

BLACKROCK Ltd DURATION INCOME TRUST  
Form N-CSR  
November 02, 2018

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 811-21349

Name of Fund: BlackRock Limited Duration Income Trust (BLW)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Limited

Duration 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: 08/31/2018

Date of reporting period: 08/31/2018

Item 1 Report to Stockholders

AUGUST 31, 2018

**ANNUAL REPORT**

**BlackRock Floating Rate Income Strategies Fund, Inc. (FRA)**

**BlackRock Limited Duration Income Trust (BLW)**

**Not FDIC Insured   May Lose Value   No Bank  
Guarantee**

## The Markets in Review

Dear Shareholder,

In the 12 months ended August 31, 2018, the strongest corporate profits in seven years drove the equity market higher, while rising interest rates constrained bond returns. Though the market's appetite for risk remained healthy, risk-taking was tempered somewhat, as shorter-term, higher-quality securities led the bond market, and U.S. equities outperformed most international stock markets.

Volatility in emerging market stocks rose as U.S.-China trade relations and debt concerns adversely affected the Chinese stock market, while Turkey and Argentina became embroiled in currency crises, largely due to hyperinflation in both countries. An economic slowdown in Europe led to modest performance for European equities.

Short-term U.S. Treasury interest rates rose the fastest, while longer-term rates slightly increased, leading to a negative return for long-term U.S. Treasuries and a substantial flattening of the yield curve. Many investors are concerned with the flattening yield curve as a harbinger of recession, but given the extraordinary monetary measures in the last decade, we believe a more accurate barometer for the economy is the returns along the risk spectrums in stock and bond markets. Although the fundamentals in credit markets remained relatively solid, investment-grade bonds declined slightly, and high-yield bonds posted modest returns.

In response to rising growth and inflation, the U.S. Federal Reserve (the Fed) increased short-term interest rates three times during the reporting period. The Fed also reduced its \$4.2 trillion balance sheet by approximately \$230 billion during the reporting period, gradually reversing the unprecedented stimulus measures it enacted after the financial crisis. Meanwhile, the European Central Bank announced that its bond-purchasing program would conclude at the end of the year, while also expressing its commitment to low interest rates. In contrast, the Bank of Japan continued to expand its balance sheet through bond purchasing while lowering its expectations for inflation.

The U.S. economy continued to gain momentum despite the Fed's modest reduction of economic stimulus; unemployment declined to 3.9%, wages increased, and the number of job openings reached a record high. Strong economic performance may justify a more rapid pace of rate hikes in 2018, as the headline inflation rate and investors' expectations for inflation have already surpassed the Fed's target of 2.0%.

While U.S. monetary policy is seeking to restrain economic growth and inflation, fiscal policy has produced new sources of growth that could nourish the economy for the next few years. Corporate tax cuts and repatriation of capital held abroad could encourage a virtuous cycle of business spending. Lower individual tax rates coupled with the robust job market may refresh consumer spending.

We continue to believe the primary risks to economic expansion are trade protectionism, rapidly rising interest rates, and geopolitical tension. Given the deflationary forces of technology and globalization, a substantial increase in inflation is unlikely to materialize as long as the unemployment rate remains above 3.0%. However, we are closely monitoring trade protectionism and the rise of populism in Western nations. In particular, the outcome of trade negotiations between the United States and China is likely to influence the global growth trajectory and set the tone for free trade in many other nations.

In this environment, investors need to think globally, extend their scope across a broad array of asset classes, and be nimble as market conditions change. We encourage you to talk with your financial advisor and visit [blackrock.com](https://www.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 August 31, 2018**

	<b>6-month</b>	<b>12-month</b>
U.S. large cap equities (S&P 500® Index)	7.96%	19.66%
U.S. small cap equities (Russell 2000® Index)	15.84	25.45
International equities (MSCI Europe, Australasia, Far East Index)	(2.55)	4.39
Emerging market equities (MSCI Emerging Markets Index)	(10.18)	(0.68)
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.93	1.52
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	1.42	(4.13)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	1.15	(1.05)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	1.78	0.61
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	2.26	3.40

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

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Fund Summary as of August 31, 2018

**BlackRock Floating Rate Income Strategies Fund, Inc.****Fund Overview**

**BlackRock Floating Rate Income Strategies Fund, Inc. s (FRA) (the Fund )** investment objective is to provide shareholders with high current income and such preservation of capital as is consistent with investment in a diversified, leveraged portfolio consisting primarily of floating rate debt securities and instruments. The Fund seeks to achieve its investment objective by investing, under normal market conditions, at least 80% of its managed assets in floating rate debt securities, including floating or variable rate debt securities that pay interest at rates that adjust whenever a specified interest rate changes and/or which reset on predetermined dates (such as the last day of a month or calendar quarter). The Fund invests a substantial portion of its investments in floating rate debt securities consisting of secured or unsecured senior floating rate loans that are rated below investment grade at the time of investment or, if unrated, are considered by the investment adviser to be of comparable quality. The Fund may invest directly in floating rate debt securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on New York Stock Exchange ( NYSE )	FRA
Initial Offering Date	October 31, 2003
Current Distribution Rate on Closing Market Price as of August 31, 2018 (\$13.80) <sup>(a)</sup>	5.61%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0645
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.7740
Economic Leverage as of August 31, 2018 <sup>(c)</sup>	30%

<sup>(a)</sup> Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change.

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

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

	08/31/18	08/31/17	Change	High	Low
Market Price	\$ 13.80	\$ 14.10	(2.13)%	\$ 14.62	\$ 13.70
Net Asset Value	14.92	14.93	(0.07)	15.07	14.81

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





Fund Summary as of August 31, 2018 (continued)

**BlackRock Floating Rate Income Strategies Fund, Inc.****Performance and Portfolio Management Commentary**

Returns for the period ended August 31, 2018 were as follows:

	Average Annual Total Returns		
	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Fund at NAV <sup>(a)(b)</sup>	5.28%	5.71%	5.30%
Fund at Market Price <sup>(a)(b)</sup>	3.11	8.00	4.21
<b>S&amp;P/LSTA Leveraged Loan Index<sup>(c)</sup></b>	4.88	4.85	4.04

(a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Fund's use of leverage.

(b) The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

(c) An unmanaged market value-weighted index (the Reference Benchmark) designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

**The following discussion relates to the Fund's absolute performance based on NAV:****What factors influenced performance?**

Floating rate loan interests (bank loans) benefited from a strong appetite for credit over much of the 12-month period. The largest sector contributors to performance included technology, health care and consumer cyclical services. By credit rating, B-rated positions were the largest contributors, followed by BB-rated and CCC-rated names. In terms of the Fund's asset allocation, bank loan positions provided the largest contribution to performance, followed by holdings of high yield bonds and a small allocation to equities.

On the downside, the home construction sector was the sole sector detractor from performance. In terms of credit ratings, not-rated and CC-rated positions hurt Fund performance. A small position in convertible securities was also a detractor.

**Describe recent portfolio activity.**

The Fund maintained tactical exposures to high yield bonds and collateralized loan obligations. As much of the bank loan market trades above par, these tactical holdings are designed to add potential upside to the Fund. Over the period, the Fund reduced exposure to the communications sector in general, and cable & satellite issues in particular. Additionally, the Fund maintained its broad underweight to consumer cyclicals. By contrast, the Fund added to sectors such as pharmaceuticals, chemicals and diversified manufacturing. From a credit quality standpoint, the Fund increased exposure to B-rated credits, while reducing exposure to BB-rated names. The Fund's core issuer and credit

biases remained centered on cash-flow views and identification of a specific catalyst and/or idiosyncratic characteristics.

**Describe portfolio positioning at period end.**

At period end, the Fund held the majority of its portfolio in floating rate bank loans, with a meaningful position in high yield corporate bonds as well. The Fund maintained its highest concentration in higher coupon B-rated loans of select issuers, while limiting exposure to both higher quality loans with less compelling risk/reward profiles and lower-rated loans with more equity-like profiles and greater downside risk should credit sentiment weaken. From a sector perspective, the Fund's largest overweight positions at period-end included independent energy, technology and health care. By contrast, the Fund remained underweight to the broad consumer cyclicals space, most notably retail, leisure and automotive issuers as the investment adviser believes these segments face fundamental headwinds. The Fund remained focused on industries and companies with stable business profiles and consistent cash flows, avoiding areas of the market with secular concerns and/or deteriorating fundamental trends.

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.

Fund Summary as of August 31, 2018 (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

**Overview of the Fund's Total Investments****PORTFOLIO COMPOSITION**

	<i>08/31/18</i>	<i>08/31/17</i>
Floating Rate Loan Interests	94%	93%
Corporate Bonds	3	6
Asset-Backed Securities	3	1
Investment Companies		(a)
Common Stocks <sup>(a)</sup>		
Short-Term Securities <sup>(a)</sup>		
Other	(b)	(c)

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

(b) Includes a less than 1% holding in each of the following investment types: Other Interests, Preferred Securities, and Warrants.

(c) Includes a less than 1% holding in each of the following investment types: Options Purchased, Other Interests, Preferred Securities, Rights and Warrants.

**CREDIT QUALITY ALLOCATION** <sup>(d)(e)</sup>

	<i>08/31/18</i>	<i>08/31/17</i>
A <sup>(a)</sup>		
BBB/Baa	8%	9%
BB/Ba	41	42
B	45	40
CCC/Caa	4	5
N/R	2	4

(d) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P 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.

(e) Excludes Options Purchased and Short-Term Securities.



Fund Summary as of August 31, 2018

**BlackRock Limited Duration Income Trust****Fund Overview**

**BlackRock Limited Duration Income Trust s (BLW) (the Fund )** investment objective is to provide current income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in three distinct asset classes:

intermediate duration, investment grade corporate bonds, mortgage-related securities, asset-backed securities and U.S. Government and agency securities;

senior, secured floating rate loans made to corporate and other business entities; and

U.S. dollar-denominated securities of U.S. and non-U.S. issuers rated below investment grade at the time of investment or unrated and deemed by the investment adviser to be of comparable quality and, to a limited extent, non-U.S. dollar denominated securities of non-U.S. issuers rated below investment grade or unrated and deemed by the investment adviser to be of comparable quality.

The Fund s portfolio normally has an average portfolio duration of less than five years (including the effect of anticipated leverage), although it may be longer from time to time depending on market conditions. The Fund may invest directly in such securities or synthetically through the use of derivatives.

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

**Fund Information**

Symbol on NYSE	BLW
Initial Offering Date	July 30, 2003
Current Distribution Rate on Closing Market Price as of August 31, 2018 (\$15.06) <sup>(a)</sup>	6.33%
Current Monthly Distribution per Common Share <sup>(b)</sup>	\$0.0795
Current Annualized Distribution per Common Share <sup>(b)</sup>	\$0.9540
Economic Leverage as of August 31, 2018 <sup>(c)</sup>	28%

<sup>(a)</sup> Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate may consist of income, net realized gains and/or a tax return of capital. Past performance does not guarantee future results.

<sup>(b)</sup> The distribution rate is not constant and is subject to change.

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

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

	<i>08/31/18</i>	<i>08/31/17</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 15.06	\$ 15.99	(5.82)%	\$ 16.30	\$ 14.77
Net Asset Value	16.71	17.02	(1.82)	17.14	16.57

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

FUND SUMMARY

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Fund Summary as of August 31, 2018 (continued)

**BlackRock Limited Duration Income Trust****Performance and Portfolio Management Commentary**

Returns for the period ended August 31, 2018 were as follows:

	Average Annual Total Returns		
	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Fund at NAV <sup>(a)(b)</sup>	4.42%	7.28%	6.91%
Fund at Market Price <sup>(a)(b)</sup>	0.18	9.08	5.51
<b>Reference Benchmark<sup>(c)</sup></b>	2.81	4.42	3.77
<b>Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index<sup>(d)</sup></b>	3.40	7.02	5.64
<b>S&amp;P/LSTA Leveraged Loan Index<sup>(e)</sup></b>	4.88	4.85	4.04
<b>BATS S Benchmark<sup>(f)</sup></b>	0.19	1.38	1.60

(a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Fund's use of leverage.

(b) The Fund's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

(c) The Reference Benchmark is comprised of the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (33.33%), the S&P/LSTA Leveraged Loan Index (33.33%), and the BATS S Benchmark (33.34%). The Reference Benchmark's index content and weightings may have varied over past periods.

(d) An unmanaged index comprised of issuers that meet the following criteria: at least \$150 million par value outstanding; maximum credit rating of Ba1; at least one year to maturity; and no issuer represents more than 2% of the index.

(e) An unmanaged market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments.

(f) A composite index comprised of Bloomberg Barclays ABS 1-3 Year AAA Rated ex Home Equity Index, Bloomberg Barclays Corporate 1-5 year Index, Bloomberg Barclays CMBS Investment Grade 1-3.5 Yr. Index, Bloomberg Barclays MBS 15 Yr Index and Bloomberg Barclays Credit Ex-Corporate 1-5 Yr Index.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

Past performance is not indicative of future results.

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

**What factors influenced performance?**

The largest contributors to the Fund's performance for the period were its allocations to senior loans, high yield corporate bonds and interest rate derivatives. Holdings in commercial mortgage-backed securities ( CMBS ) and asset-backed securities ( ABS ) also contributed to performance.

The largest detractor from the Fund's performance came from exposure to non-U.S. sovereign-related securities.

The Fund held derivatives during the period, including interest rate futures, currency forwards, currency options, interest rate swaps and credit default swaps. The derivatives were used primarily to adjust duration (sensitivity to interest rate movements) and yield curve exposures as well as to manage credit and currency risk. Currency forwards also were employed to provide the portfolio with active currency exposure. The Fund's use of derivatives contributed positively to performance during the period.

**Describe recent portfolio activity.**

After reducing its allocation last year, the Fund added back exposure to high yield corporate bonds given the sector's supportive technical backdrop and benign default outlook. The Fund also maintained an allocation to floating rate senior loans in anticipation of moderately higher interest rates as central banks continue gradual policy normalization. Consistent with the investment adviser's expectations for rising interest rates, the Fund maintained a relatively short duration profile.

**Describe portfolio positioning at period end.**

At period end, the Fund maintained a diversified allocation to non-government spread sectors such as high yield corporate bonds, senior loans, investment grade corporates, CMBS, ABS, and agency and non-agency residential mortgage-backed securities. Additionally, the Fund held emerging market debt and sovereign debt. The Fund ended the period with an effective duration of 2.7 years.

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.



Fund Summary as of August 31, 2018 (continued)

BlackRock Limited Duration Income Trust

**Overview of the Fund's Total Investments****PORTFOLIO COMPOSITION**

	<i>08/31/2018</i>	<i>08/31/2017</i>
Corporate Bonds	45%	45%
Floating Rate Loan Interests	29	27
Asset-Backed Securities	8	9
Preferred Securities	7	8
Non-Agency Mortgage-Backed Securities	5	6
Foreign Agency Obligations	3	4
U.S. Government Sponsored Agency Securities	3	1
Short-Term Securities <sup>(a)</sup>		
U.S Treasury Obligations		(a)
Other	(b)	(c)

<sup>(a)</sup> Representing less than 1% of the Fund's total investments.

<sup>(b)</sup> Includes a less than 1% holding in each of the following investment types: Common Stocks, Other Interests, and Warrants.

<sup>(c)</sup> Includes a less than 1% holding in each of the following investment types: Common Stocks, Options Purchased, Options Written, Other Interests, Rights, Short-Term Securities and Warrants.

**CREDIT QUALITY ALLOCATION** <sup>(d)(e)</sup>

	<i>08/31/2018</i>	<i>08/31/2017</i>
AAA/Aaa	4%	4%
AA/Aa	1	1
A	5	6
BBB/Baa	21	19
BB/Ba	31	33
B	27	29
CCC/Caa	6	4
N/R <sup>(f)</sup>	5	4

<sup>(d)</sup> For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either S&P 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