

BlackRock Multi-Sector Income Trust  
Form N-CSR  
January 04, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number: 811-22774

Name of Fund: BlackRock Multi-Sector Income Trust (BIT)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

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

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

Date of fiscal year end: 10/31/2016

Date of reporting period: 10/31/2016

Item 1 Report to Stockholders

ANNUAL REPORT

**BlackRock Credit Allocation Income Trust (BTZ)**

**BlackRock Floating Rate Income Trust (BGT)**

**BlackRock Multi-Sector Income Trust (BIT)**

Not FDIC Insured May Lose Value No Bank Guarantee

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## The Markets in Review

Dear Shareholder,

Central bank policy decisions have continued to provide support to financial markets, while changing economic outlooks and geopolitical risks have been major drivers of investor sentiment. After ending its near-zero interest rate policy at the end of 2015, the Federal Reserve (the Fed) remained in focus as investors considered the anticipated pace of future rate hikes. With the European Central Bank and the Bank of Japan having moved into stimulus mode, the divergence in global monetary policies drove heightened market volatility at the beginning of 2016 and caused the U.S. dollar to strengthen considerably.

Financial markets had a rough start to the year as the strong dollar challenged U.S. companies that generate revenues overseas and pressured emerging market currencies and commodities prices. Low and volatile oil prices and signs of slowing growth in China were also meaningful factors behind the decline in risk assets early in the year. However, as the first quarter wore on, these pressures abated and a more tempered outlook for U.S. rate hikes helped the markets rebound.

Volatility spiked in late June when the United Kingdom shocked investors with its vote to leave the European Union. Uncertainty around how the British exit might affect the global economy and political landscape drove investors to high-quality assets, pushing already low global yields to even lower levels. However, risk assets recovered swiftly in July as economic data suggested that the consequences had thus far been contained to the United Kingdom.

In a second episode of surprise vote results, equities fell sharply after the news of Donald Trump's victory in the U.S. presidential election, but quickly recovered, and the yield curve steepened due to expectations for rising inflation. Broadly, a reflation theme has been building amid signs of rising price pressures, central banks signaling a greater tolerance to let inflation run hotter, and policy emphasis shifting from monetary to fiscal stimulus.

At BlackRock, we believe investors need to think globally, extend their scope across a broad array of asset classes and be prepared to adjust accordingly as market conditions change over time. We encourage you to talk with your financial advisor and visit [blackrock.com](http://blackrock.com) for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

### Total Returns as of October 31, 2016

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	4.06%	4.51%
U.S. small cap equities (Russell 2000® Index)	6.13	4.11
International equities (MSCI Europe, Australasia, Far East Index)	(0.16)	(3.23)
Emerging market equities (MSCI Emerging Markets Index)	9.41	9.27
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.17	0.31

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U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	0.46	4.24
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	1.51	4.37
Tax-exempt municipal bonds (S&P Municipal Bond Index)	0.98	4.53
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	7.59	10.16

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

THIS PAGE NOT PART OF YOUR FUND REPORT

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## Trust Summary as of October 31, 2016

## BlackRock Credit Allocation Income Trust

## Trust Overview

BlackRock Credit Allocation Income Trust's (BTZ) (the Trust) investment objective is to provide current income, current gains and capital appreciation. The Trust seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its assets in credit-related securities, including, but not limited to, investment grade corporate bonds, high yield bonds (commonly referred to as junk bonds), bank loans, preferred securities or convertible bonds or derivatives with economic characteristics similar to these credit-related securities. 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 New York Stock Exchange ( NYSE )	BTZ
Initial Offering Date	December 27, 2006
Current Distribution Rate on Closing Market Price as of October 31, 2016 (\$12.87) <sup>1</sup>	6.57%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.0705
Current Annualized Distribution per Common Share <sup>2</sup>	\$0.8460
Economic Leverage as of October 31, 2016 <sup>3</sup>	29%

<sup>1</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. Past performance does not guarantee future results.

<sup>2</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.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 10.

## Performance and Portfolio Management Commentary

Returns for the 12 months ended October 31, 2016 were as follows:

	Returns Based On	
	Market Price	NAV
BTZ <sup>1,2</sup>	10.43%	9.61%
Lipper Corporate BBB-Rated Debt Funds (Leveraged) <sup>3</sup>	9.82%	7.16%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>2</sup> The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

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<sup>3</sup> Average return.

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 allocations to high yield bonds and capital securities aided performance, as did its positions in the financials, midstream energy and wireline industries. (Capital securities are dividend-paying securities that combine some features of both corporate bonds and preferred stocks, while generally providing higher yields to compensate for being less senior in the issuer's capital structure.) The largest detractors from absolute performance included the Trust's duration positioning and its allocation to the metals and mining industry.

The Trust held derivatives in the form of futures, swaps, swaptions and options in order to manage duration and convexity risk. (Duration is a measure of interest rate sensitivity; convexity measures how duration changes as interest rates change.) Derivatives were also used to aid in implementing the Trust's yield curve positioning. The Trust used credit default swaps, including those linked to broad indices or individual securities, to manage credit risk. In addition, the Trust employed leverage to enhance yield.

### **Describe recent portfolio activity.**

The Trust became increasingly defensive over the year, as the investment adviser looked to focus less on market risk and more on idiosyncratic opportunities and bottom-up security selection. After maintaining an overweight position in financials relative to industrials for several years, the investment adviser reduced the Trust's weighting in financials. In addition, it significantly decreased exposure to the insurance, financial companies, and banking industries. The investment adviser also lowered the Trust's overall allocation to industrials, mainly by taking down its allocations to the basic industries, energy, communications, and consumer areas. The Trust increased its weighting in technology, as many large issuers in the sector issued new debt at attractive levels.

### **Describe portfolio positioning at period end.**

From a sector perspective, the Trust maintained its exposure to financials, with a preference for U.S. banks and brokers. Although financials lagged the rally in industrials, the investment adviser believed the capital and liquidity of U.S. banks remained strong.

The Trust's largest position was in the cable & satellite sector, where the investment adviser saw strong fundamental trends and compelling valuations. The Trust also held an allocation to pharmaceuticals based on their attractive valuations, rising earnings and improving balance sheets. Additionally, the Trust had a large exposure to the pipeline industry on the belief that companies in this area had adequate cash to support both their balance sheets and credit ratings. However, the investment adviser recognized that industry fundamentals were somewhat challenging, and that pipeline issues remained sensitive volatility in oil prices. The Trust maintained an allocation to high yield bonds at the close of the period.

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



## Market Price and Net Asset Value Per Share Summary

	10/31/16	10/31/15	Change	High	Low
Market Price	\$ 12.87	\$ 12.53	2.71%	\$ 13.70	\$ 11.60
Net Asset Value	\$ 14.61	\$ 14.33	1.95%	\$ 14.90	\$ 13.23

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

## Overview of the Trust's Total Investments

Portfolio Composition	10/31/16	10/31/15
Corporate Bonds	71%	76%
Preferred Securities	17	19
Asset-Backed Securities	4	4
U.S. Treasury Obligations	6	
Municipal Bonds	1	1
Foreign Agency Obligations	1	
Other	1	2

<sup>1</sup> Includes a less than 1% holding in each of the following investment types: Short-Term Securities, U.S. Government Sponsored Agency Securities, Options Purchased, Options Written and Common Stocks.

<sup>2</sup> Includes a less than 1% holding in each of the following investment types: Foreign Agency Obligations, Options Purchased, Options Written, U.S. Government Sponsored Agency Securities and Short-Term Securities.

Credit Quality Allocation<sup>3,4</sup>

	10/31/16	10/31/15
AAA/Aaa <sup>5</sup>	7%	1%
AA/Aa	3	2
A	17	19
BBB/Baa	47	48
BB/Ba	16	18
B	8	9
CCC/Caa	1	1
N/R	1	2

<sup>3</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's) if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>4</sup> Excludes Short-Term Securities, Options Purchased and Options Written.

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- <sup>5</sup> The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors, individual investments and/or issuer. Using this approach, the investment adviser has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

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## Trust Summary as of October 31, 2016

## BlackRock Floating Rate Income Trust

## Trust Overview

BlackRock Floating Rate Income Trust's (BGT) (the Trust) primary investment objective is to provide a high level of current income. The Trust's secondary investment objective is to seek the preservation of capital. The Trust seeks to achieve its investment objectives by investing primarily, under normal conditions, at least 80% of its assets in floating and variable rate instruments of U.S. and non-U.S. issuers, including a substantial portion of its assets in global floating and variable rate securities including senior secured floating rate loans made to corporate and other business entities. Under normal market conditions, the Trust expects that the average effective duration of its portfolio will be no more than 1.5 years. 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	BGT
Initial Offering Date	August 30, 2004
Current Distribution Rate on Closing Market Price as of October 31, 2016 (\$13.58) <sup>1</sup>	5.15%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.0583
Current Annualized Distribution per Common Share <sup>2</sup>	\$0.6996
Economic Leverage as of October 31, 2016 <sup>3</sup>	30%

<sup>1</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. Past performance does not guarantee future results.

<sup>2</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.

<sup>3</sup> Represents bank borrowings outstanding as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 10.

## Performance and Portfolio Management Commentary

Returns for the 12 months ended October 31, 2016 were as follows:

	Returns Based On	
	Market Price	NAV
BGT <sup>1,2</sup>	12.25%	7.27%
Lipper Loan Participation Funds <sup>3</sup>	15.20%	8.16%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>2</sup> The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

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<sup>3</sup> Average return.

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?**

Over the 12-month period, the broad floating rate bank loan market (i.e., bank loans) provided a positive return, but gains were well below other credit markets, namely the high yield area. The Trust's general outlook on bank loans and credit markets improved as volatility subsided and performance turned positive on an absolute basis. However, the Trust's exposure to integrated energy companies within the broader energy sector detracted from performance, despite gains more broadly across commodity-related sectors over the period. Small positions in convertible securities also negatively affected results.

The Trust's exposure to loans in the technology, health care, and consumer services sectors contributed positively to performance. Performance for high yield bonds was positive and ahead of that for loans during the period, and the Trust's tactical allocation to this asset class contributed to results.

### **Describe recent portfolio activity.**

Throughout the 12-month period, the Trust maintained its focus on the higher quality segments of the loan market in terms of loan structure, liquidity and overall credit quality. The Trust continued to concentrate its investments in strong companies with stable cash flows and high quality collateral, with the ability to meet interest obligations and ultimately return principal. From a sector perspective, the Trust added to names in the technology and health care sectors, while trimming exposure to pharmaceuticals and lodging. The Trust selectively added to its high yield bond position.

### **Describe portfolio positioning at period end.**

At period end, the Trust held 92% of its total portfolio in bank loans, with the remainder primarily in corporate bonds and CLOs. The Trust continued to favor loans rated B where the investment adviser is comfortable with credit quality, in view of the incremental income they offered versus BB loans. Additionally, the Trust held a modest position in BB-rated loans, while maintaining minimal exposure to loans rated CCC and below, especially avoiding the riskier segments among lower-rated loans within sectors such as energy, metals & mining, and media. Top issuer positions included Level 3 Financing, Inc. (Wirelines), Altice US Financing I Corp./Numericable Group SA (Cable & Satellite), and First Data Corp. (Technology). The strategy maintained a modest stake in more conservative high yield bonds.

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

## Market Price and Net Asset Value Per Share Summary

	10/31/16	10/31/15	Change	High	Low
Market Price	\$ 13.58	\$ 12.77	6.34%	\$ 13.82	\$ 11.52
Net Asset Value	\$ 14.41	\$ 14.18	1.62%	\$ 14.41	\$ 13.43

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

## Overview of the Trust's Total Investments

Portfolio Composition	10/31/16	10/31/15
Floating Rate Loan Interests	92%	93%
Corporate Bonds	4	3
Asset-Backed Securities	2	4
Short-Term Securities	2	<sup>1</sup>
Other <sup>2</sup>		

<sup>1</sup> Includes a less than 1% holding in Short-Term Securities.

<sup>2</sup> Includes a less than 1% holding in each of the following investment types: Non-Agency Mortgage Backed Securities, Other Interests, Investment Companies, Warrants, Common Stocks and Options Purchased.

Credit Quality Allocation <sup>3,4</sup>	10/31/16	10/31/15
A	<sup>5</sup>	1%
BBB/Baa	8%	8
BB/Ba	43	45
B	41	39
CCC/Caa	3	3
N/R	5	4

<sup>3</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

<sup>4</sup> Excludes Short-Term Securities and Options Purchased.

<sup>5</sup> Represents less than 1% of total investments.



## Trust Summary as of October 31, 2016

BlackRock Multi-Sector Income Trust

## Trust Overview

BlackRock Multi-Sector Income Trust's (BIT) (the Trust) primary investment objective is to seek high current income, with a secondary objective of capital appreciation. The Trust seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its assets in loan and debt instruments and other investments with similar economic characteristics. 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	BIT
Initial Offering Date	February 27, 2013
Current Distribution Rate on Closing Market Price as of October 31, 2016 (\$16.76) <sup>1</sup>	8.36%
Current Monthly Distribution per Common Share <sup>2</sup>	\$0.1167
Current Annualized Distribution per Common Share <sup>2</sup>	\$1.4004
Economic Leverage as of October 31, 2016 <sup>3</sup>	37%

<sup>1</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. Past performance does not guarantee future results.

<sup>2</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.

<sup>3</sup> Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowings) minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 10.

## Performance and Portfolio Management Commentary

Returns for the 12 months ended October 31, 2016 were as follows:

	Returns Based On	
	Market Price	NAV
BIT <sup>1,2</sup>	13.56%	10.51%
Lipper General Bond Funds <sup>3</sup>	13.49%	8.59%

<sup>1</sup> All returns reflect reinvestment of dividends and/or distributions.

<sup>2</sup> The Trust's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV.

<sup>3</sup> Average return.

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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 positions in high yield corporate bonds, mortgage-backed securities ( MBS ), asset-backed securities ( ABS ) and investment grade bonds were the most significant contributors to performance. The Trust's stance with respect to duration (sensitivity to interest rate movements) and yield curve positioning also added to returns.

The Trust's allocations in foreign commercial mortgage-backed securities ( CMBS ) and senior loans detracted from performance.  
**Describe recent portfolio activity.**

During the period, the Trust's spread duration (sensitivity to credit spreads) was increased as its spread sector exposure was rotated away from MBS, capital securities and ABS, and toward investment grade credit. These changes were made as divergent central bank monetary policies, improving oil prices and investors' desire for yield created a strong technical backdrop that supported credit-based assets. In addition, the Trust's allocation in longer-dated credit was increased in anticipation of demand from foreign investors shifting toward the back end of the credit curve as a result of the higher cost of hedging U.S. dollar exposure. Additionally, the Trust's high yield allocation was tilted toward U.S. issuers due to concerns regarding the potential negative consequences of the U.K.'s planned exit from the European Union. The Trust's duration was increased in the expectation of continued low interest rates over the near term, based on tepid U.S. economic data and dovish rhetoric from the Fed. Additionally, the Trust's allocation to floating rate securities was reduced.  
**Describe portfolio positioning at period end.**

The Trust maintained a diversified exposure to non-government spread sectors, including non-agency MBS, high yield corporates, capital securities, ABS, collateralized loan obligations, CMBS and senior loans. The Trust also held marginal exposure to government-related sectors such as supranationals (multinational foreign government obligations) and foreign agencies.

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

	10/31/16	10/31/15	Change	High	Low
Market Price	\$ 16.76	\$ 16.31	2.76%	\$ 17.43	\$ 14.70
Net Asset Value	\$ 18.91	\$ 18.91	0.00%	\$ 19.05	\$ 17.16

## Market Price and Net Asset Value History Since Inception

<sup>1</sup> Commencement of operations.

## Overview of the Trust's Total Investments

Portfolio Composition	10/31/16	10/31/15
Corporate Bonds	41%	33%
Asset-Backed Securities	19	21
Non-Agency Mortgage-Backed Securities	18	25
Preferred Securities	12	13
Floating Rate Loan Interests	5	5
Foreign Agency Obligations	4	2
Short-Term Securities	1	1
Other	<sup>1</sup>	<sup>2</sup>

<sup>1</sup> Includes a less than 1% holding in each of the following investment types: Common Stocks, U.S. Treasury Obligations, Options Purchased and Options Written.

<sup>2</sup> Includes a less than 1% holding in each of the following investment types: Options Purchased and Options Written.

Credit Quality Allocation<sup>3,4</sup>

	10/31/16	10/31/15
AAA/Aaa <sup>5</sup>	<sup>6</sup>	
AA/Aa	2%	
A	8	3%
BBB/Baa	18	17
BB/Ba	22	28
B	20	12
CCC/Caa	16	19
CC/Ca	5	5
C	1	
N/R	8	16

<sup>3</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P's or Moody's if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated N/R are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change.

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- <sup>4</sup> Excludes Short-Term Securities, Options Purchased and Options Written.
- <sup>5</sup> The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors, individual investments and/or issuer. Using this approach, the investment adviser has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.
- <sup>6</sup> Represents less than 1% of total investments.

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## The Benefits and Risks of Leveraging

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

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trusts (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trusts' shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

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

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trusts' return on assets purchased with leverage proceeds, income to shareholders is lower than if the Trusts had not used leverage. Furthermore, the value of the Trusts' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Trusts' obligations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest

rates can influence the Trusts' NAVs positively or negatively. Changes in

the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Trusts' intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in each Trust's NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of a Trust's shares than if the Trust were not leveraged. In addition, each Trust may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trusts to incur losses. The use of leverage may limit a Trust's ability to invest in certain types of securities or use certain types of hedging strategies. Each Trust incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Trusts' investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Trust's investment adviser will be higher than if the Trusts did not use leverage.

Each Trust may utilize leverage through a credit facility or reverse repurchase agreements as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act ), the Trusts are permitted to issue debt up to ~~33~~33% of their total managed assets. BIT is permitted to use economic leverage (which includes leverage attributable to reverse repurchase agreements) of up to 50% of its total managed assets. A Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Trust may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

If a Trust segregates or designates on its books and records cash or liquid assets having values not less than the value of a Trust's obligations under the reverse repurchase agreement (including accrued interest) then such transaction is not considered a senior security and is not subject to the foregoing limitations and requirements under the 1940 Act.

## Derivative Financial Instruments

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The Trusts may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market and/or other asset 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 October 31, 2016

## BlackRock Credit Allocation Income Trust (BTZ)

(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
<b>Oil, Gas &amp; Consumable Fuels 0.0%</b>		
Denbury Resources, Inc.	12,160	\$ 29,014
<b>Real Estate Investment Trusts (REITs) 0.0%</b>		
Ovation Acquisition I LLC, (Acquired 12/28/15, cost \$45,445) (a)	2,951	2,951
<b>Total Common Stocks 0.0%</b>		<b>31,965</b>

	Par	
Asset-Backed Securities (b)	(000)	
<b>Asset-Backed Securities 5.6%</b>		
ACAS CLO Ltd., Series 2014-1A, Class C, 3.78%, 7/18/26 (c)	USD 750	747,982
ALM Loan Funding (c):		
Series 2012-5A, Class BR, 3.88%, 10/18/27	1,000	1,005,989
Series 2013-7R2A, Class B, 3.48%, 4/24/24	3,000	2,980,073
ALM XII Ltd., Series 2015-12A, Class B, 4.13%, 4/16/27 (c)	1,000	1,005,665
ALM XIV Ltd., Series 2014-14A, Class C, 4.34%, 7/28/26 (c)	4,500	4,390,475
ALM XVII Ltd., Series 2015-17A, Class B1, 4.28%, 1/15/28 (c)	1,400	1,437,172
AMMC CLO Ltd., Series 2015-17A, Class C, 4.07%, 11/15/27 (c)	1,000	993,918
Anchorage Capital CLO 3, Ltd., Series 2014-3A, Class C, 4.39%, 4/28/26 (c)	1,000	1,000,008
Apidos CDO, Series 2012-9AR, Class CR, 3.78%, 7/15/23 (c)	1,000	1,000,077
Apidos CLO XVIII, Series 2014-18A, Class C, 4.53%, 7/22/26 (c)	1,300	1,282,128
Ares CLO Ltd., Series 2012-2A, Class CR, 3.57%, 10/12/23 (c)	1,000	997,810
Atlas Senior Loan Fund II, Ltd., Series 2012-2A, Class DR, 4.73%, 1/30/24 (c)	750	746,869
Atlas Senior Loan Fund Ltd. (c):		
Series 2012-1A, Class B1LR, 4.66%, 8/15/24	2,000	2,000,089
Series 2014-6A, Class D, 4.58%, 10/15/26	3,000	2,900,705
Atrium CDO Corp. (c):		
Series 5A, Class A4, 1.20%, 7/20/20	9,000	8,960,273
Series 9A, Class D, 4.33%, 2/28/24	1,000	982,552
Benefit Street Partners CLO IV Ltd., Series 2014-IVA, Class B, 3.68%, 7/20/26 (c)	1,250	1,250,000
Benefit Street Partners CLO VI Ltd., Series 2015-VIA, Class B, 3.93%, 4/18/27 (c)	1,000	1,002,500
Bowman Park CLO Ltd., Series 2014-1A, Class D2, 4.77%, 11/23/25 (c)	1,000	960,909

Asset-Backed Securities (b)	(000)	Value
<b>Asset-Backed Securities (continued)</b>		
Carlyle Global Market Strategies CLO Ltd. (c):		
Series 2012-2A, Class C1R, 3.78%, 7/20/23	USD 1,000	\$ 1,003,167
Series 2013-3A, Class C, 4.28%, 7/15/25	1,000	970,438
Series 2014-5A, Class C, 5.03%, 10/16/25	1,000	1,000,273
Series 2015-1A, Class C, 4.03%, 4/20/27	500	504,273
Series 2016-1A, Class C, 5.78%, 4/20/27	1,000	1,006,500
Series 2016-3A, Class C, 4.79%, 10/20/29	1,000	999,940
CIFC Funding Ltd., Series 2014-3A (c):		
Class C1, 3.68%, 7/22/26	1,500	1,498,818
Class D, 4.28%, 7/22/26	1,071	1,015,494
Dryden 34 Senior Loan Fund, Series 2014-34A, Class C, 3.68%, 10/15/26 (c)	250	249,994
GoldenTree Loan Opportunities IX Ltd., Series 2014-9A, Class D, 4.25%, 10/29/26	1,000	977,471
Highbridge Loan Management Ltd. (c):		
Series 4A-2014, Class B, 3.89%, 7/28/25	750	750,185
Series 6A-2015, Class C, 3.85%, 5/05/27	1,500	1,497,199
Series 8A-2016, Class D, 5.73%, 4/20/27	500	481,975
ING IM CLO Ltd., Series 2013-2A, Class C, 4.38%, 4/25/25 (c)	1,000	975,745
LCM XVIII LP, Series 18A, Class C1, 4.03%, 4/20/27 (c)	1,000	1,000,207
Limerock CLO III LLC, Series 2014-3A, Class C, 4.48%, 10/20/26 (c)	1,000	946,268
Madison Park Funding IX Ltd., Series 2012-9AR, Class C1R, 3.67%, 8/15/22 (c)	2,000	2,000,793
Madison Park Funding Ltd. (c):		
Series 2012-8AR, Class CR, 3.68%, 4/22/22	1,350	1,350,881

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Series 2012-8AR, Class DR, 4.73%, 4/22/22	1,500	1,499,230
Series 2014-14A, Class D, 4.48%, 7/20/26	2,000	1,964,752
Madison Park Funding XIII Ltd., Series 2014-13A, Class C, 3.63%, 1/19/25 (c)	1,000	1,002,460
Madison Park Funding XIV, Ltd., Series 2014-14A, Class C1, 3.98%, 7/20/26 (c)	1,250	1,250,250
Madison Park Funding XV Ltd., Series 2014-15A, Class B1, 4.14%, 1/27/26 (c)	2,400	2,401,947
Madison Park Funding XVI Ltd., Series 2015-16A, Class B, 3.88%, 4/20/26 (c)	1,000	1,002,800
Mill Creek II CLO, Ltd., Series 2016-1A, Class D, 5.73%, 4/20/28 (c)	1,000	1,007,600
Oak Hill Credit Partners XII Ltd., Series 2015-12A, Class C2, 4.13%, 1/23/27 (c)	1,600	1,602,400
Octagon Investment Partners 26 Ltd., Series 2016-1A, Class D, 5.83%, 4/15/27 (c)	500	500,677
Octagon Investment Partners XX Ltd., Series 2014-1A, Class C, 3.62%, 8/12/26 (c)	750	748,350
Octagon Loan Funding Ltd., Series 2014-1A, Class D, 4.45%, 11/18/26 (c)	1,500	1,444,507

### Portfolio Abbreviations

<b>ABS</b>	Asset-Backed Security	<b>COP</b>	Certificates of Participation	<b>NOK</b>	Norwegian Krone
<b>ADS</b>	American Depositary Shares	<b>EUR</b>	Euro	<b>NZD</b>	New Zealand Dollar
<b>ARB</b>	Airport Revenue Bonds	<b>FKA</b>	Formerly Known As	<b>OTC</b>	Over-the-Counter
<b>ARS</b>	Argentine Peso	<b>GBP</b>	British Pound	<b>PIK</b>	Payment-In-Kind
<b>AUD</b>	Australian Dollar	<b>INR</b>	Indian Rupee	<b>RB</b>	Revenue Bonds
<b>BRL</b>	Brazilian Real	<b>JPY</b>	Japanese Yen	<b>REMIC</b>	Real Estate Mortgage Investment Conduit
<b>BZDIOVER</b>	1-Day Brazil Interbank Deposit	<b>KRW</b>	South Korean Won	<b>RUB</b>	Russian Ruble
<b>CAD</b>	Canadian Dollar	<b>KRWCD</b>	3-Month Certificate of Deposit Rate	<b>SEK</b>	Swedish Krona
<b>CHF</b>	Swiss Franc	<b>LOC</b>	Letter of Credit	<b>TRY</b>	Turkish Lira
<b>CLO</b>	Collateralized Loan Obligation	<b>MXIBTIE</b>	Mexico Interbank TIE 28 Day	<b>TWD</b>	Taiwan Dollar
<b>CLP</b>	Chilean Peso	<b>MXN</b>	Mexican Peso	<b>USD</b>	U.S. Dollar
<b>CNH</b>	Yuan Renminbi Offshore	<b>MYR</b>	Malaysian Ringgit	<b>ZAR</b>	South African Rand
<b>CNY</b>	Chinese Renminbi				

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust (BTZ)

		Par	
		(000)	Value
<b>Asset-Backed Securities (b)</b>			
<b>Asset-Backed Securities (continued)</b>			
OZLM VI Ltd., Series 2014-6A, Class B, 3.78%, 4/17/26 (c)	USD	1,100	\$ 1,105,806
OZLM VII Ltd., Series 2014-7A, Class C, 4.48%, 7/17/26 (c)		1,500	1,440,821
OZLM XI Ltd., Series 2015-11A, Class B, 3.76%, 1/30/27 (c)		2,750	2,750,031
Regatta IV Funding Ltd., Series 2014-1A, Class C, 3.83%, 7/25/26 (c)		1,500	1,500,095
Regatta V Funding Ltd., Series 2014-1A (c):			
Class B, 3.88%, 10/25/26		1,000	1,000,096
Class C, 4.33%, 10/25/26		1,000	919,963
SLM Private Credit Student Loan Trust, Series 2004-B, Class A2, 1.05%, 6/15/21		522	521,154
Symphony CLO Ltd., Series 2016-17A, Class D, 5.76%, 4/15/28 (c)		1,000	1,012,000
Symphony CLO XV Ltd., Series 2014-15A (c):			
Class C, 4.08%, 10/17/26		2,500	2,499,978
Class D, 4.63%, 10/17/26		1,000	991,460
Venture XIII CLO Ltd., Series 2013-13A, Class D, 4.40%, 6/10/25 (c)		800	785,015
Vibrant CLO II, Ltd., Series 2013-2A, Class C, 4.48%, 7/24/24 (c)		1,000	979,017
Voya CLO Ltd., Series 2014-4A, Class C, 4.88%, 10/14/26 (c)		1,000	983,373
Webster Park CLO Ltd., Series 2015-1A, Class B1, 3.98%, 1/20/27 (c)		4,000	4,055,152
<b>Total Asset-Backed Securities 5.6%</b>			<b>88,843,749</b>
<b>Corporate Bonds</b>			
<b>Aerospace &amp; Defense 0.6%</b>			
Huntington Ingalls Industries, Inc., 5.00%, 12/15/21 (c)		536	561,460
KLX, Inc., 5.88%, 12/01/22 (c)		725	737,832
Mexico City Airport Trust, 4.25%, 10/31/26 (c)		1,350	1,375,650
TransDigm, Inc.:			
6.00%, 7/15/22		4,360	4,545,300
6.50%, 7/15/24		1,560	1,641,900
			8,862,142
<b>Air Freight &amp; Logistics 0.1%</b>			
XPO Logistics, Inc. (c):			
6.50%, 6/15/22		1,421	1,477,840
6.13%, 9/01/23		496	510,260
			1,988,100
<b>Airlines 1.0%</b>			
American Airlines Group, Inc., 4.63%, 3/01/20 (c)		692	696,325
Continental Airlines Pass-Through Trust:			
Series 2009-2, Class B, 9.25%, 11/10/18		1,574	1,603,752
Series 2012-3, Class C, 6.13%, 4/29/18		2,040	2,142,000
Delta Air Lines Pass-Through Trust, Series 2002-1, Class G-1, 6.72%, 7/02/24		3,042	3,498,774
Turkish Airlines Pass Through Trust, Series 2015-1 Class A, 4.20%, 9/15/28 (c)		2,807	2,687,573
United Airlines Pass-Through Trust, Series 2014-1, Class B, 4.75%, 10/11/23		3,616	3,705,993
Virgin Australia Trust, Series 2013-1, Class B, 6.00%, 4/23/22 (c)		1,001	1,015,907
			15,350,324
<b>Auto Components 0.5%</b>			
Allison Transmission, Inc., 5.00%, 10/01/24 (c)		734	748,680
Goodyear Tire & Rubber Co., 5.00%, 5/31/26		535	539,681
		<b>Par</b>	
		<b>(000)</b>	<b>Value</b>
<b>Corporate Bonds</b>			
<b>Auto Components (continued)</b>			
Icahn Enterprises LP/Icahn Enterprises Finance Corp.:			
4.88%, 3/15/19	USD	3,950	\$ 3,932,225
6.00%, 8/01/20		3,108	3,053,610

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		8,274,196
<b>Automobiles 0.5%</b>		
Ford Motor Co., 7.45%, 7/16/31	3,660	4,809,006
General Motors Co.:		
4.88%, 10/02/23	1,875	2,018,878
6.25%, 10/02/43	940	1,076,296
		7,904,180
<b>Banks 4.3%</b>		
CIT Group, Inc.:		
4.25%, 8/15/17	4,600	4,658,880
5.25%, 3/15/18	4,030	4,173,710
5.50%, 2/15/19 (c)	3,967	4,175,267
5.00%, 8/01/23	660	702,966
City National Corp., 5.25%, 9/15/20 (d)	2,900	3,243,789
Cooperatieve Rabobank UA, 3.95%, 11/09/22 (d)	3,775	3,957,374
Credit Suisse Group AG, 6.50%, 8/08/23 (c)	6,000	6,532,500
Discover Bank/Greenwood, 8.70%, 11/18/19	748	867,530
Fifth Third Bancorp, 5.10% (b)(e)	5,000	4,826,000
HSBC Finance Corp., 6.68%, 1/15/21 (d)	5,150	5,877,958
Intesa Sanpaolo SpA, 5.71%, 1/15/26 (c)	3,840	3,656,817
Lloyds Banking Group PLC, 4.65%, 3/24/26	3,015	3,103,267
Royal Bank of Scotland Group PLC, 6.00%, 12/19/23	10,080	10,404,929
Wells Fargo & Co.:		
3.45%, 2/13/23	2,325	2,386,482
4.13%, 8/15/23 (d)	4,000	4,266,620
5.61%, 1/15/44 (d)	4,119	4,829,956
		67,664,045
<b>Beverages 0.6%</b>		
Anheuser-Busch InBev Finance, Inc., 4.90%, 2/01/46 (d)	6,170	7,055,623
Molson Coors Brewing Co., 4.20%, 7/15/46	1,665	1,664,556
		8,720,179
<b>Biotechnology 0.4%</b>		
Amgen, Inc., 4.66%, 6/15/51 (c)(d)	6,709	6,861,207
<b>Building Products 0.3%</b>		
American Builders & Contractors Supply Co., Inc., 5.75%, 12/15/23 (c)	424	442,020
Builders FirstSource, Inc., 5.63%, 9/01/24 (c)	586	591,860
Building Materials Corp. of America, 6.00%, 10/15/25 (c)	2,038	2,175,463
Masonite International Corp., 5.63%, 3/15/23 (c)	610	631,350
Standard Industries, Inc., 5.13%, 2/15/21 (c)	420	441,000
		4,281,693
<b>Capital Markets 2.9%</b>		
E*Trade Financial Corp., 5.38%, 11/15/22	1,348	1,440,817
Goldman Sachs Group, Inc.:		
6.25%, 9/01/17	625	649,755
7.50%, 2/15/19 (d)	5,165	5,806,927
5.25%, 7/27/21	1,175	1,320,628
5.75%, 1/24/22	5,500	6,358,918
6.25%, 2/01/41 (d)	15,000	19,211,985
Morgan Stanley (d):		
5.63%, 9/23/19	6,770	7,453,675
5.50%, 7/28/21	2,695	3,059,138
		45,301,843

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust (BTZ)

	Par	Value
	(000)	
<b>Corporate Bonds</b>		
<b>Chemicals 1.2%</b>		
Axalta Coating Systems LLC, 4.88%, 8/15/24 (c)	USD 715	\$ 725,725
Basell Finance Co. BV, 8.10%, 3/15/27 (c)(d)	6,000	8,001,210
CF Industries, Inc., 5.38%, 3/15/44	3,625	3,100,633
Chemours Co.:		
6.63%, 5/15/23	220	213,400
7.00%, 5/15/25	869	845,103
Huntsman International LLC:		
4.88%, 11/15/20	72	74,714
5.13%, 11/15/22	2,495	2,582,325
NOVA Chemicals Corp., 5.25%, 8/01/23 (c)	772	786,475
Platform Specialty Products Corp. (c):		
10.38%, 5/01/21	165	178,200
6.50%, 2/01/22	1,372	1,330,840
PQ Corp., 6.75%, 11/15/22 (c)	935	1,008,631
		18,847,256
<b>Commercial Services &amp; Supplies 3.2%</b>		
ADS Waste Holdings, Inc., 8.25%, 10/01/20	1,003	1,048,135
Aviation Capital Group Corp. (c):		
7.13%, 10/15/20	31,000	36,647,270
6.75%, 4/06/21	7,850	9,314,261
Intelsat Jackson Holdings SA, 7.25%, 4/01/19	808	651,450
United Rentals North America, Inc.:		
7.63%, 4/15/22	1,853	1,970,443
5.50%, 5/15/27 (f)	790	786,050
		50,417,609
<b>Communications Equipment 0.3%</b>		
CommScope Technologies Finance LLC, 6.00%, 6/15/25 (c)	2,242	2,354,100
CommScope, Inc., 5.50%, 6/15/24 (c)	254	266,065
Zayo Group LLC/Zayo Capital, Inc., 6.38%, 5/15/25	2,126	2,238,295
		4,858,460
<b>Construction &amp; Engineering 0.2%</b>		
AECOM Co.:		
5.75%, 10/15/22	333	349,510
5.88%, 10/15/24	2,311	2,440,994
BlueLine Rental Finance Corp., 7.00%, 2/01/19 (c)	413	360,342
Weekley Homes LLC/Weekley Finance Corp., 6.00%, 2/01/23	825	750,750
		3,901,596
<b>Construction Materials 0.5%</b>		
Allegion US Holding Co., Inc., 5.75%, 10/01/21	1,907	1,985,664
HD Supply, Inc. (c):		
5.25%, 12/15/21	3,278	3,482,875
5.75%, 4/15/24	1,701	1,786,050
PulteGroup, Inc., 5.50%, 3/01/26	926	963,040
		8,217,629
<b>Consumer Finance 1.5%</b>		
Ally Financial, Inc.:		
5.13%, 9/30/24	590	622,450
4.63%, 3/30/25	136	138,380
8.00%, 11/01/31	5,795	6,925,025
Capital One Bank USA NA, 3.38%, 2/15/23 (d)	6,610	6,751,745
Discover Financial Services, 3.85%, 11/21/22	3,252	3,355,875
Experian Finance PLC, 2.38%, 6/15/17 (c)(d)	2,550	2,563,979
Navient Corp.:		

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6.63%, 7/26/21		461	464,457
7.25%, 9/25/23		996	992,265
Total System Services, Inc., 3.80%, 4/01/21		1,630	1,719,450
			23,533,626
	<b>Par</b>		
	<b>(000)</b>		<b>Value</b>
<b>Corporate Bonds</b>			
<b>Containers &amp; Packaging 0.4%</b>			
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA, Inc., 6.25%, 1/31/19 (c)	USD	400	\$ 407,500
Ball Corp., 4.38%, 12/15/20		681	725,265
Reynolds Group Issuer, Inc.:			
5.75%, 10/15/20		2,866	2,941,319
6.88%, 2/15/21		105	108,675
7.00%, 7/15/24 (c)		1,247	1,332,731
Sealed Air Corp., 6.88%, 7/15/33 (c)		182	195,650
			5,711,140
<b>Diversified Consumer Services 0.4%</b>			
Prime Security Services Borrower LLC/Prime Finance, Inc., 9.25%, 5/15/23 (c)		1,295	1,375,937
Service Corp. International, 4.50%, 11/15/20		4,382	4,458,685
			5,834,622
<b>Diversified Financial Services 8.5%</b>			
AerCap Ireland Capital Ltd./AerCap Global Aviation Trust:			
4.63%, 10/30/20		961	1,011,452
4.63%, 7/01/22		518	540,663
Air Lease Corp., 3.75%, 2/01/22		5,000	5,261,460
Aircastle Ltd., 6.25%, 12/01/19		3,937	4,286,409
Bank of America Corp.:			
5.00%, 5/13/21 (d)		17,100	18,957,812
5.70%, 1/24/22		2,590	2,991,875
4.45%, 3/03/26		1,765	1,884,079
Bank of America NA, 5.30%, 3/15/17 (d)		13,440	13,634,746
Barclays PLC, 4.38%, 9/11/24		2,100	2,108,446
Citigroup, Inc. (d):			
4.45%, 1/10/17		4,800	4,830,096
6.68%, 9/13/43		4,125	5,308,376
Credit Suisse Group Funding Guernsey Ltd., 4.55%, 4/17/26 (c)(d)		5,000	5,244,090
Double Eagle Acquisition, Inc., 7.50%, 10/01/24 (c)		739	761,170
Ford Motor Credit Co. LLC:			
8.00%, 12/15/16		4,000	4,031,000
5.88%, 8/02/21		9,420	10,696,674
General Motors Financial Co., Inc.:			
6.75%, 6/01/18		1,700	1,824,085
4.38%, 9/25/21		2,260	2,399,752
4.25%, 5/15/23		1,681	1,744,601
ING Bank NV, 5.00%, 6/09/21 (c)(d)		8,000	8,979,392
Jefferies Finance LLC/JFIN Co-Issuer Corp., 7.38%, 4/01/20 (c)		1,705	1,692,212
Leucadia National Corp., 5.50%, 10/18/23		4,000	4,200,128
Lloyds Banking Group PLC (c):			
4.58%, 12/10/25		1,985	2,017,084
5.30%, 12/01/45		1,120	1,181,986
Moody s Corp., 6.06%, 9/07/17		20,000	20,422,140
Resparcs Funding LP I, 8.00% (e)(g)		4,000	703,168
Royal Bank of Scotland Group PLC:			
6.10%, 6/10/23		2,500	2,591,312
5.13%, 5/28/24		5,250	5,197,762
			134,501,970
<b>Diversified Telecommunication Services 6.1%</b>			
AT&T, Inc.:			
5.00%, 3/01/21 (d)		8,575	9,426,154
6.30%, 1/15/38 (d)		12,000	13,921,668
4.30%, 12/15/42		265	243,993
4.35%, 6/15/45		367	336,674
CenturyLink, Inc.:			
6.45%, 6/15/21		1,660	1,772,050

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Series Y, 7.50%, 4/01/24

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156,188

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## Schedule of Investments (continued)

## BlackRock Credit Allocation Income Trust (BTZ)

	Par	Value
	(000)	
<b>Corporate Bonds</b>		
<b>Diversified Telecommunication Services (continued)</b>		
Frontier Communications Corp.:		
6.25%, 9/15/21	USD 980	\$ 931,000
7.13%, 1/15/23	55	49,466
7.63%, 4/15/24	1,309	1,165,010
6.88%, 1/15/25	3,964	3,319,850
Level 3 Financing, Inc.:		
5.38%, 8/15/22	2,095	2,152,613
5.13%, 5/01/23	1,183	1,194,830
5.38%, 1/15/24	754	769,080
5.38%, 5/01/25	2,003	2,033,045
SBA Communications Corp., 4.88%, 9/01/24 (c)	1,658	1,658,000
Telefonica Emisiones SAU, 3.19%, 4/27/18	6,550	6,690,059
Verizon Communications, Inc.:		
5.15%, 9/15/23 (d)	8,775	10,037,371
6.40%, 9/15/33	9,475	11,818,954
7.35%, 4/01/39 (d)	7,825	10,693,496
6.55%, 9/15/43 (d)	13,225	17,328,651
		95,698,152
<b>Electric Utilities 4.8%</b>		
CMS Energy Corp., 5.05%, 3/15/22		
	9,900	11,196,969
Duke Energy Corp., 3.55%, 9/15/21 (d)		
	3,650	3,897,353
Emera, Inc., Series 16-A, 6.75%, 6/15/76 (b)		
	7,500	8,287,500
Great Plains Energy, Inc., 5.29%, 6/15/22 (h)		
	5,550	6,151,304
Midland Cogeneration Venture LP, 5.25%, 3/15/25 (c)		
	4,102	4,131,531
NiSource Finance Corp., 6.80%, 1/15/19 (d)		
	3,075	3,406,783
Oncor Electric Delivery Co. LLC (d):		
4.10%, 6/01/22	4,150	4,547,445
5.30%, 6/01/42	2,750	3,420,002
Progress Energy, Inc., 7.00%, 10/30/31 (d)	12,000	15,974,064
Puget Energy, Inc.:		
6.00%, 9/01/21	275	316,885
5.63%, 7/15/22	5,550	6,329,603
Southern Co., 4.40%, 7/01/46	7,500	7,920,915
		75,580,354
<b>Electronic Equipment, Instruments &amp; Components 0.5%</b>		
CDW LLC/CDW Finance Corp.:		
6.00%, 8/15/22	1,050	1,113,000
5.00%, 9/01/23	306	314,231
5.50%, 12/01/24	2,458	2,581,662
Jabil Circuit, Inc., 8.25%, 3/15/18	2,600	2,808,000
Sanmina Corp., 4.38%, 6/01/19 (c)	1,415	1,475,138
		8,292,031
<b>Energy Equipment &amp; Services 0.7%</b>		
Genesis Energy LP/Genesis Energy Finance Corp.:		
5.75%, 2/15/21	473	471,818
6.75%, 8/01/22	1,175	1,207,312
GrafTech International Ltd., 6.38%, 11/15/20	890	676,400
Halliburton Co., 5.00%, 11/15/45	6,615	7,227,205
Noble Holding International Ltd.:		
4.63%, 3/01/21	85	71,780
7.20%, 4/01/25	180	146,700
Transocean, Inc., 6.00%, 3/15/18 (d)	880	882,640
		10,683,855
<b>Food &amp; Staples Retailing 1.8%</b>		

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Albertsons Cos. LLC/Safeway, Inc./New Albertsons, Inc./Albertsons LLC (c):		
6.63%, 6/15/24	775	804,062
5.75%, 3/15/25	1,120	1,105,653
CVS Health Corp.:		
4.75%, 12/01/22	289	324,002
5.00%, 12/01/24	183	208,800
5.13%, 7/20/45 (d)	3,879	4,525,206
	<b>Par</b>	
	<b>(000)</b>	<b>Value</b>
<b>Corporate Bonds</b>		
<b>Food &amp; Staples Retailing (continued)</b>		
Dollar Tree, Inc.:		
5.25%, 3/01/20	USD 105	\$ 108,938
5.75%, 3/01/23	4,723	5,029,995
H.J. Heinz Finance Co., 7.13%, 8/01/39 (c)	4,415	6,034,528
Pinnacle Foods Finance LLC/Pinnacle Foods Finance Corp., 5.88%, 1/15/24	191	204,848
Rite Aid Corp.:		
6.75%, 6/15/21	541	568,050
6.13%, 4/01/23 (c)	2,974	3,137,570
Wal-Mart Stores, Inc., 5.25%, 9/01/35 (d)	5,150	6,579,424
		28,631,076
<b>Food Products 1.2%</b>		
Aramark Services, Inc., 5.13%, 1/15/24 (c)	815	853,713
FAGE International SA/FAGE USA Dairy Industry, Inc., 5.63%, 8/15/26 (c)	830	856,975
Kraft Foods, Inc.:		
6.50%, 8/11/17 (d)	4,450	4,626,127
6.13%, 8/23/18	4,840	5,271,539
Kraft Heinz Foods Co., 4.38%, 6/01/46	2,475	2,510,105
Post Holdings, Inc. (c):		
7.75%, 3/15/24	1,502	1,660,010
8.00%, 7/15/25	743	847,020
5.00%, 8/15/26	1,349	1,308,530
Smithfield Foods, Inc., 5.88%, 8/01/21 (c)	715	745,388
TreeHouse Foods, Inc., 6.00%, 2/15/24 (c)	431	462,894
		19,142,301
<b>Health Care Equipment &amp; Supplies 0.6%</b>		
DJO Finco, Inc./DJO Finance LLC/DJO Finance Corp., 8.13%, 6/15/21 (c)	2,065	1,894,637
Mallinckrodt International Finance SA/Mallinckrodt CB LLC (c):		
4.88%, 4/15/20	517	518,939
5.75%, 8/01/22	1,370	1,298,075
5.63%, 10/15/23	506	475,640
Medtronic, Inc., 4.63%, 3/15/45 (d)	4,565	5,164,672
		9,351,963
<b>Health Care Providers &amp; Services 3.6%</b>		
Acadia Healthcare Co., Inc., 5.13%, 7/01/22	191	187,180
Amsurg Corp., 5.63%, 7/15/22	1,466	1,495,320
Centene Corp.:		
5.63%, 2/15/21	875	917,884
6.13%, 2/15/24	645	686,925
CHS/Community Health Systems, Inc.:		
5.13%, 8/15/18	1,620	1,605,825
6.88%, 2/01/22	1,111	847,138
DaVita HealthCare Partners, Inc.:		
5.13%, 7/15/24	1,990	1,946,469
5.00%, 5/01/25	335	323,275
HCA, Inc.:		
3.75%, 3/15/19	4,364	4,462,190
6.50%, 2/15/20	10,421	11,541,257
7.50%, 2/15/22	2,214	2,519,532
5.88%, 3/15/22	340	374,000
4.75%, 5/01/23	236	245,735
5.38%, 2/01/25	440	449,108
5.88%, 2/15/26	1,297	1,361,850
HealthSouth Corp.:		
5.13%, 3/15/23	512	