at Washington National and a direct-to-consumer business at Colonial Penn to reach consumers according to their preferences. Our product portfolio mix is well-aligned to the retirement, healthcare, supplemental health and income accumulation needs of working-age consumers as well as those in and near retirement. As Americans live longer into their retirement years, consumers need holistic retirement income planning, which includes our insurance and annuity solutions, and the investments offered by our broker-dealer and growing force of registered investment advisors. Specifically, we are focused on the following priorities:

***Growth***

Maximize our product portfolio to ensure it meets our customers' needs for integrated products and advice covering a broad range of their financial goals

Respond effectively to evolving customer preferences

Expand and enhance elements of our broker-dealer and registered investment advisor program

Continue our "expand to the right" strategy to reach slightly younger and wealthier consumers within the middle-income market

Increase the speed-to-market for new products that are a good fit for our customers

Make strategic, measured changes to our business practices to improve our competitive advantage

Continue to invest in technology to support agent productivity and relationships with our customers

***Increase profitability and return on equity***

Maintain our strong capital position and favorable financial metrics

Work to increase our return on equity

Maintain pricing discipline

***Effectively manage risk and deploy capital***

Maintain an active enterprise risk management process

Utilize excess cash flow to maximize long-term returns

Maintain a competitive dividend payout ratio

***Continue to invest in talent***

Attract, retain and develop the best talent to help us drive sustainable growth

Recruit, develop and retain our agent force

**Other Information**

Our executive offices are located at 11825 N. Pennsylvania Street, Carmel, Indiana 46032, and our telephone number is (317) 817-6100. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available free of charge on our website at [www.CNOinc.com](http://www.CNOinc.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). These filings are also available on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of these filings are also available, without charge, from CNO Investor Relations, 11825 N. Pennsylvania Street, Carmel, IN 46032.

Our website also includes the charters of our Audit and Enterprise Risk Committee, Executive Committee, Governance and Nominating Committee, Human Resources and Compensation Committee and Investment Committee, as well as our Corporate Governance Operating Principles and our Code of Business Conduct and Ethics that applies to all officers, directors and employees. Copies of these documents are available free of charge on our website at [www.CNOinc.com](http://www.CNOinc.com) or from CNO Investor Relations at the address shown above. Within the time period specified by the SEC and the New York Stock Exchange, we will post on our website any amendment to our Code of Business Conduct and Ethics and any waiver applicable to our principal executive officer, principal financial officer or principal accounting officer.



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In June 2018, we filed with the New York Stock Exchange the Annual CEO Certification regarding the Company's compliance with their Corporate Governance listing standards as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual. In addition, we have filed as exhibits to this 2018 Form 10-K the applicable certifications of the Company's Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 regarding the Company's public disclosures.

CNO became the successor to Conseco, Inc., an Indiana corporation (our "Predecessor"), in connection with a bankruptcy reorganization which became effective on September 10, 2003 (the "Effective Date"). Our Predecessor was organized in 1979 and commenced operations in 1982.

Data in Item 1 are provided as of or for the year ended December 31, 2018 (as the context implies), unless otherwise indicated.

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**PART I**  
**ITEM 1 Business of CNO**

**Marketing and Distribution**  
**Insurance**

Our insurance subsidiaries develop, market and administer health insurance, annuity, individual life insurance and other insurance products. We sell these products through three primary distribution channels: career agents, independent producers (some of whom sell one or more of our product lines exclusively) and direct marketing. We had premium collections of \$3.8 billion, \$3.7 billion and \$3.6 billion in 2018, 2017 and 2016, respectively.

Our insurance subsidiaries collectively hold licenses to market our insurance products in all fifty states, the District of Columbia, and certain protectorates of the United States. Sales to residents of the following states accounted for at least five percent of our 2018 collected premiums: Florida (10 percent), Pennsylvania (6 percent), Texas (5 percent) and Iowa (5 percent).

We believe that most purchases of life insurance, accident and health insurance and annuity products occur only after individuals are contacted and solicited by an insurance agent. Accordingly, the success of our distribution system is largely dependent on our ability to attract and retain experienced and highly motivated agents. A description of our primary distribution channels is as follows:

*Career Agents.* The products of the Bankers Life segment are sold through a career agency force of over 4,100 producing agents working from over 265 Bankers Life branch offices and satellites. These agents establish one-on-one contact with potential policyholders and promote strong personal relationships with existing policyholders. The career agents sell primarily Medicare supplement and long-term care insurance policies, life insurance and annuities. In 2018, the Bankers Life segment had total collected premiums related to this distribution channel of \$2.6 billion, or 70 percent, of our total collected premiums. These agents sell Bankers Life policies, as well as Medicare Advantage plans through distribution arrangements with third-party insurance companies, and typically visit the prospective policyholder's home to conduct personalized "kitchen-table" sales presentations. After the sale of an insurance policy, the agent serves as a contact person for policyholder questions, claims assistance and additional insurance needs.

*Independent Producers.* The products of the Washington National segment are primarily sold through our wholly-owned marketing organization, PMA. In addition, Washington National's products are sold through a diverse network of independent agents, insurance brokers and marketing organizations. The general agency and insurance brokerage distribution system is comprised of independent licensed agents doing business in all fifty states, the District of Columbia, and certain protectorates of the United States. In 2018, this distribution channel accounted for \$692.8 million, or 18 percent, of our total collected premiums.

Marketing organizations typically recruit agents by advertising our products and commission structure through direct mail advertising or through seminars for agents and brokers. These organizations bear most of the costs incurred in marketing our products. We compensate the marketing organizations by paying them a percentage of the commissions earned on new sales generated by agents recruited by such organizations. Certain of these marketing organizations are specialty organizations that have a marketing expertise or a distribution system related to a particular product or market, such as worksite and individual health products.

*Direct Marketing.* This distribution channel is engaged primarily in the sale of graded benefit life insurance policies through Colonial Penn using direct response marketing techniques. New policyholder leads are generated primarily from television, print advertising, direct response mailings and the internet. In 2018, this channel accounted for \$298.3 million, or 8 percent, of our total collected premiums.

**Products**

The following table summarizes premium collections by major category and segment for the years ended December 31, 2018, 2017 and 2016 (dollars in millions):

**TOTAL PREMIUM COLLECTIONS**

	<b>2018</b>		<b>2017</b>		<b>2016</b>
Health:					
Bankers Life	\$ 1,019.0	\$	1,025.1	\$	1,028.5
Washington National	659.3		642.5		628.4
Colonial Penn	1.7		2.0		2.4
Long-term care in run-off	145.8		205.2		211.5
Total health	1,825.8		1,874.8		1,870.8

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Annuities:			
Bankers Life	1,163.2	1,030.6	970.0
Washington National	1.3	.9	1.5
Total annuities	1,164.5	1,031.5	971.5
Life:			
Bankers Life	466.0	462.4	461.1
Washington National	32.2	30.0	29.4
Colonial Penn	296.6	289.6	277.8
Total life	794.8	782.0	768.3
<b>TOTAL PREMIUM COLLECTIONS</b>	<b>\$ 3,785.1</b>	<b>\$ 3,688.3</b>	<b>\$ 3,610.6</b>
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**PART I**  
**ITEM 1 Business of CNO**

Our collected premiums by product and segment were as follows:

**Health**

**HEALTH PREMIUM COLLECTIONS (DOLLARS IN MILLIONS)**

	2018		2017		2016				
Medicare supplement:									
Bankers Life	\$ 734.3	\$	739.4	\$	739.3				
Washington National	46.3		51.6		61.0				
Colonial Penn	1.5		1.9		2.3				
Total	782.1		792.9		802.6				
Long-term care:									
Bankers Life	255.1		257.0		261.8				
Long-term care in run-off	145.8								
Net Asset Value		16.96		17.19		(1.34)		18.04	16.21

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

**Overview of the Trust s Total Investments\***

**TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
Apple, Inc.	6%
Alphabet, Inc.	5
Microsoft Corp.	5
JPMorgan Chase & Co.	3
Bank of America Corp.	3
Pfizer, Inc.	3
Cisco Systems, Inc.	3
Lowe s Cos., Inc.	3
Comcast Corp.	2
United Health Group, Inc.	2

\* Excludes option positions and money market funds.

**SECTOR ALLOCATION**

<i>Sector</i>	<i>06/30/18</i>	<i>12/31/17</i>
Information Technology	28%	26%
Health Care	18	16
Financials	14	17

Consumer Discretionary	12	14
Industrials	8	7
Consumer Staples	6	6
Energy	6	6
Materials	5	5
Utilities	3	3

For Trust compliance purposes, the Trust's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

Trust Information as of June 30, 2018

**BlackRock Enhanced Equity Dividend Trust****Investment Objective**

**BlackRock Enhanced Equity Dividend Trust s (BDJ) (the Trust )** primary investment objective is to provide current income and current gains, with a secondary investment objective of long-term capital appreciation. The Trust seeks to achieve its investment objectives by investing in common stocks that pay dividends and have the potential for capital appreciation and by utilizing an option writing (selling) strategy to seek total return performance and enhance distributions. The Trust invests, under normal market conditions, at least 80% of its total assets in dividend paying equities. 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 objectives will be achieved.

**Trust Information**

Symbol on NYSE	BDJ
Initial Offering Date	August 31, 2005
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$9.18) <sup>(a)</sup>	6.10%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0467
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.5604

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BDJ <sup>(a)(b)</sup>	2.59%	(0.38)%
Russell 1000 <sup>®</sup> Value Index	N/A	(1.69)

<sup>(a)</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>(b)</sup> The Trust s discount to NAV narrowed during the period, which accounts for the difference between performance based on market price and performance based on NAV.

N/A Not applicable as the index does not have a market price.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's relative performance based on the index cited above:**

**What factors influenced performance?**

The largest contribution to performance for the six-month period came from stock selection in the consumer staples sector. Notably, selection decisions within the beverages industry boosted relative return. In health care, stock selection within pharmaceuticals and health care equipment & services, and an overweight in health care providers & services enhanced relative performance. Lastly, stock selection within energy and utilities contributed, as did a combination of stock selection and an underweight in industrials.

The largest detractor from relative performance derived from stock selection in the financials sector. In particular, a combination of stock selection within and overweight exposure to the banking and insurance industries weighed on relative performance. Additionally, stock selection in the capital markets industry represented a headwind. Within the consumer discretionary sector, issue selection within the media industry had a negative impact. Finally, a lack of exposure to real estate acted as a constraint on returns.

The Trust utilized an options overlay strategy in which calls are written on a portion of the portfolio's holdings. Premiums generated are recognized as current gains that are intended to enhance distributions payable to shareholders in the form of dividends. The use of options detracted modestly from relative performance.

**Describe recent portfolio activity.**

During the six-month period, the Trust increased exposure to the information technology sector. Holdings within health care and energy also were increased. Conversely, the Trust significantly lowered its exposure to industrials, and also reduced its positioning within financials and materials.

**Describe portfolio positioning at period end.**

The Trust's largest allocations were in the financials, health care and energy sectors. Relative to the benchmark, the Trust's largest overweight positions were in the health care, financials and energy sectors. Conversely, the Trust's largest relative underweights were in the real estate, consumer discretionary and materials sectors.

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 as of June 30, 2018 (continued)

**BlackRock Enhanced Equity Dividend Trust****Market Price and Net Asset Value Per Share Summary**

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 9.18	\$ 9.23	(0.54)%	\$ 9.64	\$ 8.03
Net Asset Value	9.62	9.96	(3.41)	10.42	9.33

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
JPMorgan Chase & Co.	4%
Bank of America Corp.	4
Pfizer, Inc.	4
Citigroup, Inc.	4
Wells Fargo & Co.	3
Oracle Corp.	3
Anthem, Inc.	3
Microsoft Corp.	3
Suncor Energy, Inc.	2
Verizon Communications, Inc.	2

\* Excludes option positions and money market funds.

**SECTOR ALLOCATION**

<i>Sector</i>	<i>06/30/18</i>	<i>12/31/17</i>
Financials	28%	29%
Health Care	20	19
Energy	13	12
Information Technology	11	10
Industrials	7	8
Consumer Staples	7	7
Utilities	5	5
Consumer Discretionary	4	4



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Telecommunication Services	3	3
Materials	2	3

For Trust compliance purposes, the Trust's sector classifications refer to any one or more of the sector sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

TRUST INFORMATION

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Trust Information as of June 30, 2018

**BlackRock Enhanced Global Dividend Trust****Investment Objective**

**BlackRock Enhanced Global Dividend Trust's (BOE) (the Trust)** primary investment objective is to provide current income and current gains, with a secondary investment objective of long-term capital appreciation. The Trust seeks to achieve its investment objectives by investing primarily in equity securities issued by companies located in countries throughout the world and utilizing an option writing (selling) strategy to seek total return performance and enhance distributions. Under normal circumstances, the Trust invests at least 80% of its net assets in dividend-paying equity securities and at least 40% of its assets outside of the U.S. (unless market conditions are not deemed favorable by Trust management, in which case the Trust would invest at least 30% of its assets outside of the U.S.). The Trust may invest in securities of companies of any market capitalization, but intends to invest primarily in securities of large capitalization companies. 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 objectives will be achieved.

**Trust Information**

Symbol on NYSE	BOE
Initial Offering Date	May 31, 2005
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$11.12) <sup>(a)</sup>	8.42%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0780
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.9360

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The monthly distribution per Common Share, declared on July 2, 2018, was decreased to \$0.0630 per share. The current distribution rate on closing market price, current monthly distribution per Common Share and current annualized distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BOE <sup>(a)(b)</sup>	(7.44)%	(6.19)%
MSCI All Country World Index	N/A	(0.43)

- (a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
- (b) The Trust's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

N/A Not applicable as the index does not have a market price.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's relative performance based on the index cited above:**

**What factors influenced performance?**

Security selection within and overweight exposure to consumer staples represented the largest detractors from performance. Stock selection within industrials also weighed on returns. Two tobacco companies, British American Tobacco PLC and Altria Group, Inc., were among the top individual detractors. Tobacco stocks suffered due to a market rotation out of defensive sectors, coupled with the FDA's announcement that it would be looking to limit nicotine levels in traditional cigarettes, along with questions about Next Generation smoking products. In addition, the German postal and international courier company Deutsche Post AG detracted after the company lowered its earnings forecast as it launched a series of measures aimed at stemming a decline in profitability at its post, e-commerce and parcel division.

During the six-month period, the Trust's significant underweight to financials contributed to relative return as the sector was one of the worst-performing segments of the index. An underweight to real estate also contributed to performance. The Trust's position in the technology conglomerate Cisco Systems, Inc. was the top individual contributor after the company reported earnings that exceeded expectations and also announced a share buyback. Additionally, the British pharmaceutical firm GlaxoSmithKline PLC was among the top contributors to returns after Novartis AG announced that they will be selling their stake in a consumer health care joint venture to GlaxoSmithKline. Holdings of Chinese sportswear company Anta Sports Products Ltd. also helped performance with positive sentiment driven by the company's continued strong retail sales.

The Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. The Trust's options writing strategy contributed to Trust performance.

**Describe recent portfolio activity.**

The Trust's allocation to tobacco stocks was reduced in May, with the proceeds reinvested in high quality, dividend-paying names in which the investment adviser has high conviction. These included health care, consumer staples and industrials stocks.

Trust Information as of June 30, 2018 (continued)

**BlackRock Enhanced Global Dividend Trust****Describe portfolio positioning at period end.**

At period end, the Trust's largest sector overweight positions were in the consumer staples and health care sectors, with an emphasis on the tobacco and pharmaceuticals industries, respectively. The largest underweights were to information technology and financials. The Trust had no exposure to real estate, utilities or energy at the end of the period. From a regional perspective, a majority of portfolio assets was invested either within the United States or Europe, with significant exposure in the United Kingdom and Switzerland.

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.

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

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 11.12	\$ 12.51	(11.11)%	\$ 13.08	\$ 10.96
Net Asset Value	11.91	13.22	(9.91)	13.71	11.78

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
Johnson & Johnson	4%
TELUS Corp.	4
Altria Group, Inc.	3
Sanofi	3
Novartis AG, Registered Shares	3
Coca-Cola Co.	3
Rogers Communications, Inc., Class B	3
Cisco Systems, Inc.	3
Nestle SA	3
Unilever PLC	3

\* Excludes option positions and money market funds.

**GEOGRAPHIC ALLOCATION**

<i>Country</i>	<i>06/30/18</i>	<i>12/31/17</i>
United States	43%	42%
United Kingdom	17	16
Australia	6	4
Switzerland	6	10
France	4	3
India	4	(a)
Singapore	3	
Taiwan	3	3
Netherlands	3	
Germany	3	2
Canada	3	6
Japan	2	2
Belgium	1	2
Denmark	1	
Finland	1	2
China	(a)	(a)
Sweden	(a)	(a)
Ireland	(a)	
Other <sup>(b)</sup>		5

(a) Representing less than 1% of the Trust's total investments.

(b) Other includes a 1% holding or less in each of the following countries: Denmark, Hong Kong, India, Italy, Netherlands and Spain.

Trust Information as of June 30, 2018

**BlackRock Enhanced International Dividend Trust****Investment Objective**

**BlackRock Enhanced International Dividend Trust s (BGY) (the Trust )** primary investment objective is to provide current income and current gains, with a secondary objective of long-term capital appreciation. The Trust seeks to achieve its investment objectives by investing primarily in equity securities issued by companies of any market capitalization located in countries throughout the world and utilizing an option writing (selling) strategy to seek total return performance and enhance distributions. The Trust invests, under normal circumstances, at least 80% of its net assets in dividend-paying equity securities issued by non-U.S. companies of any market capitalization, but intends to invest primarily in securities of large capitalization companies. 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 objectives will be achieved.

**Trust Information**

Symbol on NYSE	BGY
Initial Offering Date	May 30, 2007
Current Distribution Rate on Closing Market Price as of as of June 30, 2018 (\$5.74) <sup>(a)</sup>	7.94%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0380
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.4560

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BGY <sup>(a)(b)</sup>	(8.61)%	(6.49)%
MSCI All Country World Index ex-USA	N/A	(3.77)

<sup>(a)</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>(b)</sup> The Trust s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

N/A Not applicable as the index does not have a market price.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's relative performance based on the index cited above:**

**What factors influenced performance?**

Security selection within and an overweight to consumer staples were the largest detractors from performance. Additionally, selection within industrials detracted, including positions in international courier companies Deutsche Post AG (Germany) and bpost SA (Belgium). The Trust's lack of holdings in energy stocks also subtracted from returns.

The leading contributor to relative performance during the period was the Trust's overweight to the health care sector. Additionally, an underweight to financials contributed to performance. Lastly, stock selection within consumer discretionary added to returns, in particular from holdings in the Chinese sportswear company Anta Sports Products Ltd. and the Macau-based resort firm Sands China Ltd.

During the period, the Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. The Trust's options writing strategy contributed to relative return.

**Describe recent portfolio activity.**

The Trust reduced its exposure to tobacco stocks over the period, while retaining an overweight in the industry. The Trust also increased exposure to financials by purchasing two Singapore bank stocks.

**Describe portfolio positioning at period end.**

At period end, the Trust's largest sector overweights were in the consumer staples and health care sectors, with an emphasis on the tobacco and pharmaceuticals industries, respectively. The largest underweight exposure was to financials, particularly banks. The Trust had no exposure to real estate, utilities or energy. In regional terms, the majority of portfolio assets was invested in European equities, with significant exposure to the United Kingdom and Switzerland.

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 as of June 30, 2018 (continued)

**BlackRock Enhanced International Dividend Trust****Market Price and Net Asset Value Per Share Summary**

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 5.74	\$ 6.52	(11.96)%	\$ 6.85	\$ 5.64
Net Asset Value	6.36	7.06	(9.92)	7.32	6.27

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
TELUS Corp.	6%
Sanofi	5
Novartis AG, Registered Shares	5
Rogers Communications, Inc., Class B	5
Nestle SA	5
Ancor	5
Imperial Brands PLC	5
Unilever PLC	5
British American Tobacco PLC	4
Deutsche Post AG, Registered Shares	4

\* Excludes option positions and money market funds.

**GEOGRAPHIC ALLOCATION**

<i>Country</i>	<i>06/30/18</i>	<i>12/31/17</i>
United Kingdom	24%	19%
Switzerland	13	12
Canada	11	7
Australia	9	5
France	7	6
United States	5	6
Germany	4	3
Netherlands	4	6



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Taiwan	4	3
Finland	4	2
Singapore	3	
China	2	5
Sweden	2	2
Belgium	2	3
India	2	2
Japan	2	5
Denmark	2	(a)
Hong Kong		2
South Korea		2
South Africa		2
Other		2 <sup>(b)</sup>

(a) Representing less than 1% of the Trust's total investments.

(b) Other includes a 1% holding or less in each of the following countries: Ireland and Portugal.

TRUST INFORMATION

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Trust Information as of June 30, 2018

**BlackRock Health Sciences Trust****Investment Objective**

**BlackRock Health Sciences Trust's (BME) (the Trust)** investment objective is to provide total return through a combination of current income, current gains and long-term capital appreciation. The Trust seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its total assets in equity securities of companies engaged in the health sciences and related industries and equity derivatives with exposure to the health sciences industry. The Trust seeks to pursue this goal primarily by investing in a portfolio of equity securities and utilizing an option over-writing strategy in an effort to seek total return performance and enhance distributions.

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

**Trust Information**

Symbol on NYSE	BME
Initial Offering Date	March 31, 2005
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$38.58) <sup>(a)</sup>	6.22%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.2000
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$2.4000

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BME <sup>(a)(b)</sup>	9.33%	5.90%
Russell 3000 <sup>®</sup> Healthcare Index	N/A	4.15

<sup>(a)</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>(b)</sup> The Trust's premium to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

N/A Not applicable as the index does not have a market price.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's relative performance based on the index cited above:**

**What factors influenced performance?**

The Trust added value through its effective individual stock selection. An out-of-benchmark position in Sarepta Therapeutics, Inc., a biotechnology company focused on orphan drugs, was among the largest contributors to relative performance. Sarepta presented preliminary data for its experimental treatment for patients with Duchenne muscular dystrophy, sparking a rally in its shares.

Merger-and-acquisition activity was also a key driver of the Trust's performance. Avexis, Inc., a clinical-stage gene therapy biotechnology company, announced that it would be acquired at a substantial premium by the Swiss pharmaceutical giant Novartis AG. Toward the end of the period, shares of Boston Scientific Corp. rallied on the rumor that the company had received a takeover bid from Stryker Corp.

Other contributors of note included overweight positions in the health care services companies Humana, Inc, and Teladoc, Inc. The Trust's overweight position in the biotechnology stock Alnylam Pharmaceuticals, Inc. was among the largest detractors from returns, as the company came under pressure after Pfizer, Inc. released positive data on a competing drug.

A zero weighting in Align Technology, Inc. was among the largest detractors from relative performance in the medical devices & supplies sub-sector. The stock rallied following an analyst event that dispelled concerns about rising competition and outlined a strong growth outlook.

Other detractors of note included overweight positions in Cigna Corp., Novo Nordisk A/S and Inmed, Inc.

The Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. This strategy detracted from performance in the period.

**Describe recent portfolio activity.**

The Trust increased its allocation to the medical devices & supplies subsector and slightly reduced its weightings in the healthcare providers & services area. Its allocation to biotechnology decreased, while its weighting in pharmaceuticals was largely unchanged.

Trust Information as of June 30, 2018 (continued)

**BlackRock Health Sciences Trust****Describe portfolio positioning at period end.**

The Trust continued to employ a bottom-up, fundamental investment process in an effort to construct a balanced, diversified portfolio of health care stocks. The portfolio continues to reflect two broad themes: innovation and value-based health care.

Innovation in medical technology remains a secular growth driver for the health care sector as companies continue to develop new therapies or products that are either fulfilling an unmet medical need or are an improvement over current treatments. This encompasses not only the biotechnology industry, but also the pharmaceuticals and medical devices & supplies sub-sectors.

With respect to value-based health care, the Trust has an above-benchmark weighting in the health care providers & services sub-sector largely due to its sizeable overweight in the managed care industry. The investment adviser continues to find a number of companies in this area that it believes are well positioned to leverage their scale and analytical capabilities to reduce health care costs. Additionally, select holdings in the health care services industry feature business models that are benefiting from the shift to lower-cost options such as home health care.

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.

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

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 38.58	\$ 36.50	5.70%	\$ 39.83	\$ 32.89
Net Asset Value	36.54	35.69	2.38	38.56	34.33

**Market Price and Net Asset Value History For the Past Five Years****Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

	<i>06/30/18</i>
<i>Security</i>	
UnitedHealth Group, Inc.	9%
Pfizer, Inc.	5
Medtronic PLC	4

Abbott Laboratories	4
Stryker Corp.	3
Boston Scientific Corp.	4
Quest Diagnostics, Inc.	3
Anthem, Inc.	3
Humana, Inc.	2
Baxter International, Inc.	2

\* Excludes option positions and money market funds.

### INDUSTRY ALLOCATION

<i>Industry</i>	<i>06/30/18</i>	<i>12/31/17</i>
Health Care Equipment & Supplies	28%	23%
Health Care Providers & Services	25	25
Biotechnology	20	25
Pharmaceuticals	22	24
Life Sciences Tools & Services	3	2
Diversified Consumer Services	1	1
Health Care Technology	1	

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Trust Information as of June 30, 2018

**BlackRock Resources & Commodities Strategy Trust****Investment Objective**

**BlackRock Resources & Commodities Strategy Trust s (BCX) (the Trust )** primary investment objective is to seek high current income and current gains, with a secondary objective of capital appreciation. The Trust will seek to achieve its investment objectives, under normal market conditions, by investing at least 80% of its total assets in equity securities issued by commodity or natural resources companies, derivatives with exposure to commodity or natural resources companies or investments in securities and derivatives linked to the underlying price movement of commodities or natural resources. While permitted, the Trust does not currently expect to invest in securities and derivatives linked to the underlying price movement of commodities or natural resources. The Trust seeks to pursue this goal primarily by investing in a portfolio of equity securities and utilizing an option overwriting strategy in an effort to seek total return performance and enhance distributions.

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

**Trust Information**

Symbol on NYSE	BCX
Initial Offering Date	March 30, 2011
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$9.29) <sup>(a)</sup>	6.67%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0516
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.6192

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BCX <sup>(a)(b)</sup>	(1.71)%	0.07%
Lipper Natural Resources Funds <sup>(c)</sup>	(1.38)	(0.70)

<sup>(a)</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>(b)</sup> The Trust s discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

<sup>(c)</sup>

Average return. Returns reflect investment of dividends and/or distributions at NAV on the ex-dividend as calculated by Lipper.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's absolute performance based on NAV:**

**What factors influenced performance?**

The Trust's allocation to energy stocks made a positive contribution to its six-month results. Oil prices rallied behind the combination of tighter supplies and higher-than-expected demand, leading to strong returns for the energy sector. In this environment, the U.S. exploration and production company ConocoPhillips was among the largest contributors to performance. Upstream producers, in general, maintained capital discipline and prioritized shareholder returns over growth. ConocoPhillips participated in this trend by announcing a 7.5% dividend increase and a 33% expansion of its share buyback program, which boosted its stock price. Other contributors of note within energy included Royal Dutch Shell PLC, Suncor Energy, Inc. and BP PLC.

The mining stock Nevsun Resources Ltd., which was bid for by a competitor in May, was also a large contributor to returns.

After performing strongly in 2017, the battery materials industry came under pressure in early 2018 as lithium prices retreated. The downturn stemmed from supply concerns that arose after the lithium miner Sociedad Química y Minera de Chile SA reached an agreement with the Chilean government that would allow it to significantly increase production. The Trust's position in Neo Lithium Corp. detracted from performance as a result. The investment adviser retained the position on the belief that the long-term demand for lithium from electric vehicle sales is likely to outweigh the available supply.

The Brazil-based food producer BRF SA also detracted. The Brazilian Federal Police announced it was investigating the company for manipulating food/meat sample tests that are required to meet export regulatory standards. The company's former chief executive officer was arrested, along with ten other employees. This news introduced significant risk into the BRF investment case, prompting the Trust to sell the position. Other detractors of note included Glencore PLC, Nutrien Ltd. and Arcelormittal.

The Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. The option overlay strategy detracted from results.

**Describe recent portfolio activity.**

The Trust exited three of its positions in the agriculture industry, including Monsanto Co. The investment adviser believed the stock had limited upside since its price was close to the level at which the company was bid for by Bayer AG. The Trust also sold BRF and AGCO Corp., and initiated a position in the agricultural supply-chain company Archer Daniels Midland Co. on the expectation that the company's restructuring effort will lead to higher earnings growth.

Trust Information as of June 30, 2018 (continued)

**BlackRock Resources & Commodities Strategy Trust**

The investment adviser rotated some of the portfolio's positions in the mining industry based on relative valuations. In addition, the Trust's allocation to the industry was increased through additions to BHP Billiton Ltd. and Glencore.

**Describe portfolio positioning at period end.**

The mining industry represented the largest allocation following the Trust's purchases in this area. Energy and agriculture were the second- and third-largest weightings, respectively.

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.

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

	06/30/18	12/31/17	Change	High	Low
Market Price	\$ 9.29	\$ 9.77	(4.91)%	\$ 10.49	\$ 8.69
Net Asset Value	10.30	10.64	(3.20)	11.05	9.68

**Market Price and Net Asset Value History For Past Five Years****Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

<i>Security</i>	06/30/18
Nutrien LTD	6%
Royal Dutch Shell PLC ADR	6
Glencore PLC	5
BP PLC ADR	5
BHP Billiton PLC	5
TOTAL SA	5
Rio Tinto PLC ADR	4
Suncor Energy, Inc.	4
Vale SA ADR	4
Archer-Daniels-Midland Co.	3

\* Excludes option positions and money market funds.

**INDUSTRY ALLOCATION**



<i>Industry</i>	<i>06/30/18</i>	<i>12/31/17</i>
Metals & Mining	36%	34%
Oil, Gas & Consumable Fuels	34	34
Chemicals	12	13
Food Products	8	11
Containers & Packaging	5	3
Energy Equipment & Services	2	3
Paper & Forest Products	1	1
Machinery	1	1
Electronic Equipment, Instruments & Components	1	

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

Trust Information as of June 30, 2018

**BlackRock Science and Technology Trust****Investment Objective**

**BlackRock Science and Technology Trust s (BST) (the Trust )** investment objective is to provide income and total return through a combination of current income, current gains and long-term capital appreciation. The Trust seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its total assets in equity securities of science and technology companies. The Trust seeks to pursue this goal primarily by investing in a portfolio of equity securities and utilizing an option over-writing strategy in an effort to seek total return performance and enhance distributions.

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

**Trust Information**

Symbol on NYSE	BST
Initial Offering Date	October 30, 2014
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$33.65) <sup>(a)</sup>	4.64%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.1300
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$1.5600

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The monthly distribution per Common Share, declared on July 2, 2018, was increased to \$0.1500 per share. The current distribution rate on closing market price, current monthly distribution per Common Share and current annualized distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six months ended June 30, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
BST <sup>(a)(b)</sup>	29.37%	15.46%
MSCI World Information Technology Index	N/A	9.44

<sup>(a)</sup> All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.

<sup>(b)</sup> The Trust moved from a discount to NAV to a premium to NAV during the period, which accounts for the difference between performance based on market price and performance based on NAV.

N/A Not applicable as the index does not have a market price.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's relative performance based on the index cited above:**

**What factors influenced performance?**

Global markets were flat during the period, as the MSCI World Index returned 0.43%. However, this masked considerable volatility driven by rising trade tensions and broader geopolitical risk.

The Trust's non-benchmark position in Amazon.com, Inc. was the largest contributor to relative performance, as strong e-commerce sales helped Amazon surpass first quarter earnings expectations, boosting the company's share price. Holdings in Netflix, Inc. represented the second largest contributor, as the company beat expectations for growth in subscribers. A non-benchmark position in the mobile payment company Square Inc. was also additive. Square has benefited from an improving macroeconomic backdrop as well as significant growth in mobile payment utilization rates.

The largest detractors from relative performance were the Trust's underweight positions in Facebook, Inc. and Apple, Inc. Facebook shares rallied after strong earnings helped ease fears surrounding the possible impact of user privacy concerns on Facebook's business model. Elsewhere, a non-benchmark position in Linx, a Brazilian management software company, was among the largest detractors from performance as recent political unrest in Brazil weighed on the company's share price.

Also, the Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. The Trust's options writing strategy detracted from returns.

**Describe recent portfolio activity.**

During the six-month period, the Trust took profits on a position in a semiconductor company that had performed particularly well. Proceeds from the sale were rotated into a value opportunity within the internet software & services sub-industry.

**Describe portfolio positioning at period end.**

At period end, the Trust held its largest allocation within the software & services industry group, with a focus on idiosyncratic opportunities within the internet software & services and application software sub-industries. Regionally, the Trust maintained most of its exposure in North America, with smaller allocations to the emerging markets and Europe.

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 as of June 30, 2018 (continued)

**BlackRock Science and Technology Trust****Market Price and Net Asset Value Per Share Summary**

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 33.65	\$ 26.69	26.08%	\$ 35.71	\$ 26.00
Net Asset Value	31.20	27.73	12.51	32.73	27.48

**Market Price and Net Asset Value History Since Inception**

(a) Commencement of operations.

**Overview of the Trust's Total Investments\*****TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
Amazon.com, Inc.	6%
Microsoft Corp.	5
Tencent Holdings Ltd.	5
Alphabet Inc.	5
Apple, Inc.	4
Alibaba Group Holding LTD. ADR.	3
Mastercard, Inc.	3
Square, Inc.	2
Visa, Inc.	2
salesforce.com, Inc.	2

\* Excludes option positions and money market funds.

**INDUSTRY ALLOCATION**

<i>Industry</i>	<i>06/30/18</i>	<i>12/31/17</i>
Software	30%	22%
Internet Software & Services	28	28
Semiconductors & Semiconductor Equipment	13	18
IT Services	12	10
Internet & Direct Marketing Retail	8	6

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Technology Hardware, Storage & Peripherals	4	7
Electronic Equipment, Instruments & Components	1	2
Media	1	1
Other	3 <sup>(a)</sup>	6 <sup>(a)</sup>

<sup>(a)</sup> Other includes a 1% holding or less in each of the following industries: Automobiles, Chemicals, Consumer Finance, Household Durables, Health Care Technology, Professional Services and Diversified Consumer Services.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

TRUST INFORMATION

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Trust Information as of June 30, 2018

**BlackRock Utilities, Infrastructure & Power Opportunities Trust****Investment Objective**

**BlackRock Utilities, Infrastructure & Power Opportunities Trust s (BUI) (the Trust )** investment objective is to provide total return through a combination of current income, current gains and long-term capital appreciation. The Trust seeks to achieve its investment objective by investing primarily in equity securities issued by companies that are engaged in the Utilities, Infrastructure and Power Opportunities business segments anywhere in the world and by utilizing an option writing (selling) strategy in an effort to seek total return performance and enhance distributions. The Trust considers the Utilities business segment to include products, technologies and services connected to the management, ownership, operation, construction, development or financing of facilities used to generate, transmit or distribute electricity, water, natural resources or telecommunications, the Infrastructure business segment to include companies that own or operate infrastructure assets or that are involved in the development, construction, distribution or financing of infrastructure assets and the Power Opportunities business segment to include companies with a significant involvement in, supporting, or necessary to renewable energy technology and development, alternative fuels, energy efficiency, automotive and sustainable mobility and technologies that enable or support the growth and adoption of new power and energy sources. Under normal circumstances, the Trust invests a substantial amount of its total assets in foreign issuers, issuers that primarily trade in a market located outside the United States or issuers that do a substantial amount of business outside the United States. 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.

**Trust Information**

Symbol on NYSE	BUI
Initial Offering Date	November 25, 2011
Current Distribution Rate on Closing Market Price as of June 30, 2018 (\$20.01) <sup>(a)</sup>	7.26%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.1210
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$1.4520

<sup>(a)</sup> Current distribution rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a return of capital. See the Financial Highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a return of capital or net realized gain.

**Performance and Portfolio Management Commentary**

Returns for the six-months ended June 30, 2018:

BUI <sup>(a)(b)</sup>	Returns Based On	
	<i>Market Price</i>	<i>Net Asset Value</i>
	(4.06)%	(0.56)%

Lipper Utility Funds <sup>(c)</sup>	(4.84)	(2.54)
-------------------------------------	--------	--------

- (a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
- (b) The Trust moved from a premium to NAV to a discount to NAV during the period, which accounts for the difference between performance based on market price and performance based on NAV.
- (c) Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend date as calculated by Lipper.

Past performance is not indicative of future results. Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**The following discussion relates to the Trust's absolute performance based on NAV:**

**What factors influenced performance?**

Markets were essentially flat during the period, as the MSCI World Index returning 0.43%. However, this masked considerable volatility driven by rising trade tensions and broader geopolitical risks.

A position in Spanish renewable energy company EDP Renovaveis was the largest contributor to the Trust's performance during the six-month period. The company's shares rose on speculation that one or more companies were looking to acquire all or part of the business. Another renewable energy holding, China Longyuan, was among the leading contributors for the period. China is introducing a national emissions trading scheme for carbon dioxide that will incentivize the move to cleaner technologies, boosting the company's shares in the period. Other contributors of note included clean energy company NextEra Energy Inc., Macquarie Infrastructure Corp. and electric utility FirstEnergy Corp.

Exposure to multinational automotive supplier Valeo was the largest detractor from the Trust's absolute performance during the period. Despite a stronger-than-expected order book, the company reported lower year-on-year profits for 2017, especially in the autonomous driving and electric vehicle segments, while lowering forward guidance for organic growth. The Trust has maintained the position on a positive view of both the company and the broader vehicle electrification theme, particularly given the regulatory support emerging from many countries. Elsewhere within the automotive space, temporary disruption related to the move to real world driving testing standards negatively impacted our positions in component manufacturers Continental AG and Osram Licht AG. Other detractors of note included European energy company Enel SpA and Denmark-based wind energy manufacturer Vestas Wind Systems A/S.

The Trust made use of options, principally written call options on individual stocks, in order to seek enhanced income returns while continuing to participate in the performance of the underlying equities. The option overlay strategy had a negative impact on results.

Trust Information as of June 30, 2018 (continued) **BlackRock Utilities, Infrastructure & Power Opportunities Trust**

**Describe recent portfolio activity.**

During the period, the Trust reduced exposure to midstream energy companies, exiting Shell Midstream Partners and Plains All American Pipeline in the process. Capital was rotated into the electric vehicle exposed companies, such as semiconductor manufacturer Infineon Technologies AG and Continental AG.

**Describe portfolio positioning at period end.**

At period end, the utilities sector accounted for approximately 63.5% of the Trust's assets, with holdings concentrated in U.S. electric and multi-utilities. Approximately 16% of the portfolio was invested in the industrials sector, with roughly another 12% in the energy sector. The remainder was invested in other infrastructure- and power-related sectors.

Against a backdrop of historically low interest rates, the demand for equity yield has led to valuations for U.S. utilities that are high relative to their historical levels, placing even greater importance on stock selection. As such, the Trust was focused on owning companies with strong management teams that offer the potential for above-sector growth in earnings and dividends. The Trust had a preference for regulated utilities over their non-regulated counterparts given their existing barriers to entry, strong balance sheets, and lower sensitivity to commodity prices.

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.

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

	<i>06/30/18</i>	<i>12/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 20.01	\$ 21.62	(7.45)%	\$ 21.73	\$ 19.09
Net Asset Value	20.26	21.12	(4.07)	21.27	19.69

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

**Overview of the Trust's Total Investments\***

**TEN LARGEST HOLDINGS**

<i>Security</i>	<i>06/30/18</i>
NextEra Energy, Inc.	11%
Enel SpA	5
EDP Renovaveis SA	5



National Grid PLC	4
Public Service Enterprise Group	4
Duke Energy Corp.	4
Dominion Energy, Inc.	3
Atlantia SpA	3
Exelon Corp.	3
TransCanada Corp.	3

\* Excludes option positions and money market funds.

### INDUSTRY ALLOCATION

<i>Industry</i>	<i>06/30/18</i>	<i>12/31/17</i>
Electric Utilities	36%	33%
Multi-Utilities	20	20
Oil, Gas & Consumable Fuels	12	12
Transportation Infrastructure	11	15
Independent Power and Renewable Electricity Producers	8	8
Electrical Equipment	4	3
Chemicals	4	3
Water Utilities	1	1
Construction & Engineering		3
Gas Utilities		1
Auto Components	2	
Other	2 <sup>(a)</sup>	1 <sup>(a)</sup>

<sup>(a)</sup> Other includes a 1% holding or less in each of the following industries: Building Products and Semiconductors & Semiconductor Equipment.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

## Derivative Financial Instruments

The Trusts may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and 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 instrument. The Trusts' successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Trust can realize on an investment and/or may result in lower distributions paid to shareholders. The Trusts' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

## Schedule of Investments (unaudited)

## BlackRock Energy and Resources Trust (BGR)

June 30, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Common Stocks 99.8%</b>		
<b>Energy Equipment &amp; Services 7.6%</b>		
Baker Hughes a GE Co. <sup>(a)</sup>	255,700	\$ 8,445,771
Halliburton Co. <sup>(a)</sup>	306,900	13,828,914
Patterson-UTI Energy, Inc. <sup>(a)</sup>	192,557	3,466,026
Schlumberger Ltd. <sup>(a)</sup>	156,674	10,501,858
		36,242,569
<b>Oil, Gas &amp; Consumable Fuels 92.2%</b>		
Anadarko Petroleum Corp. <sup>(a)</sup>	165,033	12,088,667
Andeavor <sup>(a)</sup>	103,050	13,518,099
BP PLC	4,427,650	33,687,851
Cairn Energy PLC <sup>(b)</sup>	1,747,695	5,738,664
Canadian Natural Resources Ltd.	418,540	15,106,472
Chevron Corp. <sup>(a)(c)</sup>	242,585	30,670,022
Cimarex Energy Co. <sup>(a)</sup>	65,550	6,669,057
CNOOC Ltd.	4,423,000	7,579,007
Concho Resources, Inc. <sup>(a)(b)</sup>	26,750	3,700,862
ConocoPhillips <sup>(a)</sup>	314,800	21,916,376
Devon Energy Corp. <sup>(a)</sup>	339,050	14,904,638
Encana Corp.	849,530	11,095,295
EOG Resources, Inc. <sup>(a)</sup>	142,700	17,756,161
EQT Corp.	180,450	9,957,231
Exxon Mobil Corp. <sup>(a)(c)</sup>	487,002	40,289,675
Galp Energia SGPS SA	14,335	273,455
Kosmos Energy Ltd. <sup>(b)</sup>	720,108	5,955,293
Marathon Oil Corp. <sup>(a)</sup>	191,748	3,999,863
Noble Energy, Inc. <sup>(a)</sup>	303,842	10,719,546
Oil Search Ltd.	911,863	5,990,891
Pioneer Natural Resources Co. <sup>(a)</sup>	82,876	15,683,454
Royal Dutch Shell PLC ADR, Class A <sup>(a)</sup>	713,800	49,416,374
Royal Dutch Shell PLC, Class A	273,248	9,456,815
Suncor Energy, Inc.	548,400	22,317,271
<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
TOTAL SA	425,553	\$ 25,842,019
TransCanada Corp.	306,250	13,250,295
Valero Energy Corp. <sup>(a)</sup>	168,800	18,708,104
Williams Cos., Inc. <sup>(a)</sup>	482,900	13,091,419
		439,382,876
		475,625,445

<b>Total Long-Term Investments</b>	<b>99.8%</b>		
(Cost \$404,613,943)			
<b>Short-Term Securities</b>	<b>1.0%</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.80% <sup>(d)(e)</sup>		4,599,459	4,599,459
<b>Total Short-Term Securities</b>	<b>1.0%</b>		
(Cost \$4,599,459)			4,599,459
<b>Total Investments Before Options Written</b>	<b>100.8%</b>		
(Cost \$409,213,402)			480,224,904
<b>Options Written</b>	<b>(0.7)%</b>		
(Premiums Received \$3,574,813)			(3,538,539)
<b>Total Investments, Net of Options Written</b>	<b>100.1%</b>		
(Cost \$405,638,589)			476,686,365
<b>Liabilities in Excess of Other Assets</b>	<b>(0.1)%</b>		(381,317)
<b>Net Assets</b>	<b>100.0%</b>		\$ 476,305,048

(a) All or a portion of security has been pledged and/or segregated as collateral in connection with outstanding exchange-traded options written.

(b) Non-income producing security.

(c) All or a portion of the security has been pledged as collateral in connection with outstanding OTC derivatives.

(d) Annualized 7-day yield as of period end.

(e) During the six months ended June 30, 2018, investments in issuers considered to be an affiliate of the Trust for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at 12/31/17	Net Activity	Shares Held at 06/30/18	Value at 06/30/18	Income	Change in Net Unrealized Appreciation	
						Realized (Loss)	Unrealized (Appreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	3,870,844	728,615	4,599,459	\$ 4,599,459	\$ 28,875	\$	\$

(a) Includes net capital gain distributions, if applicable.

For Trust compliance purposes, the Trust's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

**Derivative Financial Instruments Outstanding as of Period End****Exchange-Traded Options Written**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call					
Chevron Corp.	154	07/06/18	USD 128.00	USD 1,947	\$ (9,086)
ConocoPhillips	164	07/06/18	USD 70.00	USD 1,142	(11,890)
Devon Energy Corp.	114	07/06/18	USD 43.50	USD 501	(11,856)
Devon Energy Corp.	130	07/06/18	USD 41.00	USD 571	(39,975)
EOG Resources, Inc.	89	07/06/18	USD 119.00	USD 1,107	(53,400)
Halliburton Co.	290	07/06/18	USD 51.50	USD 1,307	(870)
Williams Cos., Inc.	460	07/06/18	USD 27.50	USD 1,247	(5,750)
Anadarko Petroleum Corp.	70	07/13/18	USD 72.00	USD 513	(16,450)

SCHEDULES OF INVESTMENTS

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Schedule of Investments (unaudited) (continued)

BlackRock Energy and Resources Trust (BGR)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
Chevron Corp.	154	07/13/18	USD 129.00	USD 1,947	\$ (13,013)
ConocoPhillips	202	07/13/18	USD 70.00	USD 1,406	(24,139)
EOG Resources, Inc.	38	07/13/18	USD 120.00	USD 473	(20,900)
Exxon Mobil Corp.	356	07/13/18	USD 83.00	USD 2,945	(36,312)
Pioneer Natural Resources Co.	111	07/13/18	USD 197.50	USD 2,101	(15,817)
Royal Dutch Shell PLC ADR, Class A	205	07/13/18	USD 71.00	USD 1,419	(7,175)
Valero Energy Corp.	60	07/13/18	USD 116.00	USD 665	(4,080)
Williams Cos., Inc.	576	07/13/18	USD 27.00	USD 1,562	(29,088)
Anadarko Petroleum Corp.	259	07/20/18	USD 72.50	USD 1,897	(63,196)
Andeavor	104	07/20/18	USD 145.00	USD 1,364	(4,160)
Baker Hughes a GE Co.	287	07/20/18	USD 39.00	USD 948	(2,870)
Baker Hughes a GE Co.	233	07/20/18	USD 36.00	USD 770	(5,825)
Canadian Natural Resources Ltd.	165	07/20/18	CAD 48.00	CAD 783	(10,605)
Chevron Corp.	353	07/20/18	USD 130.00	USD 4,463	(33,712)
Cimarex Energy Co.	74	07/20/18	USD 90.00	USD 753	(92,130)
Concho Resources, Inc.	38	07/20/18	USD 152.75	USD 526	(2,011)
ConocoPhillips	227	07/20/18	USD 72.50	USD 1,580	(13,393)
ConocoPhillips	164	07/20/18	USD 70.50	USD 1,142	(20,582)
Devon Energy Corp.	152	07/20/18	USD 38.00	USD 668	(93,860)
Devon Energy Corp.	70	07/20/18	USD 44.00	USD 308	(10,465)
Devon Energy Corp.	92	07/20/18	USD 46.00	USD 404	(6,348)
EOG Resources, Inc.	116	07/20/18	USD 125.00	USD 1,443	(33,756)
Encana Corp.	1,255	07/20/18	CAD 17.00	CAD 2,155	(69,210)
Noble Energy, Inc.	492	07/20/18	USD 37.50	USD 1,736	(17,220)
Royal Dutch Shell PLC ADR, Class A	289	07/20/18	USD 70.00	USD 2,001	(26,733)
Royal Dutch Shell PLC ADR, Class A	405	07/20/18	USD 75.00	USD 2,804	(3,037)
Schlumberger Ltd.	326	07/20/18	USD 73.45	USD 2,185	(3,376)
Suncor Energy, Inc.	982	07/20/18	CAD 54.00	CAD 5,254	(61,625)
Andeavor	131	07/27/18	USD 152.50	USD 1,718	(2,882)
Chevron Corp.	65	07/27/18	USD 130.00	USD 822	(9,782)
ConocoPhillips	108	07/27/18	USD 69.00	USD 752	(25,326)
Devon Energy Corp.	1	07/27/18	USD 44.00	USD 4	(175)
Devon Energy Corp.	92	07/27/18	USD 45.50	USD 404	(9,982)
Devon Energy Corp.	141	07/27/18	USD 45.00	USD 620	(18,118)
EOG Resources, Inc.	91	07/27/18	USD 119.00	USD 1,132	(65,748)

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Exxon Mobil Corp.	410	07/27/18	USD	85.00	USD	3,392	(32,800)
Halliburton Co.	392	07/27/18	USD	49.50	USD	1,766	(11,172)
Pioneer Natural Resources Co.	52	07/27/18	USD	202.50	USD	984	(9,880)
Royal Dutch Shell PLC ADR, Class A	296	07/27/18	USD	71.00	USD	2,049	(23,680)
Royal Dutch Shell PLC ADR, Class A	405	07/27/18	USD	69.50	USD	2,804	(57,713)
Williams Cos., Inc.	139	07/27/18	USD	28.50	USD	377	(2,363)
Williams Cos., Inc.	257	07/27/18	USD	28.00	USD	697	(7,453)
Concho Resources, Inc.	55	07/30/18	USD	128.25	USD	761	(67,595)
Chevron Corp.	58	08/03/18	USD	130.00	USD	733	(10,498)
Devon Energy Corp.	71	08/03/18	USD	43.50	USD	312	(17,821)
Exxon Mobil Corp.	471	08/03/18	USD	83.00	USD	3,897	(92,081)
Pioneer Natural Resources Co.	31	08/03/18	USD	190.00	USD	587	(21,855)
Pioneer Natural Resources Co.	64	08/03/18	USD	200.00	USD	1,211	(20,320)
Valero Energy Corp.	197	08/03/18	USD	116.00	USD	2,183	(41,567)
Chevron Corp.	65	08/10/18	USD	128.00	USD	822	(19,370)
Devon Energy Corp.	141	08/10/18	USD	46.00	USD	620	(21,925)
EOG Resources, Inc.	165	08/10/18	USD	129.00	USD	2,053	(48,180)
Valero Energy Corp.	128	08/10/18	USD	115.00	USD	1,419	(32,832)
Anadarko Petroleum Corp.	248	08/17/18	USD	72.50	USD	1,817	(97,340)
Andeavor	90	08/17/18	USD	140.00	USD	1,181	(15,390)
Canadian Natural Resources Ltd.	670	08/17/18	CAD	44.00	CAD	3,179	(214,049)
Cimarex Energy Co.	167	08/17/18	USD	100.00	USD	1,699	(105,210)
ConocoPhillips	236	08/17/18	USD	70.00	USD	1,643	(60,298)
Devon Energy Corp.	90	08/17/18	USD	42.00	USD	396	(33,525)
Devon Energy Corp.	92	08/17/18	USD	46.00	USD	404	(15,778)
Encana Corp.	2,268	08/17/18	CAD	17.00	CAD	3,894	(187,181)
Exxon Mobil Corp.	467	08/17/18	USD	82.50	USD	3,863	(113,481)

## Schedule of Investments (unaudited) (continued)

## BlackRock Energy and Resources Trust (BGR)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
Halliburton Co.	392	08/17/18	USD 50.00	USD 1,766	\$ (20,580)
Patterson-UTI Energy, Inc.	210	08/17/18	USD 19.00	USD 378	(15,750)
Pioneer Natural Resources Co.	32	08/17/18	USD 185.00	USD 606	(38,240)
Royal Dutch Shell PLC ADR, Class A	206	08/17/18	USD 72.50	USD 1,426	(14,420)
Schlumberger Ltd.	187	08/17/18	USD 67.50	USD 1,253	(42,169)
Suncor Energy, Inc.	937	08/17/18	CAD 54.00	CAD 5,013	(103,347)
TransCanada Corp.	1,071	08/17/18	CAD 58.00	CAD 6,092	(68,839)
Valero Energy Corp.	205	08/17/18	USD 115.00	USD 2,272	(59,245)
Williams Cos., Inc.	258	08/17/18	USD 28.00	USD 699	(13,674)
					\$ (2,763,549)

## OTC Options Written

<i>Description</i>	<i>Counterparty</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call						
Noble						
Energy, Inc.	Bank of America N.A.	59,000	07/09/18	USD 35.40	USD 2,082	\$ (42,265)
BP PLC	Goldman Sachs International	311,600	07/10/18	GBP 5.83	GBP 1,798	(23,239)
Oil Search						
Ltd.	Morgan Stanley & Co. International PLC	157,000	07/10/18	AUD 8.81	AUD 1,394	(21,568)
Patterson-UTI						
Energy, Inc.	UBS AG	35,300	07/10/18	USD 23.63	USD 635	
TOTAL SA	Credit Suisse International	10,700	07/11/18	EUR 53.41	EUR 556	(2,456)
TOTAL SA	UBS AG	18,600	07/11/18	EUR 54.88	EUR 967	(524)
Canadian						
Natural						
Resources						
Ltd.	Credit Suisse International	67,900	07/16/18	CAD 46.25	CAD 3,222	(91,397)
BP PLC	Barclays Bank PLC	262,800	07/18/18	GBP 5.85	GBP 1,516	(25,083)
CNOOC Ltd.	Goldman Sachs International	207,000	07/18/18	HKD 14.07	HKD 2,782	(3,447)
TOTAL SA	Goldman Sachs International	26,500	07/25/18	EUR 53.15	EUR 1,378	(13,724)
BP PLC	Citibank N.A.	230,000	07/26/18	GBP 5.96	GBP 1,327	(15,927)
CNOOC Ltd.	JPMorgan Chase Bank N.A.	261,000	07/26/18	HKD 14.07	HKD 3,508	(6,498)



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Royal Dutch Shell PLC, Class A	Goldman Sachs International	95,700	07/26/18	GBP	25.93	GBP	2,509	(94,603)
TOTAL SA	Citibank N.A.	47,000	07/26/18	EUR	53.63	EUR	2,444	(19,103)
BP PLC	Barclays Bank PLC	213,300	07/27/18	GBP	5.86	GBP	1,231	(26,684)
BP PLC	Citibank N.A.	221,000	07/27/18	GBP	5.70	GBP	1,275	(50,760)
CNOOC Ltd.	Societe Generale	300,000	08/01/18	HKD	12.78	HKD	4,032	(32,136)
TOTAL SA	UBS AG	30,000	08/01/18	EUR	53.87	EUR	1,560	(16,207)
Patterson-UTI Energy, Inc.	UBS AG	11,000	08/06/18	USD	20.20	USD	198	(3,321)
Royal Dutch Shell PLC ADR, Class A	Citibank N.A.	34,600	08/06/18	USD	70.97	USD	2,395	(39,852)
Oil Search Ltd.	Citibank N.A.	190,000	08/07/18	AUD	8.35	AUD	1,687	(86,874)
BP PLC	Goldman Sachs International	311,000	08/08/18	GBP	5.85	GBP	1,794	(55,006)
TOTAL SA	Goldman Sachs International	16,100	08/08/18	EUR	52.17	EUR	837	(21,605)
Baker Hughes a GE Co.	Citibank N.A.	31,300	08/13/18	USD	33.93	USD	1,034	(39,343)
Royal Dutch Shell PLC ADR, Class A	Citibank N.A.	34,600	08/20/18	USD	70.97	USD	2,395	(43,368)
								\$ (774,990)

**Balances Reported in the Statements of Assets and Liabilities for OTC Derivatives**

	<i>Swap Premiums Paid</i>	<i>Swap Premiums Received</i>	<i>Unrealized Appreciation</i>	<i>Unrealized Depreciation</i>	<i>Value</i>
Options Written	N/A	N/A	\$ 966,746	\$ (930,472)	\$ (3,538,539)

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Liabilities Derivative Financial Instruments</b>							
Options written							
Options written at value	\$	\$	\$ 3,538,539	\$	\$	\$	\$ 3,538,539

SCHEDULES OF INVESTMENTS

Schedule of Investments (unaudited) (continued)

**BlackRock Energy and Resources Trust (BGR)**

June 30, 2018

For the six months ended June 30, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	<i>Commodity Contract</i>	<i>Credit Contracts</i>	<i>Foreign Equity Contract</i>	<i>Interest Exchange Contract</i>	<i>Rate Contract</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Options purchased <sup>(a)</sup>	\$	\$	\$ (841)	\$	\$	\$	\$ (841)
Options written			(14,337,904)				(14,337,904)
	\$	\$	\$ (14,338,745)	\$	\$	\$	\$ (14,338,745)

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

**Net Change in Unrealized  
Appreciation (Depreciation)  
on:**

Options written	\$	\$	\$ 4,386,198	\$	\$	\$	\$ 4,386,198
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**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Options:

Average value of option contracts purchased							\$ <sup>(a)</sup>
Average value of option contracts written							\$ 3,136,477

<sup>(a)</sup> Derivative not held at quarter-end. The amount shown in the Statements of Operations reflect the results of activity during the period.

For more information about the Trust's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

**Derivative Financial Instruments – Offsetting as of Period End**

The Trust's derivative assets and liabilities (by type) are as follows:

*Assets*                      *Liabilities*

**Derivative Financial Instruments:**

Options	\$	\$ 3,538,539
Derivatives not subject to a Master Netting Agreement or similar agreement ( MNA )		(2,763,549)
Total derivative assets and liabilities subject to an MNA	\$	\$ 774,990

The following table presents the Trust's derivative assets (and liabilities) by counterparty net of amounts available for offset under an MNA and net of the related collateral received (and pledged) by the Trust:

<i>Counterparty</i>	<i>Derivative Liabilities Subject to an MNA by Counterparty</i>	<i>Derivatives Available for Offset</i>	<i>Non-cash Collateral Pledged<sup>(a)</sup></i>	<i>Cash Collateral Pledged</i>	<i>Net Amount of Derivative Liabilities<sup>(b)</sup></i>
Bank of America N.A.	\$ 42,265	\$	\$	\$	\$ 42,265
Barclays Bank PLC	51,767		(51,767)		
Citibank N.A.	295,227		(295,227)		
Credit Suisse International	93,853		(93,240)		613
Goldman Sachs International	211,624		(211,624)		
JPMorgan Chase Bank N.A.	6,498				6,498
Morgan Stanley & Co. International PLC	21,568				21,568
Societe Generale	32,136				32,136
UBS AG	20,052		(20,052)		
	\$ 774,990	\$	\$ (671,910)	\$	\$ 103,080

<sup>(a)</sup> Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

<sup>(b)</sup> Net amount represents the net amount payable due to counterparty in the event of default. Net amount may be offset further by the options written receivable/payable on the Statements of Assets and Liabilities.

Schedule of Investments (unaudited) (continued)

**BlackRock Energy and Resources Trust (BGR)**

June 30, 2018

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Common Stocks:				
Energy Equipment & Services	\$ 36,242,569	\$	\$	\$ 36,242,569
Oil, Gas & Consumable Fuels	350,814,174	88,568,702		439,382,876
Short-Term Securities	4,599,459			4,599,459
	\$ 391,656,202	\$ 88,568,702	\$	\$ 480,224,904
Derivative Financial Instruments <sup>(a)</sup>				
Liabilities:				
Equity contracts	\$ (2,690,567)	\$ (847,972)	\$	\$ (3,538,539)

<sup>(a)</sup> Derivative financial instruments are options written, which are shown at value. During the six months ended June 30, 2018, there were no transfers between levels.

*See notes to financial statements.*

Schedule of Investments (unaudited)

**BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

June 30, 2018

**(Percentages shown are based on Net Assets)**

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Common Stocks 100.3%</b>		
<b>Airlines 1.4%</b>		
Delta Air Lines, Inc.	204,085	\$ 10,110,371
<b>Banks 10.4%</b>		
Bank of America Corp. <sup>(a)(b)</sup>	710,271	20,022,540
JPMorgan Chase & Co. <sup>(b)</sup>	239,356	24,940,895
Regions Financial Corp.	327,605	5,824,817
SunTrust Banks, Inc.	205,255	13,550,935
U.S. Bancorp	263,202	13,165,364
		77,504,551
<b>Biotechnology 3.5%</b>		
Biogen, Inc. <sup>(c)</sup>	55,904	16,225,577
Gilead Sciences, Inc.	138,969	9,844,564
		26,070,141
<b>Capital Markets 1.2%</b>		
E*Trade Financial Corp. <sup>(c)</sup>	150,986	9,234,304
<b>Chemicals 2.1%</b>		
DowDuPont, Inc.	243,080	16,023,834
<b>Commercial Services &amp; Supplies 1.1%</b>		
KAR Auction Services, Inc.	154,771	8,481,451
<b>Communications Equipment 2.7%</b>		
Cisco Systems, Inc.	474,074	20,399,404
<b>Consumer Finance 1.6%</b>		
Ally Financial, Inc.	213,891	5,618,916
SLM Corp. <sup>(c)</sup>	537,693	6,156,585
		11,775,501
<b>Containers &amp; Packaging 1.2%</b>		
Packaging Corp. of America	82,529	9,225,917
<b>Electric Utilities 2.9%</b>		
FirstEnergy Corp.	363,947	13,069,337
PG&E Corp.	206,492	8,788,299
		21,857,636
<b>Electronic Equipment, Instruments &amp; Components 2.5%</b>		

CDW Corp.	154,847	12,510,089
Flex Ltd. <sup>(c)</sup>	443,330	6,255,386
		18,765,475
<b>Food &amp; Staples Retailing 2.2%</b>		
Walmart, Inc.	191,513	16,403,088
<b>Food Products 1.3%</b>		
J.M. Smucker Co.	89,440	9,613,011
<b>Health Care Equipment &amp; Supplies 1.5%</b>		
Baxter International, Inc.	150,208	11,091,359
<b>Health Care Providers &amp; Services 9.1%</b>		
Centene Corp. <sup>(c)</sup>	79,887	9,842,877
CVS Health Corp. <sup>(a)</sup>	124,485	8,010,610
Humana, Inc.	57,029	16,973,541
Laboratory Corp. of America Holdings <sup>(c)</sup>	81,168	14,572,091
UnitedHealth Group, Inc.	77,355	18,978,276
		68,377,395
<b>Hotels, Restaurants &amp; Leisure 1.1%</b>		
Carnival Corp.	147,293	8,441,362
<b>Household Durables 2.9%</b>		
D.R. Horton, Inc.	337,430	13,834,630
Lennar Corp., Class A	90,366	4,744,215
NVR, Inc. <sup>(c)</sup>	1,081	3,210,948
		21,789,793
<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Household Products 0.2%</b>		
Energizer Holdings, Inc.	22,475 \$	1,415,026
<b>Industrial Conglomerates 0.9%</b>		
General Electric Co.	481,941	6,559,217
<b>Insurance 1.4%</b>		
Assured Guaranty Ltd.	105,887	3,783,343
Hartford Financial Services Group, Inc.	135,210	6,913,287
		10,696,630
<b>Internet Software &amp; Services 5.0%</b>		
Alphabet, Inc., Class A <sup>(c)</sup>	33,203	37,492,496
<b>IT Services 3.0%</b>		
Amdocs Ltd.	83,760	5,544,075
Cognizant Technology Solutions Corp., Class A	209,862	16,576,999
		22,121,074
<b>Machinery 2.3%</b>		

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Allison Transmission Holdings, Inc.	142,313	5,762,253
Fortive Corp.	150,060	11,571,127
		17,333,380
<b>Media 2.5%</b>		
Comcast Corp., Class A <sup>(a)</sup>	565,618	18,557,927
<b>Metals &amp; Mining 1.5%</b>		
Freeport-McMoRan, Inc.	433,357	7,479,742
Rio Tinto PLC ADR	59,686	3,311,379
		10,791,121
<b>Oil, Gas &amp; Consumable Fuels 6.6%</b>		
BP PLC ADR	202,348	9,239,210
Chevron Corp.	134,226	16,970,193
Marathon Oil Corp.	239,650	4,999,099
Suncor Energy, Inc.	404,193	16,442,571
TOTAL SA ADR	32,322	1,957,420
		49,608,493
<b>Pharmaceuticals 4.1%</b>		
Novo Nordisk A/S ADR	188,798	8,707,364
Pfizer, Inc.	608,765	22,085,994
		30,793,358
<b>Road &amp; Rail 2.1%</b>		
Norfolk Southern Corp.	102,299	15,433,850
<b>Software 8.7%</b>		
Dell Technologies, Inc., Class V <sup>(c)</sup>	122,393	10,352,000
Microsoft Corp. <sup>(a)</sup>	395,647	39,014,751
Oracle Corp.	351,281	15,477,441
		64,844,192
<b>Specialty Retail 5.2%</b>		
Home Depot, Inc.	45,995	8,973,625
Lowe's Cos., Inc. <sup>(a)</sup>	204,067	19,502,683
Urban Outfitters, Inc. <sup>(c)</sup>	233,622	10,407,860
		38,884,168
<b>Technology Hardware, Storage &amp; Peripherals 5.9%</b>		
Apple, Inc. <sup>(b)</sup>	237,136	43,896,245
<b>Tobacco 2.2%</b>		
Altria Group, Inc. <sup>(a)</sup>	288,708	16,395,726
<b>Total Long-Term Investments 100.3%</b> (Cost \$584,059,977)		749,987,496





Schedule of Investments (unaudited) (continued) **BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

June 30, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Short-Term Securities 0.6%</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.80% <sup>(d)(e)</sup>	4,630,300	\$ 4,630,300
<b>Total Short-Term Securities 0.6%</b> (Cost \$4,630,300)		4,630,300
<b>Options Purchased 0.0%</b> (Cost \$1,360)		1,605
<b>Total Investments Before Options Written 100.9%</b> (Cost \$588,691,637)		754,619,401
<b>Options Written (0.9)%</b> (Premiums Received \$8,067,614)		(6,477,238)
<b>Total Investments, Net of Options Written 100.0%</b> (Cost \$580,624,023)		748,142,163
<b>Liabilities in Excess of Other Assets (0.0)%</b>		(18,462)
<b>Net Assets 100.0%</b>		\$ 748,123,701

(a) All or a portion of security has been pledged and/or segregated as collateral in connection with outstanding exchange-traded options written.

(b) All or a portion of security has been pledged as collateral in connection with OTC derivatives.

(c) Non-income producing security.

(d) Annualized 7-day yield as of period end.

(e) During the six months ended June 30, 2018, investments in issuers considered to be an affiliate of the Trust for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<i>Affiliate</i>	<i>Shares Held at 12/31/17</i>	<i>Net Activity</i>	<i>Shares Held at 06/30/18</i>	<i>Value at 06/30/18</i>	<i>Income</i>	<i>Change in Net Unrealized Appreciation (Depreciation)</i>
BlackRock Liquidity Funds, T-Fund, Institutional Class	3,142,974	1,487,326	4,630,300	\$ 4,630,300	\$ 29,997	\$

(a) Includes net capital gain distributions, if applicable.

For Trust compliance purposes, the Trust's industry classifications refer to one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

### Derivative Financial Instruments Outstanding as of Period End

#### Exchange-Traded Options Purchased

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call General Electric Co.	321	07/13/18	USD 14.50	USD 437	\$ 1,605

#### Exchange-Traded Options Written

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call Bank of America Corp.	188	07/02/18	USD 31.35	USD 530	\$
Pfizer, Inc.	38	07/02/18	USD 36.25	USD 138	(755)
General Electric Co.	414	07/05/18	USD 14.75	USD 563	(213)
Bank of America Corp.	669	07/06/18	USD 30.50	USD 1,886	(1,003)
Baxter International, Inc.	37	07/06/18	USD 73.50	USD 273	(3,108)
CVS Health Corp.	278	07/06/18	USD 66.00	USD 1,789	(8,479)
Carnival Corp.	285	07/06/18	USD 64.00	USD 1,633	(1,425)
Chevron Corp.	104	07/06/18	USD 128.00	USD 1,315	(6,136)
Cisco Systems, Inc.	610	07/06/18	USD 44.50	USD 2,625	(1,525)
Cognizant Technology Solutions Corp., Class A	337	07/06/18	USD 77.00	USD 2,662	(75,825)
Comcast Corp., Class A	368	07/06/18	USD 32.00	USD 1,207	(35,880)
D.R. Horton, Inc.	114	07/06/18	USD 43.50	USD 467	(627)
Delta Air Lines, Inc.	284	07/06/18	USD 56.00	USD 1,407	(852)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
DowDuPont, Inc.	54	07/06/18	USD 67.50	USD 356	\$ (1,026)
Flex Ltd.	372	07/06/18	USD 14.00	USD 525	(9,300)
General Electric Co.	82	07/06/18	USD 15.25	USD 112	(12)
General Electric Co.	146	07/06/18	USD 14.50	USD 199	(292)
Gilead Sciences, Inc.	82	07/06/18	USD 69.50	USD 581	(13,489)
Hartford Financial Services Group, Inc.	178	07/06/18	USD 54.00	USD 910	(712)
Humana, Inc.	43	07/06/18	USD 297.50	USD 1,280	(14,513)
Microsoft Corp.	327	07/06/18	USD 101.00	USD 3,225	(7,357)
Norfolk Southern Corp.	135	07/06/18	USD 160.00	USD 2,037	(1,350)
Oracle Corp.	123	07/06/18	USD 48.00	USD 542	(246)
Pfizer, Inc.	78	07/06/18	USD 36.00	USD 283	(3,471)
Pfizer, Inc.	103	07/06/18	USD 36.50	USD 374	(1,339)
Pfizer, Inc.	39	07/06/18	USD 37.00	USD 141	(175)
Suncor Energy, Inc.	256	07/06/18	USD 40.00	USD 1,041	(23,936)
U.S. Bancorp	154	07/06/18	USD 52.50	USD 770	(308)
U.S. Bancorp	43	07/06/18	USD 53.00	USD 215	(430)
UnitedHealth Group, Inc.	57	07/06/18	USD 245.00	USD 1,398	(14,421)
Urban Outfitters, Inc.	278	07/06/18	USD 42.50	USD 1,238	(56,295)
Novo Nordisk A/S ADR	124	07/09/18	USD 50.00	USD 572	(46)
Suncor Energy, Inc.	8	07/09/18	USD 38.40	USD 33	(1,920)
FirstEnergy Corp.	442	07/11/18	USD 34.01	USD 1,587	(87,636)
Alphabet, Inc., Class A	18	07/13/18	USD 1,145.00	USD 2,033	(19,980)
Altria Group, Inc.	383	07/13/18	USD 57.50	USD 2,175	(21,257)
Apple, Inc.	129	07/13/18	USD 192.50	USD 2,388	(5,160)
Apple, Inc.	101	07/13/18	USD 187.50	USD 1,870	(18,685)
BP PLC ADR	133	07/13/18	USD 46.00	USD 607	(7,315)
Bank of America Corp.	318	07/13/18	USD 30.50	USD 896	(1,431)
Bank of America Corp.	161	07/13/18	USD 31.00	USD 454	(563)
Biogen, Inc.	28	07/13/18	USD 295.00	USD 813	(9,660)
Carnival Corp.	70	07/13/18	USD 65.00	USD 401	(350)
Carnival Corp.	70	07/13/18	USD 66.50	USD 401	(350)
Chevron Corp.	104	07/13/18	USD 129.00	USD 1,315	(8,788)
Cisco Systems, Inc.	81	07/13/18	USD 45.00	USD 349	(486)
D.R. Horton, Inc.	114	07/13/18	USD 44.00	USD 467	(1,425)
DowDuPont, Inc.	189	07/13/18	USD 67.00	USD 1,246	(13,136)
DowDuPont, Inc.	126	07/13/18	USD 69.00	USD 831	(2,331)
FirstEnergy Corp.	154	07/13/18	USD 34.50	USD 553	(24,476)

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Flex Ltd.	378	07/13/18	USD	14.50	USD	533	(5,103)
Hartford Financial Services Group, Inc.	152	07/13/18	USD	54.00	USD	777	(1,216)
Humana, Inc.	88	07/13/18	USD	307.50	USD	2,619	(9,020)
JPMorgan Chase & Co.	128	07/13/18	USD	111.00	USD	1,334	(2,560)
Microsoft Corp.	71	07/13/18	USD	103.00	USD	700	(1,704)
Microsoft Corp.	260	07/13/18	USD	102.00	USD	2,564	(10,400)
Oracle Corp.	45	07/13/18	USD	49.00	USD	198	(90)
Oracle Corp.	303	07/13/18	USD	48.00	USD	1,335	(1,212)
PG&E Corp.	522	07/13/18	USD	42.50	USD	2,222	(126,585)
Pfizer, Inc.	155	07/13/18	USD	36.50	USD	562	(4,417)
Pfizer, Inc.	38	07/13/18	USD	37.00	USD	138	(418)
SunTrust Banks, Inc.	389	07/13/18	USD	70.00	USD	2,568	(5,815)
U.S. Bancorp	360	07/13/18	USD	50.50	USD	1,801	(17,460)
U.S. Bancorp	43	07/13/18	USD	52.50	USD	215	(236)
U.S. Bancorp	129	07/13/18	USD	51.00	USD	645	(3,805)
U.S. Bancorp	65	07/13/18	USD	51.50	USD	325	(1,105)
Urban Outfitters, Inc.	165	07/13/18	USD	43.00	USD	735	(36,713)
Walmart Inc.	374	07/13/18	USD	85.00	USD	3,203	(55,726)
SunTrust Banks, Inc.	97	07/18/18	USD	70.50	USD	640	(1,880)
Allison Transmission Holdings, Inc.	200	07/20/18	USD	42.51	USD	810	(5,899)
Ally Financial, Inc.	348	07/20/18	USD	27.00	USD	914	(12,180)
Ally Financial, Inc.	120	07/20/18	USD	26.00	USD	315	(9,600)
Alphabet, Inc., Class A	34	07/20/18	USD	1,100.00	USD	3,839	(146,030)
Alphabet, Inc., Class A	7	07/20/18	USD	1,190.00	USD	790	(3,185)
Altria Group, Inc.	470	07/20/18	USD	57.50	USD	2,669	(38,540)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
Apple, Inc.	520	07/20/18	USD 190.00	USD 9,626	\$ (68,380)
Assured Guaranty Ltd.	200	07/20/18	USD 37.00	USD 715	(4,400)
Assured Guaranty Ltd.	200	07/20/18	USD 39.00	USD 715	(600)
BP PLC ADR	357	07/20/18	USD 47.00	USD 1,630	(12,138)
Bank of America Corp.	297	07/20/18	USD 32.00	USD 837	(1,336)
Bank of America Corp.	274	07/20/18	USD 31.00	USD 772	(1,781)
Baxter International, Inc.	121	07/20/18	USD 72.50	USD 893	(25,592)
Biogen, Inc.	58	07/20/18	USD 280.00	USD 1,683	(80,040)
CDW Corp.	645	07/20/18	USD 80.00	USD 5,211	(158,025)
CVS Health Corp.	283	07/20/18	USD 72.50	USD 1,821	(4,103)
Carnival Corp.	154	07/20/18	USD 64.50	USD 883	(770)
Centene Corp.	211	07/20/18	USD 125.00	USD 2,600	(41,145)
Chevron Corp.	310	07/20/18	USD 130.00	USD 3,919	(29,605)
Cisco Systems, Inc.	344	07/20/18	USD 45.00	USD 1,480	(4,816)
Cisco Systems, Inc.	240	07/20/18	USD 44.00	USD 1,033	(8,040)
Cognizant Technology Solutions Corp., Class A	239	07/20/18	USD 80.00	USD 1,888	(23,900)
Comcast Corp., Class A	141	07/20/18	USD 33.01	USD 463	(12,455)
Comcast Corp., Class A	389	07/20/18	USD 32.50	USD 1,276	(43,374)
D.R. Horton, Inc.	114	07/20/18	USD 45.00	USD 467	(1,482)
Dell Technologies, Inc., Class V	434	07/20/18	USD 90.00	USD 3,671	(77,035)
DowDuPont, Inc.	231	07/20/18	USD 70.00	USD 1,523	(4,504)
DowDuPont, Inc.	94	07/20/18	USD 67.50	USD 620	(7,332)
E*Trade Financial Corp.	113	07/20/18	USD 65.00	USD 691	(5,819)
Energizer Holdings, Inc.	150	07/20/18	USD 60.00	USD 944	(53,250)
FirstEnergy Corp.	242	07/20/18	USD 35.00	USD 869	(29,645)
Flex Ltd.	372	07/20/18	USD 14.00	USD 525	(15,066)
Fortive Corp.	464	07/20/18	USD 80.00	USD 3,578	(25,520)
Freeport-McMoRan, Inc.	414	07/20/18	USD 16.00	USD 715	(62,100)
Freeport-McMoRan, Inc.	213	07/20/18	USD 16.50	USD 368	(23,856)
Freeport-McMoRan, Inc.	267	07/20/18	USD 17.50	USD 461	(14,819)
General Electric Co.	113	07/20/18	USD 15.00	USD 154	(734)
General Electric Co.	52	07/20/18	USD 13.50	USD 71	(2,600)
Gilead Sciences, Inc.	167	07/20/18	USD 67.50	USD 1,183	(64,713)
Hartford Financial Services Group, Inc.	135	07/20/18	USD 55.00	USD 690	(1,080)
J.M. Smucker Co.	227	07/20/18	USD 115.00	USD 2,440	(13,052)
JPMorgan Chase & Co.	103	07/20/18	USD 113.85	USD 1,073	(1,060)

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JPMorgan Chase & Co.	79	07/20/18	USD	110.00	USD	823	(4,108)
KAR Auction Services, Inc.	272	07/20/18	USD	55.00	USD	1,491	(23,120)
Laboratory Corp. of America Holdings	15	07/20/18	USD	195.00	USD	269	(450)
Lennar Corp., Class A	188	07/20/18	USD	57.50	USD	987	(3,478)
Lennar Corp., Class A	128	07/20/18	USD	52.50	USD	672	(18,304)
Lowe's Cos., Inc.	281	07/20/18	USD	86.20	USD	2,686	(287,158)
Marathon Oil Corp.	83	07/20/18	USD	21.00	USD	173	(5,893)
Marathon Oil Corp.	125	07/20/18	USD	22.00	USD	261	(4,312)
Microsoft Corp.	200	07/20/18	USD	100.00	USD	1,972	(40,400)
Norfolk Southern Corp.	223	07/20/18	USD	155.00	USD	3,364	(31,778)
Novo Nordisk A/S ADR	295	07/20/18	USD	48.90	USD	1,361	(5,578)
Oracle Corp.	301	07/20/18	USD	48.00	USD	1,326	(903)
Packaging Corp. of America	128	07/20/18	USD	125.00	USD	1,431	(1,280)
Pfizer, Inc.	2	07/20/18	USD	36.00	USD	7	(137)
Pfizer, Inc.	105	07/20/18	USD	35.00	USD	381	(15,540)
Pfizer, Inc.	159	07/20/18	USD	37.00	USD	577	(3,100)
Regions Financial Corp.	348	07/20/18	USD	19.00	USD	619	(6,090)
Rio Tinto PLC ADR	47	07/20/18	USD	60.00	USD	261	(705)
SLM Corp.	863	07/20/18	USD	11.55	USD	988	(24,351)
SunTrust Banks, Inc.	177	07/20/18	USD	70.00	USD	1,169	(5,133)
Suncor Energy, Inc.	34	07/20/18	USD	40.00	USD	138	(4,658)
TOTAL SA ADR	75	07/20/18	USD	60.00	USD	454	(11,250)
TOTAL SA ADR	60	07/20/18	USD	62.50	USD	363	(2,100)
U.S. Bancorp	130	07/20/18	USD	51.50	USD	650	(4,810)
Walmart Inc.	77	07/20/18	USD	87.50	USD	660	(4,889)
FirstEnergy Corp.	154	07/24/18	USD	34.75	USD	553	(24,317)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
CDW Corp.	219	07/25/18	USD 79.65	USD 1,769	\$ (63,069)
Alphabet, Inc., Class A	18	07/27/18	USD 1,160.00	USD 2,033	(42,750)
Apple, Inc.	101	07/27/18	USD 190.00	USD 1,870	(22,523)
Apple, Inc.	101	07/27/18	USD 187.50	USD 1,870	(28,028)
BP PLC ADR	133	07/27/18	USD 47.00	USD 607	(6,450)
BP PLC ADR	82	07/27/18	USD 46.00	USD 374	(7,257)
Bank of America Corp.	275	07/27/18	USD 31.00	USD 775	(2,612)
Baxter International, Inc.	121	07/27/18	USD 76.00	USD 893	(11,313)
Biogen, Inc.	57	07/27/18	USD 310.00	USD 1,654	(18,668)
Carnival Corp.	154	07/27/18	USD 64.50	USD 883	(1,540)
Chevron Corp.	39	07/27/18	USD 130.00	USD 493	(5,869)
Cisco Systems, Inc.	163	07/27/18	USD 45.00	USD 701	(3,423)
Cognizant Technology Solutions Corp., Class A	167	07/27/18	USD 80.00	USD 1,319	(20,875)
Comcast Corp., Class A	96	07/27/18	USD 33.00	USD 315	(11,088)
D.R. Horton, Inc.	137	07/27/18	USD 45.00	USD 562	(4,589)
Delta Air Lines, Inc.	169	07/27/18	USD 52.00	USD 837	(11,745)
DowDuPont, Inc.	117	07/27/18	USD 72.00	USD 771	(1,345)
DowDuPont, Inc.	139	07/27/18	USD 67.50	USD 916	(13,831)
DowDuPont, Inc.	35	07/27/18	USD 66.50	USD 231	(5,040)
E*Trade Financial Corp.	372	07/27/18	USD 65.50	USD 2,275	(55,428)
Flex Ltd.	380	07/27/18	USD 14.50	USD 536	(19,190)
Freeport-McMoRan, Inc.	400	07/27/18	USD 18.00	USD 690	(22,000)
Freeport-McMoRan, Inc.	213	07/27/18	USD 17.00	USD 368	(21,407)
General Electric Co.	578	07/27/18	USD 14.50	USD 787	(9,826)
General Electric Co.	52	07/27/18	USD 14.00	USD 71	(1,664)
Gilead Sciences, Inc.	317	07/27/18	USD 72.00	USD 2,246	(58,487)
Hartford Financial Services Group, Inc.	152	07/27/18	USD 54.00	USD 777	(5,320)
JPMorgan Chase & Co.	149	07/27/18	USD 112.00	USD 1,553	(6,034)
Lowe's Cos., Inc.	199	07/27/18	USD 101.00	USD 1,902	(9,552)
Marathon Oil Corp.	125	07/27/18	USD 22.00	USD 261	(5,875)
Marathon Oil Corp.	121	07/27/18	USD 21.00	USD 252	(10,406)
Microsoft Corp.	71	07/27/18	USD 103.00	USD 700	(8,023)
Microsoft Corp.	133	07/27/18	USD 101.00	USD 1,312	(24,273)
Oracle Corp.	179	07/27/18	USD 49.00	USD 789	(895)
Pfizer, Inc.	324	07/27/18	USD 37.00	USD 1,175	(8,748)
Pfizer, Inc.	60	07/27/18	USD 36.50	USD 218	(2,910)



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Suncor Energy, Inc.	393	07/27/18	USD	40.00	USD	1,599	(63,666)
U.S. Bancorp	138	07/27/18	USD	52.00	USD	690	(4,554)
UnitedHealth Group, Inc.	155	07/27/18	USD	255.00	USD	3,803	(38,053)
Urban Outfitters, Inc.	340	07/27/18	USD	46.50	USD	1,515	(33,150)
Walmart Inc.	75	07/27/18	USD	86.50	USD	642	(9,262)
Walmart Inc.	153	07/27/18	USD	86.00	USD	1,310	(22,568)
Pfizer, Inc.	59	07/30/18	USD	36.75	USD	214	(2,580)
Pfizer, Inc.	385	07/30/18	USD	36.50	USD	1,397	(18,691)
Bank of America Corp.	88	07/31/18	USD	30.25	USD	248	(1,845)
Cisco Systems, Inc.	240	07/31/18	USD	44.60	USD	1,033	(8,113)
FirstEnergy Corp.	302	07/31/18	USD	34.75	USD	1,084	(50,824)
Altria Group, Inc.	266	08/03/18	USD	58.50	USD	1,511	(24,738)
BP PLC ADR	164	08/03/18	USD	46.00	USD	749	(19,106)
Bank of America Corp.	146	08/03/18	USD	30.00	USD	412	(3,723)
Bank of America Corp.	90	08/03/18	USD	29.00	USD	254	(5,040)
Baxter International, Inc.	82	08/03/18	USD	75.00	USD	605	(10,619)
Baxter International, Inc.	43	08/03/18	USD	73.50	USD	318	(8,772)
Biogen, Inc.	19	08/03/18	USD	300.00	USD	551	(13,205)
Chevron Corp.	92	08/03/18	USD	130.00	USD	1,163	(16,652)
Comcast Corp., Class A	141	08/03/18	USD	34.00	USD	463	(11,844)
D.R. Horton, Inc.	291	08/03/18	USD	42.50	USD	1,193	(32,738)
Delta Air Lines, Inc.	500	08/03/18	USD	55.00	USD	2,477	(13,250)
E*Trade Financial Corp.	128	08/03/18	USD	66.00	USD	783	(7,680)
Freeport-McMoRan, Inc.	267	08/03/18	USD	17.50	USD	461	(22,695)
General Electric Co.	205	08/03/18	USD	13.50	USD	279	(12,300)
General Electric Co.	295	08/03/18	USD	15.00	USD	401	(3,392)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Capital and Income Fund, Inc. (CII)

June 30, 2018

## Exchange-Traded Options Written (continued)

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>		<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)						
JPMorgan Chase & Co.	35	08/03/18	USD	110.00	USD 365	\$ (3,045)
JPMorgan Chase & Co.	79	08/03/18	USD	111.00	USD 823	(5,411)
Lowe's Cos., Inc.	245	08/03/18	USD	99.00	USD 2,341	(27,563)
Marathon Oil Corp.	245	08/03/18	USD	21.50	USD 511	(20,213)
Microsoft Corp.	133	08/03/18	USD	102.00	USD 1,312	(22,145)
Oracle Corp.	155	08/03/18	USD	44.00	USD 683	(15,810)
Pfizer, Inc.	100	08/03/18	USD	36.50	USD 363	(6,050)
Suncor Energy, Inc.	7	08/03/18	USD	41.00	USD 28	(850)
Urban Outfitters, Inc.	250	08/03/18	USD	47.50	USD 1,114	(20,625)
Novo Nordisk A/S ADR	567	08/06/18	USD	45.01	USD 2,615	(111,182)
SunTrust Banks, Inc.	368	08/06/18	USD	68.30	USD 2,430	(40,062)
UnitedHealth Group, Inc.	107	08/09/18	USD	255.00	USD 2,625	(38,690)
Bank of America Corp.	516	08/10/18	USD	30.10	USD 1,455	(15,495)
Bank of America Corp.	305	08/10/18	USD	29.01	USD 860	(18,629)
Chevron Corp.	39	08/10/18	USD	128.00	USD 493	(11,622)
Comcast Corp., Class A	344	08/10/18	USD	33.50	USD 1,129	(39,904)
DowDuPont, Inc.	247	08/10/18	USD	66.00	USD 1,628	(57,428)
FirstEnergy Corp.	301	08/10/18	USD	33.75	USD 1,081	(71,285)
Flex Ltd.	379	08/10/18	USD	14.50	USD 535	(18,950)
General Electric Co.	118	08/10/18	USD	14.00	USD 161	(4,838)
Hartford Financial Services Group, Inc.	63	08/10/18	USD	52.00	USD 322	(7,497)
JPMorgan Chase & Co.	60	08/10/18	USD	108.25	USD 625	(9,219)
Lowe's Cos., Inc.	116	08/10/18	USD	98.50	USD 1,109	(17,284)
Marathon Oil Corp.	121	08/10/18	USD	21.50	USD 252	(11,192)
Microsoft Corp.	133	08/10/18	USD	102.00	USD 1,312	(24,871)
Oracle Corp.	551	08/10/18	USD	45.10	USD 2,428	(35,791)
PG&E Corp.	200	08/10/18	USD	44.00	USD 851	(52,000)
Pfizer, Inc.	385	08/10/18	USD	36.50	USD 1,397	(25,025)
U.S. Bancorp	191	08/10/18	USD	50.00	USD 955	(26,072)
Urban Outfitters, Inc.	251	08/10/18	USD	47.50	USD 1,118	(26,983)
Ally Financial, Inc.	348	08/17/18	USD	27.00	USD 914	(24,360)
Ally Financial, Inc.	120	08/17/18	USD	26.00	USD 315	(14,400)
Alphabet, Inc., Class A	39	08/17/18	USD	1,105.00	USD 4,404	(234,585)
Altria Group, Inc.	468	08/17/18	USD	59.20	USD 2,658	(48,271)
Apple, Inc.	352	08/17/18	USD	190.00	USD 6,516	(147,840)
BP PLC ADR	161	08/17/18	USD	46.00	USD 735	(19,964)
BP PLC ADR	82	08/17/18	USD	47.00	USD 374	(6,724)

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Bank of America Corp.	274	08/17/18	USD	31.00	USD	772	(5,343)
Bank of America Corp.	305	08/17/18	USD	29.00	USD	860	(20,893)
Baxter International, Inc.	121	08/17/18	USD	72.50	USD	893	(36,300)
Biogen, Inc.	33	08/17/18	USD	300.00	USD	958	(28,875)
CVS Health Corp.	128	08/17/18	USD	72.50	USD	824	(5,952)
Chevron Corp.	50	08/17/18	USD	130.00	USD	632	(11,625)
Comcast Corp., Class A	501	08/17/18	USD	35.00	USD	1,644	(34,820)
D.R. Horton, Inc.	137	08/17/18	USD	43.00	USD	562	(14,454)
D.R. Horton, Inc.	274	08/17/18	USD	41.00	USD	1,123	(55,896)
Delta Air Lines, Inc.	169	08/17/18	USD	52.50	USD	837	(15,126)
DowDuPont, Inc.	34	08/17/18	USD	70.00	USD	224	(2,958)
DowDuPont, Inc.	70	08/17/18	USD	67.50	USD	461	(12,145)
E*Trade Financial Corp.	217	08/17/18	USD	63.75	USD	1,327	(29,719)
Flex Ltd.	557	08/17/18	USD	15.00	USD	786	(19,774)
Fortive Corp.	61	08/17/18	USD	76.01	USD	470	(23,071)
Freeport-McMoRan, Inc.	210	08/17/18	USD	17.00	USD	362	(25,935)
Freeport-McMoRan, Inc.	400	08/17/18	USD	18.00	USD	690	(31,800)
General Electric Co.	175	08/17/18	USD	15.00	USD	238	(2,887)
Gilead Sciences, Inc.	217	08/17/18	USD	75.00	USD	1,537	(29,512)
Hartford Financial Services Group, Inc.	63	08/17/18	USD	53.05	USD	322	(6,152)
Home Depot, Inc.	274	08/17/18	USD	200.00	USD	5,346	(104,120)
Humana, Inc.	68	08/17/18	USD	300.00	USD	2,024	(63,580)
J.M. Smucker Co.	264	08/17/18	USD	110.00	USD	2,837	(76,560)
JPMorgan Chase & Co.	204	08/17/18	USD	115.00	USD	2,126	(9,792)
KAR Auction Services, Inc.	269	08/17/18	USD	55.00	USD	1,474	(45,730)

Schedule of Investments (unaudited) (continued)

**BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

June 30, 2018

**Exchange-Traded Options Written (continued)**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call (continued)					
Lowe's Cos., Inc.	281	08/17/18	USD 97.50	USD 2,686	\$ (59,572)
Marathon Oil Corp.	373	08/17/18	USD 22.00	USD 778	(30,027)
Marathon Oil Corp.	125	08/17/18	USD 23.00	USD 261	(6,437)
Microsoft Corp.	56	08/17/18	USD 105.00	USD 552	(6,272)
Oracle Corp.	275	08/17/18	USD 44.00	USD 1,212	(34,513)
Packaging Corp. of America	160	08/17/18	USD 120.00	USD 1,789	(20,800)
Pfizer, Inc.	100	08/17/18	USD 37.00	USD 363	(4,600)
SunTrust Banks, Inc.	97	08/17/18	USD 72.50	USD 640	(3,492)
Suncor Energy, Inc.	35	08/17/18	USD 41.00	USD 142	(5,075)
TOTAL SA ADR	42	08/17/18	USD 62.50	USD 254	(4,095)
U.S. Bancorp	194	08/17/18	USD 52.50	USD 970	(9,118)
Walmart Inc.	374	08/17/18	USD 85.00	USD 3,203	(108,460)
UnitedHealth Group, Inc.	107	08/20/18	USD 255.00	USD 2,625	(47,841)
					\$ (5,814,712)

**OTC Options Written**

<i>Description</i>	<i>Counterparty</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Exercise Price</i>	<i>Notional Amount (000)</i>	<i>Value</i>
Call						
Allison Transmission Holdings, Inc.	Credit Suisse International	20,300	07/06/18	USD 43.10	USD 822	\$ (358)
SLM Corp.	Citibank N.A.	30,400	07/09/18	USD 11.42	USD 348	(7,273)
Suncor Energy, Inc.	Citibank N.A.	68,100	07/09/18	USD 38.95	USD 2,770	(128,037)
Amdocs Ltd.	JPMorgan Chase Bank N.A.	23,500	07/10/18	USD 66.43	USD 1,555	(17,802)
Laboratory Corp. of America Holdings	UBS AG	21,000	07/10/18	USD 177.00	USD 3,770	(87,241)
Ally Financial, Inc.	Citibank N.A.	24,000	07/11/18	USD 27.24	USD 630	(3,578)
	UBS AG	21,000	07/19/18	USD 177.00	USD 3,770	(107,192)

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Laboratory Corp. of America Holdings Centene Corp.	Citibank N.A.	22,800	07/23/18	USD	118.90	USD	2,809	(146,941)
Regions Financial Corp.	Morgan Stanley & Co. International PLC	75,000	07/24/18	USD	19.58	USD	1,334	(8,423)
SLM Corp.	UBS AG	81,500	07/24/18	USD	12.01	USD	933	(12,623)
Novo Nordisk A/S ADR	Barclays Bank PLC	5,200	07/26/18	USD	45.41	USD	240	(7,887)
Rio Tinto PLC ADR	Morgan Stanley & Co. International PLC	21,100	08/03/18	USD	58.75	USD	1,171	(12,758)
SLM Corp.	Morgan Stanley & Co. International PLC	97,500	08/07/18	USD	12.15	USD	1,116	(19,150)
Assured Guaranty Ltd.	Citibank N.A.	18,200	08/13/18	USD	36.51	USD	650	(11,926)
Amdocs Ltd.	JPMorgan Chase Bank N.A.	22,500	08/16/18	USD	67.10	USD	1,489	(27,933)
Regions Financial Corp.	JPMorgan Chase Bank N.A.	35,200	08/16/18	USD	19.45	USD	626	(7,458)
Rio Tinto PLC ADR	Morgan Stanley & Co. International PLC	21,100	08/20/18	USD	58.75	USD	1,171	(12,288)
Regions Financial Corp.	Morgan Stanley & Co. International PLC	35,100	08/27/18	USD	18.81	USD	624	(14,867)
FirstEnergy Corp.	JPMorgan Chase Bank N.A.	40,600	08/29/18	USD	36.65	USD	1,458	(28,791)
								\$ (662,526)

**Balances Reported in the Statements of Assets and Liabilities for OTC Derivatives**

	<i>Swap Premium Paid</i>	<i>Swap Premium Received</i>	<i>Unrealized Appreciation</i>	<i>Unrealized Depreciation</i>	<i>Value</i>
Options Written	N/A	N/A	\$ 2,911,349	\$ (1,320,973)	\$ (6,477,238)

Schedule of Investments (unaudited) (continued)

**BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

June 30, 2018

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Assets Derivative Financial Instruments</b>							
Options purchased							
Investments at value unaffiliated <sup>(a)</sup>	\$	\$	\$ 1,605	\$	\$	\$	\$ 1,605
<b>Liabilities Derivative Financial Instruments</b>							
Options written							
Options written at value	\$	\$	\$ 6,477,238	\$	\$	\$	\$ 6,477,238

<sup>(a)</sup> Includes options purchased at value as reported in the schedule of Investments.

For the period ended June 30, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
<b>Net Realized Gain (Loss) from:</b>							
Options purchased <sup>(a)</sup>	\$	\$	\$ (2,570)	\$	\$	\$	\$ (2,570)
Options written			(4,323,450)				(4,323,450)
	\$	\$	\$ (4,326,020)	\$	\$	\$	\$ (4,326,020)

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

**Net Change in Unrealized Appreciation  
(Depreciation) on:**

Options purchased	\$	\$	\$ 245	\$	\$	\$	\$ 245
Options written			3,616,469				3,616,469
	\$	\$	\$3,616,714	\$	\$	\$	\$3,616,714

(a) Options purchased are included in net change in unrealized appreciation (depreciation) from investments.

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

## Options:

Average value of option contracts purchased	\$	803
Average value of option contracts written	\$	5,340,856

For more information about the Trust's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

**Derivative Financial Instruments    Offsetting as of Period End**

The Trust's derivative assets and liabilities (by type) are as follows:

	<i>Assets</i>	<i>Liabilities</i>
<b>Derivative Financial Instruments:</b>		
Options	\$ 1,605 <sup>(a)</sup>	\$ 6,477,238
Derivatives not subject to a Master Netting Agreement or similar agreement ( MNA )	(1,605)	(5,814,712)
Total derivative assets and liabilities subject to an MNA	\$	\$ 662,526

(a) Includes options purchased at value which is included in Investments at value unaffiliated in the Statements of Assets and Liabilities and reported in the Schedule of Investments.

Schedule of Investments (unaudited) (continued)

**BlackRock Enhanced Capital and Income Fund, Inc. (CII)**

June 30, 2018

The following table presents the Trust's derivative assets and liabilities by counterparty net of amounts available for offset under an MNA and net of the related collateral received and pledged by the Trust:

<i>Counterparty</i>	<i>Derivative Liabilities Subject to an MNA by Counterparty</i>	<i>Derivatives Available for Offset</i>	<i>Non-cash Collateral Pledged<sup>(a)</sup></i>	<i>Cash Collateral Pledged</i>	<i>Net Amount of Derivative Liabilities<sup>(b)</sup></i>
Barclays Bank PLC	\$ 7,887	\$	\$	\$	\$ 7,887
Citibank N.A.	297,755		(297,755)		
Credit Suisse International	358				358
JPMorgan Chase Bank N.A.	81,984				81,984
Morgan Stanley & Co. International PLC	67,486				67,486
UBS AG	207,056		(207,056)		
	\$ 662,526	\$	\$ (504,811)	\$	\$ 157,715

(a) Excess of collateral received from the individual counterparty is not shown for financial reporting purposes.

(b) Net amount represents the net amount payable due to counterparty in the event of default. Net amount may be offset further by the options written receivable/payable on the Statements of Assets and Liabilities.

#### **Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks <sup>(a)</sup>	\$ 749,987,496	\$	\$	\$ 749,987,496
Short-Term Securities	4,630,300			4,630,300
Options Purchased:				
Equity Contracts	1,605			1,605



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	\$ 754,619,401	\$	\$	\$ 754,619,401
Derivative Financial Instruments <sup>(b)</sup>				
Liabilities:				
Equity contracts	\$ (4,690,612)	\$ (1,786,626)	\$	\$ (6,477,238)

<sup>(a)</sup> See above Schedule of Investments for values in each industry.

<sup>(b)</sup> Derivative financial instruments are options written, which are shown at value.  
 During the six months ended June 30, 2018, there were no transfers between levels.

*See notes to financial statements.*

Schedule of Investments (unaudited)

**BlackRock Enhanced Equity Dividend Trust (BDJ)**

June 30, 2018

**(Percentages shown are based on Net Assets)**

<i>Security</i>	<i>Shares</i>	<i>Value</i>
<b>Common Stocks 100.2%</b>		
<b>Aerospace &amp; Defense 1.1%</b>		
Lockheed Martin Corp. <sup>(a)</sup>	20,920	\$ 6,180,396
Northrop Grumman Corp. <sup>(a)</sup>	46,090	14,181,893
		20,362,289
<b>Banks 17.8%</b>		
Bank of America Corp. <sup>(a)(b)</sup>	2,540,170	71,607,392
Citigroup, Inc. <sup>(a)(b)</sup>	983,479	65,814,415
JPMorgan Chase & Co. <sup>(a)(b)</sup>	696,148	72,538,622
KeyCorp <sup>(a)</sup>	501,280	9,795,011
SunTrust Banks, Inc. <sup>(a)</sup>	293,049	19,347,095
U.S. Bancorp <sup>(a)</sup>	479,743	23,996,745
Wells Fargo & Co. <sup>(a)</sup>	1,033,491	57,296,741
		320,