

BLACKROCK Ltd DURATION INCOME TRUST
Form N-CSRS
May 03, 2019

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 52nd Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2019

Date of reporting period: 02/28/2019

Item 1 Report to Stockholders

FEBRUARY 28, 2019

SEMI-ANNUAL REPORT (UNAUDITED)

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

BlackRock Limited Duration Income Trust (BLW)

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of each Fund's shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from BlackRock or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

You may elect to receive all future reports in paper free of charge. If you hold accounts directly with BlackRock, you can call Computershare at (800) 699-1236 to request that you continue receiving paper copies of your shareholder reports. If you hold accounts through a financial intermediary, you can follow the instructions included with this disclosure, if applicable, or contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. Please note that not all financial intermediaries may offer this service. Your election to receive reports in paper will apply to all funds advised by BlackRock Advisors, LLC or its affiliates, or all funds held with your financial intermediary, as applicable.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive electronic delivery of shareholder reports and other communications by contacting your financial intermediary, if you hold accounts through a financial intermediary. Please note that not all financial intermediaries may offer this service.

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

The Markets in Review

Dear Shareholder,

In the 12 months ended February 28, 2019, concerns about a variety of political risks and a modest slowdown in global growth led to modest positive returns for the U.S. equity and bond markets. Though the market's appetite for risk remained healthy for most of the reporting period, risk taking declined sharply in late 2018.

Volatility rose in emerging market stocks, as the rising U.S. dollar and higher interest rates in the U.S. disrupted economic growth abroad. 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 also led to negative performance for European equities.

Volatility in the U.S. equity market spiked in October, as a wide range of risks were brought to bear on markets, ranging from rising interest rates and slowing global growth to heightened trade tensions and political turmoil in several countries, including the United States. These risks manifested in a broad based sell-off in December, leading to the worst December performance on record since 1931.

By comparison, fixed income securities delivered modest positive returns with relatively low volatility. In fixed income markets, short-term U.S. Treasury interest rates rose the fastest, while longer-term rates declined slightly. This led to positive returns for U.S. Treasuries and a substantial flattening of the yield curve. Investment-grade and high-yield corporate bonds also posted positive returns, as the credit fundamentals in corporate markets remained relatively solid.

The U.S. Federal Reserve (the Fed) increased short-term interest rates four times during the reporting period. At its most recent meeting in late January, the Fed left interest rates unchanged and signaled a slower pace of rate hikes in response to the global economic slowdown. Relatively low inflation and modest economic growth give the Fed room to maintain support for the economy until the economic data builds the case for changing interest rates.

Although fears of recession drove equity volatility higher at the end of 2018, we continue to believe the probability of recession in 2019 remains relatively low. Economic growth and global earnings are likely to slow somewhat in 2019 because the tax cut stimulus will be less pronounced, and the Fed's rate hikes in 2018 will gain traction in 2019. We expect profit margins to continue to contract, which tends to happen late in the business cycle.

In addition, trade frictions look more baked into asset prices than a year ago, but markets may be overlooking European political risks. As Brexit moves forward, the U.K. and the European Union may face significant obstacles. Most recently, Britain's Parliament voted to extend the deadline for the separation, as policy makers continue to seek the least disruptive ways to disentangle Europe's second-largest economy from the European Union. Consequently, we are cautious on European equities, as European unity remains tenuous with a history of flare-ups. We continue to prefer to take risk in U.S. and emerging market equities. Within U.S. equities, we believe that companies with high-quality earnings and strong balance sheets offer the most attractive risk/reward trade-off.

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 February 28, 2019

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	(3.04)%	4.68%
U.S. small cap equities (Russell 2000® Index)	(8.86)	5.58
International equities (MSCI Europe, Australasia, Far East Index)	(3.58)	(6.04)
Emerging market equities (MSCI Emerging Markets Index)	0.33	(9.89)
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	1.10	2.04
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	2.57	4.02
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	1.99	3.17
Tax-exempt municipal bonds (S&P Municipal Bond Index)	2.21	4.03
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	2.00	4.31

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

Table of Contents

	Page
<u>The Markets in Review</u>	2
Semi-Annual Report:	
<u>Fund Summaries</u>	4
<u>The Benefits and Risks of Leveraging</u>	10
<u>Derivative Financial Instruments</u>	10
Financial Statements	
<u>Schedules of Investments</u>	11
<u>Statements of Assets and Liabilities</u>	58
<u>Statements of Operations</u>	59
<u>Statements of Changes in Net Assets</u>	60
<u>Statements of Cash Flows</u>	61
<u>Financial Highlights</u>	63
<u>Notes to Financial Statements</u>	65
<u>Director and Officer Information</u>	77
<u>Additional Information</u>	78
<u>Glossary of Terms Used in this Report</u>	79

Fund Summary as of February 28, 2019

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 February 28, 2019 (\$12.93) ^(a)	5.99%
Current Monthly Distribution per Common Share ^(b)	\$0.0645
Current Annualized Distribution per Common Share ^(b)	\$0.7740
Economic Leverage as of February 28, 2019 ^(c)	28%

^(a) 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.

^(b) The monthly distribution per Common Share, declared on March 1, 2019, was increased to \$0.0695 per share. The current distribution rate on closing market price, current monthly distribution per Common Share, and current annualized distribution per Common Share do not reflect the new distribution rate. The new distribution rate is not constant and is subject to change in the future.

^(c) 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

	02/28/19	08/31/18	Change	High	Low
Market Price	\$ 12.93	\$ 13.80	(6.30)%	\$ 13.85	\$ 11.63
Net Asset Value	14.55	14.92	(2.48)	14.98	13.75

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

Fund Summary as of February 28, 2019 (continued)

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

Returns for the period ended February 28, 2019 were as follows:

	<i>6-Month Total Returns</i>	<i>Average Annual Total Returns</i>		
		<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Fund at NAV ^{(a)(b)}	1.03%	3.24%	7.29%	4.63%
Fund at Market Price ^{(a)(b)}	(2.93)	(5.16)	7.87	3.29
S&P/LSTA Leveraged Loan Index^(c)	1.27	3.44	6.69	3.73

(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?**

During the period, the largest sector contributors to Fund performance included the technology, health care and consumer cyclical services sectors. By credit rating, the Fund's B-rated and BB-rated positions were the largest contributors. In terms of asset allocation, the strategy's core floating rate loan interest (bank loan) positions were the largest driver of positive return.

Conversely, on a sector basis, oil field services, chemicals and independent energy were the largest detractors. The Fund's other positions detracted from a credit rating perspective, largely represented by bank loan liquid products. Finally, the Fund's strategy for tactical allocations to common equity, high yield corporate bonds and collateralized loan obligations (CLOs) detracted from an asset allocation perspective.

Describe recent portfolio activity.

The Fund maintained its tactical positioning throughout the period, most notably with exposure to high yield cash bonds and CLOs. Similarly, the Fund maintained an allocation to liquid bank loan index products throughout the period, adding to and reducing this exposure as market conditions warranted. Over the period, the Fund trimmed exposure to cable & satellite, wirelines and consumer products while adding to aerospace & defense and pharmaceuticals. From a credit quality standpoint, the portfolio remained concentrated on the B- and BB-rated segments of the bank loan market, while maintaining a much smaller allocation to CCC-rated risk. However, the Fund's strategy reduced this CCC-rated exposure throughout the period.

Derivative usage was modest over the period and included loan index total return swaps, high yield index total return swaps, and options on select equity and credit exchange traded funds. Loan index exposure detracted from performance over the period, while other derivative exposures did not have a meaningful impact on performance.

Describe portfolio positioning at period end.

At period end, the Fund held the majority of its assets in floating rate bank loans. From a sector perspective, the Fund's largest overweight positions at period end included technology, consumer cyclical services and gaming. By contrast, the portfolio remained underweight to retailers, leisure and automotive names on the view that these sectors face fundamental headwinds. In terms of credit rating, the Fund was largely allocated to B- and BB-rated issues. The portfolio had a much smaller allocation to CCC and below-rated issuers with greater downside potential. Largest issuer overweight positions included Infor (US), Inc. (technology), Sedgewick Claims Management Services, Inc. (financial other) and SS&C Technologies (technology). Tactical positioning remains focused on high yield bonds and CLOs as well as bank loan liquid products.

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 February 28, 2019 (continued)

BlackRock Floating Rate Income Strategies Fund, Inc.

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

	02/28/19	08/31/18
Floating Rate Loan Interests	93%	94%
Investment Companies	3	(a)
Corporate Bonds	2	3
Short-Term Securities	1	(a)
Asset-Backed Securities	1	3
Common Stocks ^(a)		
Other ^(b)		

(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: Options Purchased, Other Interests, Preferred Securities, Rights and Warrants.

CREDIT QUALITY ALLOCATION ^{(c)(d)}

	02/28/19	08/31/18
A ^(a)		
BBB/Baa	9%	8%
BB/Ba	35	41
B	50	45
CCC/Caa	2	4
N/R	4	2

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

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

Fund Summary as of February 28, 2019

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 February 28, 2019 (\$14.84) ^(a)	6.43%
Current Monthly Distribution per Common Share ^(b)	\$0.0795
Current Annualized Distribution per Common Share ^(b)	\$0.9540
Economic Leverage as of February 28, 2019 ^(c)	25%

^(a) 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.

^(b) The distribution rate is not constant and is subject to change.

^(c) 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>02/28/19</i>	<i>08/31/18</i>	<i>Change</i>	<i>High</i>	<i>Low</i>
Market Price	\$ 14.84	\$ 15.06	(1.46)%	\$ 15.09	\$ 13.00
Net Asset Value	16.54	16.71	(1.02)	16.77	15.57

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

FUND SUMMARY

7

Fund Summary as of February 28, 2019 (continued)

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

Returns for the period ended February 28, 2019 were as follows:

	Average Annual Total Returns			
	<i>6-Month Total Returns</i>	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Fund at NAV ^{(a)(b)}	2.35%	4.72%	9.42%	5.89%
Fund at Market Price ^{(a)(b)}	1.89	3.93	10.00	4.62
Reference Benchmark^(c)	1.79	3.67	6.08	3.32
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index^(d)	2.00	4.31	9.80	4.54
S&P/LSTA Leveraged Loan Index^(e)	1.27	3.44	6.69	3.73
BATS S Benchmark^(f)	2.01	3.17	1.81	1.62

(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 over the period were its allocations to floating rate loan interests (bank loans), high yield corporate bonds and asset-backed securities (ABS). The Fund's duration (sensitivity to interest rate changes) and yield curve positioning also contributed to returns.

The largest detractor from the Fund's performance came from exposure to investment grade corporate bonds and mortgage-backed securities (MBS).

Describe recent portfolio activity.

Given the investment adviser's view that both interest rates and the London Inter-bank Offering Rate (LIBOR) (a common reference rate for bank loans) would move higher, the Fund's allocation was rotated to a more defensive posture during the period. The allocation to high yield corporates was reduced by more than 30% during the period, with the proceeds rotated into floating rate bank loans in an effort to protect the Fund from higher funding costs associated with rising LIBOR rates. 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, bank loans, investment grade corporate bonds, commercial mortgage-backed securities, ABS, agency and non-agency residential MBS. Additionally, the Fund held emerging market debt and foreign sovereign debt.

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 February 28, 2019 (continued)

BlackRock Limited Duration Income Trust

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

	<i>02/28/19</i>	<i>08/31/18</i>
Corporate Bonds	46%	45%
Floating Rate Loan Interests	30	29
Preferred Securities	7	7
Asset-Backed Securities	5	8
U.S. Government Sponsored Agency Securities	4	3
Foreign Agency Obligations	2	3
U.S. Treasury Obligations	2	
Non-Agency Mortgage-Backed Securities	2	5
Investment Companies	1	
Short-Term Securities	1	(a)
Other ^(b)		

(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: Common Stocks, Other Interests, and Warrants.

CREDIT QUALITY ALLOCATION ^{(c)(d)}

	<i>02/28/19</i>	<i>08/31/18</i>
AAA/Aaa	6%	4%
AA/Aa	1	1
A	5	5
BBB/Baa	16	21
BB/Ba	34	31
B	29	27
CCC/Caa	5	6
N/R ^(e)	4	