The BlackRock Science and Technology Trust (BST) takes a unique approach to investing in the technology sector by blending high-growth technology stocks, cyclical technology stocks, and private pre-IPO investments along with a tactical option single-stock over-writing strategy. BlackRock believes that advances in technology and a transition to cloud architecture are leading to a "re-platforming" of the technology industry, facilitating rapid and sustainable innovation and growth potential within the technology sector. Additionally, the sector currently enjoys many favorable fundamental characteristics such as attractive earnings growth relative to its own history, companies with large cash reserves and the highest dividend growth rate of any sector in the MSCI World Index over the past decade. BST seeks to provide investors a unique way to access the potential future advances in the technology sector and an attractive income opportunity using a closed-end structure.

**BST portfolio update**

December proved to be one of the better months of the year for global equities, as the MSCI All Country World Index ended on a high and returned almost 8% for 2016. The fourth quarter was full of surprising macroeconomic developments, each moving various parts of the market. October saw a continuation of the stylistic rotation which had moved the market since July, with financials and energy leading the market while real estate and healthcare lagged. The surprise outcome of the U.S. Presidential Election, and the prospect of increased fiscal stimulus under a Trump administration, resulted in a steeper yield curve and propelled the U.S. dollar index to its highest levels since March 2013. In the U.S., the post-election optimism took broader indices higher and although cyclicals outperformed defensives from the election through year end, gains were given back during December as U.S. Treasury 10-Year yields came off their 2016 highs. The Organization of the Petroleum Exporting Countries ("OPEC") surprised investors, and sent crude oil prices soaring, by agreeing to its first production cut in eight years. In response, energy was one of the top performing sectors, particularly the integrated oil & gas. Also, despite Italian voters rejecting the constitutional changes proposed by Prime Minister Matteo Renzi, Italy was the top performing country, in USD terms. For the eurozone more broadly, the European Central Bank ("ECB") surprised investors by announcing a reduction of its monthly asset purchases from €80 billion to €60 billion, beginning in April 2017. However, the ECB quickly alleviated any tapering concerns by extending the monthly purchase program for an additional nine months, until December 2017, re-iterating that it could increase its asset purchases again if the conditions warranted it, and confirming that it will allow bonds to be purchased below the deposit rate. Coupled with the U.S. Federal Reserve raising rates the following week by 25 basis points, as expected by the market, and the FOMC members now expecting three rate hikes in 2017—up from two—the U.S. dollar remained bid versus most currencies.
The Trust returned -2.3% (net of management fees and other trust expenses) for the quarter to underperform the MSCI World Information Technology Index (the “benchmark”) by -186bps for the quarter. For the year, the Trust returned +10.3%, lagging its benchmark by -87bps. The Fund’s lead detractors were driven by profit taking and technical selling pressure, not necessarily a change in the fundamental theses. For example, the Fund’s position in Amazon.com led individual detractors for the period, though the position contributed positively to year-to-date performance. The next largest detractor came from a similar scenario with the Trust’s position in Nintendo which also underperformed during the quarter but was one of the top contributing stocks on the year. Conversely, many of the Trust’s semiconductor names outperformed during the quarter, led by NVIDIA which handily beat and raised its earnings throughout the year.

NVIDIA provides semiconductor technology to high growth segments including gaming, data centers and automotive. The next largest contributor for the period was Advanced Micro Devices, also a semiconductor name which competes in a similar environment as NVIDIA, after it announced strong earnings of its own for the most recent quarter. The current portfolio composition of the Trust is 72% large cap, 15% mid cap and 13% small cap equities, with 69% of the equities in US companies and 31% of international companies. Currently, the portfolio consists of both high-growth technology and cyclical technology equities. High-growth technology companies include those with substantial growth potential, like internet and software companies, where we believe revenue expansion can lead to stock price appreciation. Cyclical technology companies are generally larger, more established companies with high dividend growth rates and large cash balances. The Team remains constructive about the long-term investment opportunities within the technology sector, specifically, those created by the proliferation of mobile devices—smartphones now account for two-thirds of the personal device market—and the shift to a cloud infrastructure. Additionally, we believe that even some of the legacy technology companies in the sector remain attractive because of their cash-rich balance sheets, current dividends and strong free cash flows.

**High-growth technology overview**

We remain optimistic for the future of “New Tech” companies, believing that they will continue to pressure incumbent firms. Below are a few examples of the themes that we believe currently impact high growth technology companies:

- **Internet**: E-commerce is a high-growth industry that should continue to take market share from existing brick and mortar companies and also benefit from the growth of internet penetration rates in emerging markets.

- **Software**: Data breaches are becoming increasingly common, providing a growing opportunity set for security software companies. IT spend continues to shift to cloud-based software creating a new set of opportunities in the emerging cloud era. Finally, the promise of unlocking insights in ‘big data’ is creating some of the most profound investment opportunities.

**Cyclical technology overview**

We see opportunities in certain areas of cyclical technology on valuation grounds, and in particular where the potential for increased cash-return and/or transformative M&A exists. Themes that we believe currently impact cyclical technology companies include:

- **Semiconductors**: Companies exposed to the global proliferation of smartphones and wearable devices as well as the increased sophistication of these devices should prove to be long-term beneficiaries. In addition the emerging Internet-of-Things (IoT) secular trend is opening up new end-markets for semiconductors in areas like automotive and consumer household goods which promises to provide a new growth tailwind as traditional markets like PCs and smartphones over time mature.

- **Hardware**: As the IT industry continues its shift to a cloud infrastructure, demand for commodity hardware in networking, compute and storage should continue to rise over time creating a potential power shift away from once–dominant hardware companies that don’t adapt.
Private placements overview
As of 12/31/2016 the Trust has invested in five private placements, representing approximately 3.5% of its AUM. The Trust did not participate in any private deals over the prior three months, and continues to be selective amidst increased supply of private offerings. The Team is consistently evaluating a number of potential new deals, and looking to make additional investments in the near term. We believe the closed-end structure provides a unique opportunity to invest in these private companies as, unlike an open-end fund, the Trust does not have to manage daily subscriptions and redemptions.

BST key statistics

Geography breakdown
United States 67.2%
Asia 18.1%
EMEA 10.6%
Other 4.1%

Market cap breakdown
Large cap 72%
Mid cap 15%
Small cap 13%

Sector allocation*
Software & services 54.7%
Semiconductors & semiconductor equipment 19.4%
Technology hardware & equipment 10.4%
Other** 15.5%

Top 10 holdings as % of total assets

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<thead>
<tr>
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<th>% of total assets</th>
<th>% of total assets</th>
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<tbody>
<tr>
<td>Alphabet Inc.</td>
<td>6.4%</td>
<td>Tencent Holdings Ltd.</td>
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<tr>
<td>Apple Inc.</td>
<td>5.9%</td>
<td>MasterCard Inc.</td>
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<tr>
<td>Microsoft Corp.</td>
<td>5.8%</td>
<td>Alibaba Holdings</td>
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<tr>
<td>Amazon Com Inc.</td>
<td>4.2%</td>
<td>Broadcom</td>
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<tr>
<td>Facebook</td>
<td>3.8%</td>
<td>Visa Inc.</td>
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Source: BlackRock as of 12/31/2016.
* Allocation is based on the percentage of the Trust’s Total Assets.
** Other includes cash, retailing, real estate, media, consumer durables & apparel.
Important Information About the Trust: All information and data, including portfolio holdings and performance characteristics, is as of 12/31/2016, unless otherwise noted, and is subject to change.

There is no assurance that the Trust will achieve its investment objectives. The Trust is not a complete investment program. The information in the Trust’s prospectus and in this document is not complete and may be amended or changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. This document is not an offer to sell these securities and is not a solicitation to buy these securities in any jurisdiction where the offer or sale is not permitted.

The Trust may employ a written covered call option strategy. As the Trust writes call options over more of its portfolio, its ability to benefit from capital appreciation becomes more limited.

The Trust may use leverage to seek to achieve its investment objectives. The use of leverage can create risks. Changes in the value of the Trust’s portfolio, including securities bought with the proceeds of leverage, will be borne entirely by investors. If there is a net decrease or increase in the value of the Trust’s investment portfolio, leverage will decrease or increase, as the case may be, the net asset value per common share to a greater extent than if the Trust did not utilize leverage.

Index Definitions:

MSCI World Index: captures large and mid cap representation across 23 Developed Markets countries. With 1,635 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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. 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. For more information please refer to www.blackrock.com.

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. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs or expenses.

Closed-end funds, unlike open-end funds, are not continuously offered and do not provide daily liquidity. There is an initial public offering of shares and, once issued, shares of closed-end funds are purchased and sold in the open market on a stock exchange.

Past performance does not guarantee future results.

Before investing in the Trust’s common shares, you should consider the risks associated with an investment in the Trust carefully. The Trust is a newly organized, non-diversified, closed-end management investment company with no operating history. The Trust’s investments will be concentrated in issuers in the science and technology sector. Because the Trust will be concentrated in the industries comprising that sector, it may be subject to more risks than if it were broadly diversified over numerous industries and sectors of the economy. General changes in market sentiment towards science and technology companies may adversely affect the Trust, and the performance of science and technology issuers may lag behind the broader market as a whole. Also, the Trust’s concentration in the science and technology sector may subject the Trust to a variety of risks associated with companies in the industries comprising the science and technology sector. Private companies are not subject to SEC reporting requirements, are not required to maintain their accounting records in accordance with generally accepted accounting principles, and are not required to maintain effective internal controls over financial reporting. As a result, the Advisor may not have timely or accurate information about the business, financial condition and results of operations of the private companies in which the Trust invests. Investments in companies that have recently gone public have the potential to produce substantial gains for the Trust. However, there is no assurance that the Trust will have access to profitable IPOs and therefore investors should not rely on these past gains as an indication of future performances. The investment performance of the Trust during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the Trust is able to do so.

This summary of risks associated with an investment in the Trust is not complete and an investor should carefully review the more detailed risk disclosure set forth in the “Risks” section of the Trust’s prospectus.

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