

FIVE WAYS TO IMPLEMENT CLOSED-END FUNDS IN YOUR PORTFOLIO

BLACKROCK®

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Closed-end funds (“CEFs”) offer investors a unique way of accessing the potential for income and capital growth. Below are five ways investors can seek to implement CEF investments in their portfolios.

1) Diversify Your Income

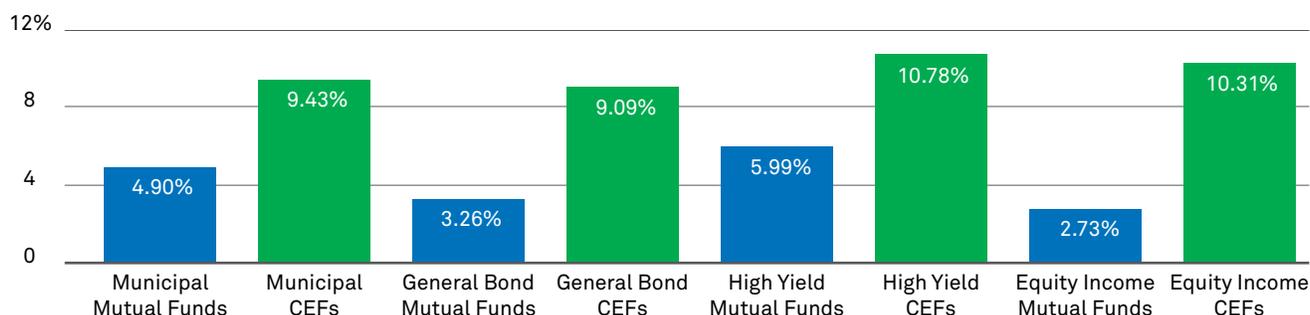
In the current low interest rate environment, investors may be seeking new sources of income. BlackRock believes that CEFs can help investors achieve their income goals while maintaining diversified exposure across asset classes. Given the absence of daily inflows/outflows, the CEF structure provides flexibility to invest in opportunistic and/or less liquid securities and allows portfolio managers to employ certain strategies not typically available in comparable mutual funds. For example, municipal and taxable fixed income CEFs typically utilize leverage, which offers the potential to generate higher income than comparable investment vehicles, such as mutual funds and/or individual

securities. Additionally, equity CEFs may utilize covered call strategies to seek to monetize equity market volatility and potentially enhance distribution rates.

2) Balance Income and Interest Rate Risk

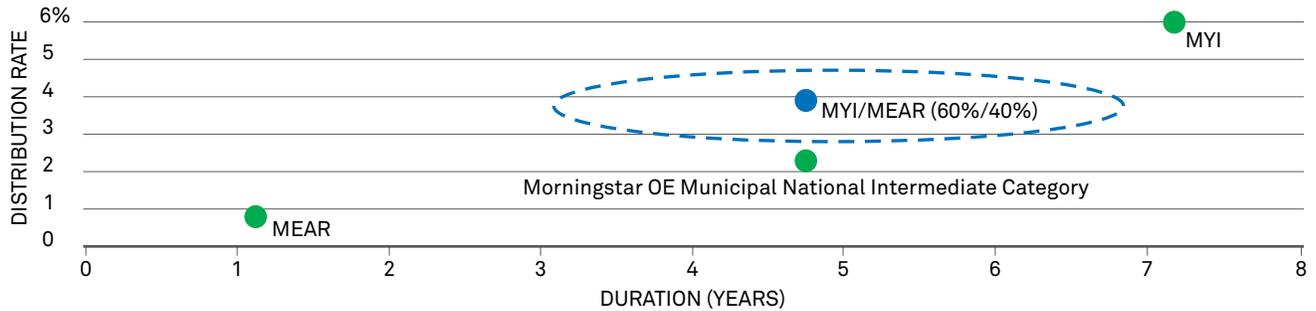
In the current low interest rate environment, investors may have difficulty meeting their income goals while limiting interest rate risk (i.e. duration). BlackRock believes that CEFs may offer a solution to address an investor’s income needs while helping mitigate the interest rate risk typically found in a fixed income portfolio. For example, a barbell strategy that combines a leveraged national municipal CEF, such as BlackRock MuniYield Quality Fund III, Inc. (MYI), with a short duration national municipal exchange-traded fund (ETF),

EXHIBIT 1: CEFs MAY OFFER THE POTENTIAL FOR HIGHER DISTRIBUTION RATES THAN COMPARABLE INVESTMENT VEHICLES SUCH AS MUTUAL FUNDS



Source: Lipper as of 2/29/2016. Past performance is not indicative of comparable future results. Municipal distribution rates use tax equivalent distribution assuming max 39.6% federal tax rate. Lipper category returns are shown for illustrative purposes only and are not meant to represent the past or future performance for any BlackRock fund. Municipal CEFs is represented by Lipper General & Insured Municipal Funds (Leveraged), Municipal Mutual Funds is represented by Lipper General & Insured Municipal Funds, General Bond CEFs are represented by the Lipper General Bond CEF Category and General Bond Mutual Funds are represented by the Lipper General Bond Mutual Fund Category, High Yield CEFs are represented by Lipper High Yield (Leveraged) Category, High Yield Mutual Funds are represented by Lipper High Yield Category, Equity Income CEFs are represented by the Lipper Options Arbitrage/Option Strategies Category, and Equity Income Mutual Funds are represented by the Lipper Equity Income Category.

EXHIBIT 2: COMBINING A MUNICIPAL CEF AND A SHORT DURATION MUNICIPAL ETF CAN MAXIMIZE DISTRIBUTION RATE POTENTIAL PER UNIT OF INTEREST RATE RISK



Fund/Category	Duration	Distribution Rate
Morningstar OE Municipal National Intermediate Category	4.75	2.28%
60% MYI 40% MEAR	4.75	3.90%
iShares Short Maturity Municipal Bond ETF (MEAR)	1.12	0.78%
BlackRock MuniYield Quality Fund III, Inc. (MYI)	7.18	6.00%

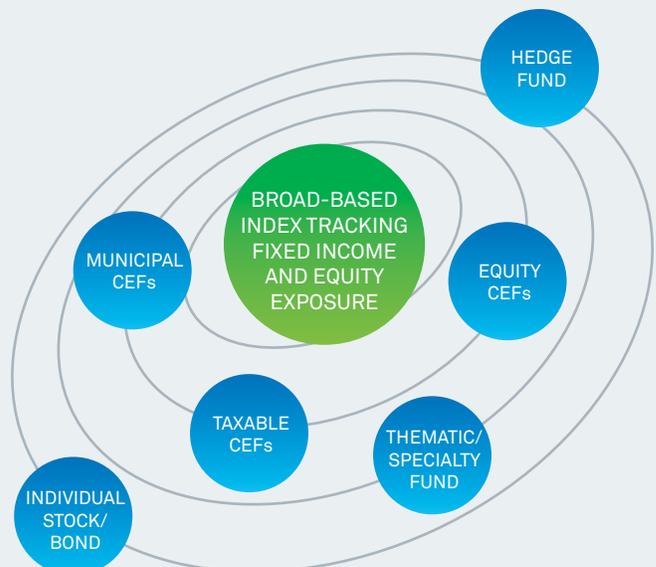
Source: BlackRock, Morningstar as of 2/29/2016. Performance data quoted represents past performance and does not guarantee future results. BlackRock MuniYield Quality Fund III, Inc. (MYI) is being represented because it is the largest BlackRock perpetual national municipal closed-end fund. MYI's NAV annualized total return performance on a 1 year, 3 year, and 5 year basis is 4.56%, 5.05%, and 10.35%, respectively. Past performance does not guarantee and is not an indication of future results. Returns are shown net of advisory fees paid by the fund and net of the fund's operating fees and expenses. Investors who purchase shares of the fund through an investment adviser or other financial professional may separately pay a fee to that service provider. Distribution rate is calculated by annualizing the fund's latest declared regular distribution and dividing that number by the funds market price as of the stated date. Distributions are sourced entirely from net investment income, unless noted otherwise.

such as iShares Short Maturity Municipal Bond ETF (MEAR), may enhance income potential while maintaining a duration profile similar to that of an intermediate duration national municipal mutual fund. Since CEFs typically pay higher distribution rates than comparable investment vehicles, BlackRock believes that this portfolio strategy can be applied across a fixed income portfolio in seeking to generate a higher distribution rate at the same level of interest rate risk.

3) Employ a Core-Satellite Strategy

Core-satellite investing is based on the concept of splitting a portfolio into two segments. The first segment, the "core", forms the foundation of the portfolio and aims to deliver returns in line with the broad market—which is often referred to as the "beta" return. Core investments are typically an index tracking fund, such as an ETF, that offers low cost, broadly diversified exposure to a market or index. The second segment is made up of "satellites". These are typically more specialized investments that are designed to generate additional return—which is often referred to as the "alpha" return. This can be achieved through exposure to specific markets, actively managed funds, investment themes or individual securities.

BlackRock believes that CEFs offer certain qualities that may be attractive as a part of a core-satellite strategy. CEFs are actively managed, provide exposure to specific markets and investment themes, can trade at discounts to the value of their assets (net asset value or "NAV"), and have exhibited the ability to enhance income and total returns over time. BlackRock believes that these unique features make CEFs a versatile building block in a core-satellite strategy.



4) Minimize the Impact of Equity Market Volatility

As investors look to navigate volatile markets, BlackRock believes that covered call strategies can help mitigate downside risk in an equity portfolio. Covered call CEFs invest in equity securities and utilize option writing (selling) strategies in an effort to enhance current income. Although writing covered call options limits the potential appreciation that could be realized on the underlying equity security, BlackRock believes that covered-call CEFs may offer investors an opportunity for total return with relatively less risk as compared to a traditional long-only equity portfolio. BlackRock believes that covered call CEF may offer an opportunity for:

1) Traditional equity investors seeking potential income with less volatility relative to a traditional long-only equity portfolio

- ▶ The use of a covered call option writing (selling) strategy may contribute to a fund's income stream. BlackRock believes that in the long term, option overwriting strategies can help reduce portfolio volatility without necessarily sacrificing performance potential as compared to a long only-benchmark.

2) Risk averse investors looking for potential income opportunities that can be uncorrelated to traditional fixed income investments

- ▶ CEFs utilizing covered call strategies often perform better in flat or more volatile markets and have a lower correlation to traditional fixed income investments.

3) Investors seeking a potential for attractive risk-adjusted returns

- ▶ Covered call strategies have shown greater risk-adjusted returns over long periods of time compared to long-only equity portfolios.

5) Seek to Take Advantage of CEF Premiums/Discounts

At any given point in time, a CEF's share price may be above or below its NAV. When a CEF's share price is above its NAV, the fund is considered to be trading at a "premium". Conversely, if a CEF's share price is below its NAV, the fund trades at a "discount". Over time, CEFs tend to establish premium/discount trading ranges and these ranges can dictate the "fair value" of a CEF. Since CEFs tend to have low trading volumes, certain catalysts such as investor sentiment may create market dislocations, which may cause

a CEF to trade outside of its typical trading range. Finding these dislocations in a CEF's premium/discount can offer potential alpha opportunities.

About BlackRock

BlackRock is a global leader in investment management, risk management and advisory services for institutional and retail clients. At December 31, 2015, BlackRock's AUM was \$4.645 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 December 31, 2015, the firm had approximately 13,000 employees in more than 30 countries and a major presence in 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

Availability of Fund Updates

BlackRock will update performance and certain other data for the Funds on a monthly basis on its website in the "Closed-end Funds" section of www.blackrock.com as well as certain other material information as necessary from time to time. Investors and others are advised to check the website for updated performance information and the release of other material information about the Funds. This reference to BlackRock's website is intended to allow investors public access to information regarding the Funds and does not, and is not intended to, incorporate BlackRock's website in this release.

iShares Short Maturity Municipal Bond ETF

Ticker	Fund Name	Fund Inception Date	Expense Ratio	1-Year Returns		5-Year Returns		10-Year Returns		Since Inception	
				NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price
MEAR	iShares Short Maturity Municipal Bond ETF	3/3/2015	0.25%	—	—	—	—	—	—	0.36%	0.36%

As of 12/31/2015. The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling toll-free 1-800-iShares (1-800-474-2737) or by visiting www.iShares.com. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market returns are based upon the midpoint of the bid/ask spread at 4:00 p.m. eastern time (when NAV is normally determined for most ETFs), and do not represent the returns you would receive if you traded shares at other times.

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

This information must be preceded or accompanied by a current prospectus which may be obtained visiting the iShares ETF and BlackRock Mutual Fund prospectus pages. Investors should read it carefully before investing.

The market value and net asset value (NAV) of a fund's shares will fluctuate with market conditions. Closed-end funds may trade at a premium to NAV but often trade at a discount.

Performance data quoted represents past performance of common shares and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares may be worth more or less than the original cost. A fund's market price and net asset value will fluctuate with market conditions. All return data assumes reinvestment of all distributions. Current performance may be lower or higher than the performance data quoted. In evaluating total return, investors should take into account the effect of federal, state and local income and other taxes payable by the investor on distributions received from a fund and any gain on the sale of fund shares. The extent and nature of such taxes may be affected by a fund's particular investment strategies and tax status, as well as the investor's own circumstances.

Additional information regarding distributions can be found in a fund's annual and semi-annual shareholder report. For more information, please refer to blackrock.com.

All investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus for each fund currently offering its securities contains this and other important information about the applicable fund currently offering its securities. Investors can obtain a prospectus for any fund currently offering its securities by calling 800-882-0052. All investors are urged to carefully read the prospectus of any such fund in its entirety before investing. There is no assurance any fund will achieve its objectives. The information contained herein is not complete and may be changed. This document is not an offer to sell a fund's securities and is not soliciting an offer to buy a fund's securities in any jurisdiction where the offer or sale is not permitted.

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

Many covered call funds have a level or managed distribution plan with goal of providing shareholders with consistent cash flows by setting distribution rates based on expected long-term returns of the fund. In the event that a covered call fund does not have sufficient earnings to support its distributions, all or a portion of its distribution will be a return of a portion of an investor's original investment, characterized as a "return of capital," which should not be confused with yield or income. The final tax characterization of distributions is determined after the fiscal year and is reported to shareholders on Form 1099. The tax rules applicable to covered call funds are complex. BlackRock does not provide tax advice, and investors should consult their professional advisors before making any tax or investment decision.

Writing covered call options entails certain risks, which include, but are not limited to, the following: an increase in the value of the underlying equity security above the exercise price can result in the exercise of a written option (sale by the Fund to a counterparty) when the Fund may not otherwise have sold the security; exercise of the option by the counterparty will result in a sale below the current market value and will result in a gain or loss being realized by the Fund; writing covered call options limits the potential appreciation that could be realized on the underlying equity security to the extent of the exercise price of the option. As such, an option over-write strategy may outperform the general equity market in flat or falling bear markets but underperform in rising bull markets.

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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MEAR is actively managed and does not seek to replicate the performance of a specified index. MEAR may have a higher portfolio turnover than funds that seek to replicate the performance of an index.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to federal or state income taxes or the Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

MEAR is not a money market fund and is not subject to the strict rules that govern the quality, maturity, liquidity and other features of securities that money market funds may purchase. Under normal circumstances, the Fund's investments may be more susceptible than a money market fund is to credit risk, interest rate risk, valuation risk and other risks relevant to the Fund's investments. **The Fund does not seek to maintain a stable net asset value of \$1.00 per share.** The Fund will hold securities with floating or variable interest rates which may decline in value if their coupon rates do not reset as high, or as quickly, as comparable market interest rates. Although floating rate notes are less sensitive to interest rate risk than fixed rate securities, they are subject to credit and default risk, which could impair their value.

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