Overall Market Overview
Equity markets saw increased volatility during the third quarter of 2015 as investors anticipated a potential interest rate hike by the Fed and showed increased concerns surrounding China’s slowing economy. The S&P 500 Index saw its largest correction in four years and finished down -6.44% for the quarter. Smaller cap US equities were even more susceptible to the increased volatility as the Russell 2000 Index was down -11.92% on the quarter. International equity markets were also impacted from increased concerns around China’s economy and slowing global growth as evidenced by the MSCI EAFE Index, which was down -10.23% for the quarter. Weakness in energy and commodity markets continued as lower demand from China drove down commodity prices. This impacted emerging market and commodities as the MSCI Emerging Market Index was down -17.90% and the S&P GSCI Commodity Index was down -19.30% over the third quarter. Even as investors waited on the Fed’s decision, bonds were the best performing asset class. The 10 year US treasury started the quarter at 2.35% and ended at 2.06%. The Barclays Aggregate Bond Index finished up 1.23%. Municipal bonds posted a solid third quarter on the back of a rally in treasuries and positive supply/demand dynamics in the municipal market. The Barclays Municipal Bond Index was up 1.65%.

General Closed-End Fund Market Overview
Closed-end funds (“CEFs”) saw their worst quarter of 2015 as the global market sell-off impacted fund performance. The average CEF according to Morningstar was down -5.42% on market price and down -4.74% on NAV for the quarter. CEF discounts widened over the third quarter as selling pressure increased volatility in the secondary market as investors took a risk-off approach. The average CEF according to Morningstar finished the third quarter trading a -9.81% discount, well wider than the previous quarters close of -7.10%. Closed-end funds tend to have low volumes and as supply and demand shifts, selling or buying pressure can widen or narrow fund discounts, respectively. Discounts on fixed income products began to widen out during the “taper tantrum” in the middle of 2013 and have remained prevalent in the CEF market since that time. With discounts come opportunity, not only because every dollar invested gives the investors exposure to more than a dollar of underlying assets, but also because it increases yields in the secondary market. The average CEF according to Morningstar is now yielding 8.5%

As investors moved away from riskier sectors, high yield funds were down over the third quarter as credit spreads widened. This increased secondary market yields and high yield funds continue to be one of the highest yielding closed-end fund asset class, averaging a market price yield of 9.7% according to Morningstar. Over the third quarter, the High Yield Bond CEF Morningstar Category was down an average of -6.22% on market price, down -4.87% on NAV and traded at an average discount of -12.26% at quarter end, nearly 88 basis points wider than the end of the second quarter. Bank Loans also saw some selling pressure as their discounts widened to -11.96%. The Bank Loan Morningstar CEF Category finished the third quarter down -5.18% on share price and down -2.74% on NAV.
Long duration bond funds performed well in the face of falling interest rates. The 10 year US treasury started the quarter at 2.35% and ended at 2.06%. Leveraged CEFs benefited the most as the use of leverage can increase a CEF’s duration. The average Long-Term Bond Morningstar Category CEF discount narrowed 267 basis points over the quarter to an average of -7.58% at quarter end. The Long-Term Bond Morningstar Category was up 4.13% on share price and up 1.01% on NAV in the third quarter. The Multi-sector CEF Bond Morningstar Category was down -3.87% on share price, -2.91% on NAV, and traded at an average discount of -8.97% as of the end of the third quarter.

As fixed income assets rallied, municipal bonds outpaced treasuries. In particular, longer duration muni’s and high yield credits performed well. Munis’ positive performance was further aided by the lightest September issuance in over a decade. Municipal closed-end funds, which tend to have longer durations due to their use of leverage, performed well. In the third quarter, the Muni National Long CEF Morningstar Category was up 3.87% on market price, up 2.40% on NAV, and traded at an average discount of -7.89%.

International equities and domestic equities saw a lot of volatility over the third quarter and that was magnified in the CEF secondary market. The Large Blend Morningstar Category was down -10.20% on share price, down -6.82% on NAV, and finished the quarter at a -7.89% discount. The World Stock Morningstar Category was down -12.76% on share price, down -9.35% on NAV, and finished the quarter at a -10.51% discount.

Closed-End Fund New Issue Marketplace
The CEF IPO Market remained steady in the third quarter as three new funds came to market. In July, Nuveen raised $120 million in the Nuveen High Income 2020 Target Fund, which has a target payout and will mature in five years. In August, Guggenheim came to market with an unlisted CEF and raised $90 million in the Guggenheim Energy & Income Fund (XGEIX). In September, First Trust launched the First Trust Dynamic Europe Equity Income Fund (FDEU) and raised $350 million.

BlackRock Closed-End Fund ARPS Update—VRDP/VMTP Issuance
As of the end of the first quarter, redemptions of auction rate preferred shares (ARPS) by BlackRock CEFs totals approximately $9.78 billion across BlackRock taxable and tax-exempt CEFs (approximately 99.5% of the total ARPS outstanding as of February 2008). BlackRock will continue to keep market participants and shareholders informed of its closed-end funds’ progress to redeem ARPS via press releases and on BlackRock’s website at www.blackrock.com.

BlackRock Closed-End Fund Complex Update
August 6, 2015
BlackRock Advisors, LLC announced that, at a joint special meeting of shareholders of BlackRock MuniYield Michigan Quality Fund II, Inc. (NYSE:MYM) and BlackRock MuniYield Michigan Quality Fund, Inc. (NYSE:MIY), the requisite shareholders of the Funds approved the reorganization of MYM with and into MIY, with MIY continuing as the surviving Fund, and the transactions contemplated thereby.

August 25, 2015
BlackRock Advisors, LLC announced that the BlackRock Build America Bond Trust (NYSE:BBN, the “Trust”) was to be renamed “BlackRock Taxable Municipal Bond Trust”. This change was made in accordance with a change to the Trust’s nonfundamental investment policy previously announced on June 12, 2015. Effective on August 25th, the Trust is no longer required to invest a specific percentage of its managed assets in Build America Bonds. The Trust will continue to trade on the NYSE under its current ticker symbol, “BBN”.

September 14, 2015
BlackRock Advisors, LLC announced that the reorganization of BlackRock MuniYield Michigan Quality Fund II, Inc. (NYSE:MYM) with and into BlackRock MuniYield Michigan Quality Fund, Inc. (NYSE:MIY) became effective as of the opening for business of the New York Stock Exchange on September 14, 2015.
## 2015 CLOSED-END FUND IPOs

<table>
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<tr>
<th>Month</th>
<th>Ticker</th>
<th>Name of Fund</th>
<th>Category</th>
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<td>JHY</td>
<td>Nuveen High Income 2020 Target Fund</td>
<td>Taxable Fixed Income</td>
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<td>Tekla World Healthcare Fund</td>
<td>Sector Equity</td>
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<td>EGIF</td>
<td>Eagle Growth and Income Opportunities Fund</td>
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<td>MAY</td>
<td>ACV</td>
<td>AllianzGI Diversified Income &amp; Convertible Fund</td>
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<td>CCD</td>
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<td><strong>2015 TOTAL</strong></td>
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<td><strong>$2,290</strong></td>
<td><strong>Total Raised ($mm)</strong></td>
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Reference to new issue IPOs is for illustrative purposes only, is not necessarily held in any BlackRock accounts and should not be deemed as a recommendation to buy or sell any particular issues.

### About BlackRock

BlackRock is a global leader in investment management, risk management and advisory services for institutional and retail clients. At September 30, 2015, BlackRock’s AUM was $4.5 trillion. BlackRock helps clients around the world meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. As of June 30, 2015, the firm had approximately 12,400 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company’s website at www.blackrock.com | Twitter: @blackrock_news | Blog: www.blackrockblog.com | LinkedIn: www.linkedin.com/company/blackrock

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Some BlackRock CEFs may utilize leverage to seek to enhance the yield and net asset value of their common stock, through bank borrowings, issuance of short-term debt securities or shares of preferred stock, or a combination thereof. However, these transactions cannot be achieved at all interest rate environments. While leverage may result in a higher yield for the fund, the use of leverage involves risk, including the potential for higher volatility of the NAV, fluctuations of dividends and other distributions paid by the fund and the market price of the fund’s common stock, among others. Certain funds may invest assets in securities of issuers domiciled outside the United States, including issuers from emerging markets. Foreign investing involves special risks, including exchange rate risk, and may be worth more or less than your original investment.

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

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Index Descriptions

The S-Network Composite Closed-End Fund TR Index (CEF-X) is a fund index designed to serve as a benchmark for closed-end funds listed in the US that principally engage in asset management processes seeking to produce taxable annual yield. The CEFX is divided into three main closed-end fund sectors: a) Investment Grade Fixed Income Closed-End Funds; b) High-Yield Fixed Income Closed-End Funds; and c) Option Income Closed-End Funds. The S-Network Municipal Bond Closed-End Fund Total Return Index (CEFMX) is a mutual fund index designed to serve as a benchmark for closed-end funds listed in the US that are principally engaged in asset management processes designed to produce federally tax-exempt annual yield. The CEFMX is divided into four main closed-end fund sectors: a) Leveraged Municipal Fixed Income Closed-End Funds; b) Unleveraged Municipal Fixed Income Closed-End Funds; c) Leveraged High Yield Municipal Fixed Income Closed-End Funds; and d) Unleveraged High Yield Municipal Fixed Income Closed-End Funds. The S&P 500 Index is a gauge of the large cap US equity market. The index was first published in 1957. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of US equities. The Barclays US Aggregate Bond Index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The US Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt. The Barclays US Municipal Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The S&P GSCI is designed to be a “tradable” index, providing investors with a reliable and publicly available benchmark for investment performance in the commodity markets. The index comprises the principal physical commodities that are traded in active, liquid futures markets. The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

High Yield Bond Morningstar Category – High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor’s or Moody’s at the level of BB (considered speculative for taxable bonds) and below. Bank Loan Morningstar Category – Bank-loan portfolios primarily invest in floating-rate bank loans instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically above a common short-term benchmark such as the London Interbank Offered Rate, or LIBOR. Long-Term Bond Morningstar Category – Long-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income assets and typically have durations of more than 6.0 years. Because of their long durations, these portfolios are exposed to greater interest-rate risk. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Long-term is defined as 125% of the three-year average effective duration of the MCBCL. MultiSector Bond Morningstar Category – Multi-sector bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor’s or Moody’s at the level of BB (considered speculative for taxable bonds) and below. Muni National Long Morningstar Category – Muni national long portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of more than 7.0 years (or, if duration is unavailable, average maturities of more than 12 years). Large Value Morningstar Category – Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. equity market are defined as large cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). World Stock Morningstar Category – World stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe’s smaller markets. These portfolios typically have 20%–30% of assets in U.S. stocks.

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