

BLACKROCK CORPORATE HIGH YIELD FUND, INC.
Form N-CSR
November 03, 2017

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 811-21318

Name of Fund: BlackRock Corporate High Yield Fund, Inc. (HYT)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Corporate High Yield Fund, Inc., 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: 08/31/2017

Date of reporting period: 08/31/2017

Item 1 Report to Stockholders

AUGUST 31, 2017

ANNUAL REPORT

BlackRock Core Bond Trust (BHK)

BlackRock Corporate High Yield Fund, Inc. (HYT)

BlackRock Income Trust, Inc. (BKT)

Not FDIC Insured May Lose Value No Bank Guarantee

The Markets in Review

Dear Shareholder,

In the 12 months ended August 31, 2017, risk assets, such as stocks and high-yield bonds, continued to deliver strong performance. These markets showed great resilience during a period with big surprises, including the aftermath of the U.K.'s vote to leave the European Union and the outcome of the U.S. presidential election, which brought only brief spikes in equity market volatility. These expressions of isolationism and discontent were countered by the closely watched and less surprising elections in France, the Netherlands and Australia.

Interest rates rose, which worked against high-quality assets with more interest rate sensitivity. As a result, longer-term U.S. Treasuries posted negative returns, as rising energy prices, modest wage increases, and steady job growth led to expectations of higher inflation and anticipation of interest rate increases by the U.S. Federal Reserve (the Fed).

Market prices began to reflect reflationary expectations toward the end of 2016, as investors sensed that a global recovery was afoot. And those expectations have been largely realized in 2017, as many countries throughout the world experienced sustained and synchronized growth for the first time since the financial crisis. Growth rates and inflation are still relatively low, but they are finally rising together.

The Fed responded to these positive developments by increasing interest rates three times and setting expectations for additional interest rate increases. The Fed also appears to be approaching the implementation of its plan to reduce the vast balance sheet reserves that provided liquidity to the global economy in the aftermath of the financial crisis in 2008. Also, growing skepticism about the near-term likelihood of significant U.S. tax reform and infrastructure spending has tempered reflationary expectations in the United States.

By contrast, the European Central Bank and the Bank of Japan reiterated their commitments to economic stimulus and balance sheet expansion despite nascent signs of sustained economic growth in both countries. The Eurozone also benefited from the relatively stable political environment, which is creating momentum for economic reform and pro-growth policies.

Financial markets and to an extent the Fed have adopted a wait-and-see approach to the economic data and potential fiscal stimulus. Escalating tensions with North Korea and our nation's divided politics are significant concerns. Nevertheless, benign credit conditions, modest inflation, and the positive outlook for growth in the world's largest economies have kept markets relatively tranquil.

However, the capacity for rapid global growth is restrained by structural factors, including an aging population in developed countries, low productivity growth, and excess savings. Cyclical factors, such as the Fed moving toward the normalization of monetary policy and the length of the current expansion, also limit economic growth. Tempered economic growth and high valuations across most assets have laid the groundwork for muted returns going forward. At current valuation levels, potential equity gains will likely be closely tied to the pace of earnings growth, which has remained solid thus far in 2017.

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 for further insight about investing in today's markets.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Rob Kapito

President, BlackRock Advisors, LLC

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Total Returns as of August 31, 2017

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	5.65%	16.23%
U.S. small cap equities (Russell 2000® Index)	2.04	14.91
International equities (MSCI Europe, Australasia, Far East Index)	12.14	17.64
Emerging market equities (MSCI Emerging Markets Index)	18.02	24.53
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.40	0.62
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	3.10	(3.26)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	2.74	0.49
Tax-exempt municipal bonds (S&P Municipal Bond Index)	3.51	0.92
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	3.03	8.62

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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Trust Summary as of August 31, 2017

BlackRock Core Bond Trust

Trust Overview

BlackRock Core Bond Trust's (BHK) (the Trust) investment objective is to provide current income and capital appreciation. The Trust seeks to achieve its investment objective by investing at least 75% of its managed assets in bonds that are investment grade quality at the time of investment. The Trust's investments will include a broad range of bonds, including corporate bonds, U.S. government and agency securities and mortgage-related securities. The Trust may invest up to 25% of its total managed assets in bonds that at the time of investment are rated Ba/BB or below by Moody's Investors Service, Inc. (Moody's), Standard & Poors Ratings Group (S&P), Fitch Ratings (Fitch) or another nationally recognized rating agency or bonds that are unrated but judged to be of comparable quality by the investment adviser. The Trust may invest up to 10% of its managed assets in bonds issued in foreign currencies. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

Trust Information

Symbol on New York Stock Exchange (NYSE)	BHK
Initial Offering Date	November 27, 2001
Current Distribution Rate on Closing Market Price as of August 31, 2017 (\$14.10) ¹	5.53%
Current Monthly Distribution per Common Share ²	\$0.065
Current Annualized Distribution per Common Share ²	\$0.780
Economic Leverage as of August 31, 2017 ³	26%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ Represents reverse repurchase agreements outstanding as a percentage of total managed assets, which is the total assets of the Trust (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 Trust, please see The Benefits and Risks of Leveraging on page 13.

Market Price and Net Asset Value Per Share Summary

	8/31/17	8/31/16	Change	High	Low
Market Price	\$ 14.10	\$ 14.33	(1.61)%	\$ 14.34	\$ 12.59
Net Asset Value	\$ 14.96	\$ 15.25	(1.90)%	\$ 15.29	\$ 13.99

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

Performance and Portfolio Management Commentary

Returns for the period ended August 31, 2017 were as follows:

	Average Annual Total Returns		
	1 Year	3 Years	5 Years
Trust at NAV ^{1,2}	3.88%	6.26%	6.55%
Trust at Market Price ^{1,2}	4.20	8.11	5.02
Reference Benchmark ³	1.58	3.98	3.83
Bloomberg Barclays U.S. Long Government/Credit Index ⁴	(1.08)	4.90	4.02
Bloomberg Barclays Intermediate Credit Index ⁵	1.92	2.79	2.80
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index ⁶	8.62	4.79	6.47
Bloomberg Barclays CMBS, Eligible for U.S. Aggregate ⁷	0.63	3.06	2.97
Bloomberg Barclays MBS Index ⁸	0.80	2.46	2.05
Bloomberg Barclays ABS Index ⁹	1.36	1.83	1.41

¹ All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Trust's use of leverage.

² The Trust's discount to NAV narrowed during the period, which accounts for the difference between performance based on market price and performance based on NAV.

³ The Reference Benchmark is comprised of the Bloomberg Barclays U.S. Long Government/Credit Index (40%); Bloomberg Barclays Intermediate Credit Index (24%); Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (16%); Bloomberg Barclays CMBS, Eligible for U.S. Aggregate Index (8%); Bloomberg Barclays MBS Index (8%); and Bloomberg Barclays ABS Index (4%). The Reference Benchmark's index content and weightings may have varied over past periods.

⁴ This unmanaged index is the long component of the Bloomberg Barclays U.S. Government/Credit Index. This unmanaged index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states and territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt.

⁵ This unmanaged index is the intermediate component of the Bloomberg Barclays U.S. Credit Index. The Bloomberg Barclays U.S. Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

⁶ 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.

⁷ This unmanaged index is the CMBS component of the Bloomberg Barclays U.S. Aggregate Index.

⁸ This unmanaged index is a market value-weighted index, which covers the mortgage-backed securities component of the Bloomberg Barclays U.S. Aggregate Bond Index. The unmanaged index is comprised of agency mortgage-backed pass-through securities of the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac) with a minimum \$150 million par amount outstanding and a weighted-average maturity of at least 1 year. The index includes reinvestment of income.

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⁹ This unmanaged index is the asset-backed securities component of the Bloomberg Barclays U.S. Aggregate 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.

Beginning with this reporting period, BHK is presenting the Reference Benchmark to accompany trust performance. The Reference Benchmark is presented for informational purposes only, as the Trust is actively managed and does not seek to track or replicate the performance of the Reference Benchmark or any other index. The portfolio investments of the Trust may differ substantially from the securities that comprise the indices within the Reference Benchmark, which may cause the Trust's performance to differ materially from that of the Reference Benchmark. The Trust employs leverage as part of its investment strategy, which may change over time at the discretion of BlackRock Advisors, LLC (the Manager) as market and other conditions warrant. In contrast, the Reference Benchmark is not adjusted for leverage. Therefore, leverage generally may result in the Trust outperforming the Reference Benchmark in rising markets and underperforming in declining markets. The Board considers additional factors to evaluate the Trust's performance, such as the performance of the Trust relative to a peer group of funds, a leverage-adjusted benchmark and/or other information provided by the Manager.

More information about the Trust's historical performance can be found in the Closed End Funds section of <http://www.blackrock.com>.

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

What factors influenced performance?

The largest positive contributions to the Trust's performance came from its holdings of high yield bonds, investment grade corporate bonds, asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS). Allocations to capital securities and non-agency residential mortgage-backed securities (MBS) also contributed positively.

The principal detractor from the Trust's performance was its allocation to U.S. Treasuries.

Describe recent portfolio activity.

Over the reporting period, the Trust increased credit risk within MBS, CMBS and investment grade corporates. This proved beneficial to performance as spreads tightened over the period. From a sector perspective, the Trust's allocation to global sovereign/supranational/agency issues and U.S. Treasuries was slightly reduced and rotated into investment grade corporate securities, high yield corporate bonds and agency collateralized mortgage obligations (CMO).

Performance and Portfolio Management Commentary (concluded)**Describe portfolio positioning at period end.**

At period end, the Trust maintained diversified exposure within non-government spread sectors, including investment grade corporates, high yield corporates, CMBS and ABS, as well as smaller allocations to non-agency residential MBS. The Trust also held exposure to government-related sectors such as U.S. Treasuries, agency debt and agency MBS.

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.

Overview of the Trust's Total Investments

Portfolio Composition	8/31/17	8/31/16
Corporate Bonds	50%	47%
U.S. Treasury Obligations	11	14
Preferred Securities	9	10
Asset-Backed Securities	8	8
Non-Agency Mortgage-Backed Securities	8	10
U.S. Government Sponsored Agency Securities	8	6
Municipal Bonds	2	2
Foreign Agency Obligations	2	2
Floating Rate Loan Interests	1	1
Options Purchased	1	¹
Short-Term Securities	1	1
Options Written	(1)	(1)
Other		¹

¹ Representing less than 1% of the Trust's total investments and Other may include Common Stocks and Options Purchased.

Credit Quality Allocation^{2,3}	8/31/17	8/31/16
AAA/Aaa ⁴	23%	24%
AA/Aa	6	4
A	16	14
BBB/Baa	28	22
BB/Ba	12	17
B	8	12
CCC/Caa	2	4
N/R	5	3

² 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.

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³ Excludes Short-Term Securities, Options Purchased and Options Written.

⁴ The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

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ANNUAL REPORT

AUGUST 31, 2017

Trust Summary as of August 31, 2017

BlackRock Corporate High Yield Fund, Inc.

Trust Overview

BlackRock Corporate High Yield Fund, Inc.'s (HYT) (the Trust) primary investment objective is to provide shareholders with current income. The Trust's secondary investment objective is to provide shareholders with capital appreciation. The Trust seeks to achieve its investment objectives by investing primarily in a diversified portfolio of fixed income securities which are rated at the time of investment to be below investment grade or, if unrated, are considered by the investment adviser to be of comparable quality. The Trust may invest directly in fixed income securities or synthetically through the use of derivatives.

No assurance can be given that the Trust's investment objectives will be achieved.

Trust Information

Symbol on NYSE	HYT
Initial Offering Date	May 30, 2003
Current Distribution Rate on Closing Market Price as of August 31, 2017 (\$11.13) ¹	7.55%
Current Monthly Distribution per Common Share ²	\$0.07
Current Annualized Distribution per Common Share ²	\$0.84
Economic Leverage as of August 31, 2017 ³	30%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ Represents bank borrowings as a percentage of total managed assets, which is the total assets of the Trust (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 Trust, please see The Benefits and Risks of Leveraging on page 13.

Market Price and Net Asset Value Per Share Summary

	8/31/17	8/31/16	Change	High	Low
Market Price	\$ 11.13	\$ 10.88	2.30%	\$ 11.36	\$ 9.86
Net Asset Value	\$ 12.22	\$ 11.79	3.65%	\$ 12.35	\$ 11.48

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

Performance and Portfolio Management Commentary

Returns for the period ended August 31, 2017 were as follows:

	Average Annual Total Returns		
	1 Year	3 Years	5 Years
Trust at NAV ^{1,2}	12.41%	5.68%	8.98%
Trust at Market Price ^{1,2}	10.94	6.31	5.88
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index ³	8.62	4.79	6.47

¹ All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Trust's use of leverage.

² The Trust's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

³ An unmanaged index (the Reference Benchmark) 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. 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.

Beginning with this reporting period, HYT is presenting the Reference Benchmark to accompany trust performance. The Reference Benchmark is presented for informational purposes only, as the Trust is actively managed and does not seek to track or replicate the performance of the Reference Benchmark or any other index. The portfolio investments of the Trust may differ substantially from the securities that comprise the indices within the Reference Benchmark, which may cause the Trust's performance to differ materially from that of the Reference Benchmark. The Trust employs leverage as part of its investment strategy, which may change over time at the discretion of the Manager as market and other conditions warrant. In contrast, the Reference Benchmark is not adjusted for leverage. Therefore, leverage generally may result in the Trust outperforming the Reference Benchmark in rising markets and underperforming in declining markets. The Board considers additional factors to evaluate the Trust's performance, such as the performance of the Trust relative to a peer group of funds, a leverage-adjusted benchmark and/or other information provided by the Manager.

More information about the Trust's historical performance can be found in the Closed End Funds section of <http://www.blackrock.com>.

The following discussion relates to the Trust's performance based on NAV:

What factors influenced performance?

High yield corporate bonds and floating rate loan interests (bank loans) both benefited from the strong appetite for credit over much of the 12-month period. On a sector basis, the largest contributors over the annual period included the metals & mining, wireless, and banking sectors, while railroad, retail real estate investment trusts, and natural gas made more modest contributions. B-rated, BBB-rated, and CCC-rated names were the largest contributors, as the lower credit quality portions of both the high yield and bank loan markets drove the overall rally across the two asset classes. Finally, bank loans, high yield exchange traded funds (ETFs), high yield credit default swap indices (CDX), and total return swaps were substantial positive contributors to performance.

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The largest detractors from performance included the Trust's underweight to the oil field services and finance sectors. Security selection within CC- and C- names were slight detractors. Other detractors over the annual period were risk management portfolio strategies, in particular downside protection on the Russell 2000® and S&P 500® indices.

For liquidity purposes, the Trust utilizes high yield ETFs, index CDX, and swaps to express high yield index positions. Over the annual period ending August 31, 2017, these liquid positions were positive contributors to performance as the high yield market was up for the year. In addition, the Trust may occasionally utilize S&P 500® or Russell 2000® equity index futures or options as a means of obtaining equity exposure or reducing portfolio risk, since high yield, and lower-rated high yield in particular, has a high correlation to equity. The Trust used S&P 500® futures to manage its equity exposure over the annual period, and these positions slightly detracted as the S&P 500® produced positive returns.

Describe recent portfolio activity.

As the period progressed, the Trust moderately added risk as the broad leveraged finance markets displayed strength. Additionally, the Trust's portfolio management made incremental changes on a sector-by-sector basis, most notably adding to technology names, while reducing exposure to energy and retail. Throughout the annual period, the Trust held allocations to bank loans, collateralized loan obligations, and preferred equity and equity-like securities in addition to its core high yield bond exposure. While the Trust's broad credit positioning remained consistent over the annual period, the BBB-rated allocation was slightly trimmed in favor of CCC-rated names.

Describe portfolio positioning at period end.

At period end, the Trust held the majority of its portfolio in corporate bonds, although it held modest positions in other types of securities. Within high yield corporates, the Trust maintained its highest concentration in BB- and B-rated issuers. Importantly, the Trust held fewer positions in the highest-yielding segment of the lower-rated universe where downside risks are greater if volatility picks up or the credit cycle turns over. The Trust's largest sector positions were within the technology, cable & satellite, and independent energy sectors. By contrast, the Trust avoided certain retailers and leisure issuers, where

Performance and Portfolio Management Commentary (concluded)

fundamentals continued to deteriorate. Within energy, the Trust favored higher quality issuers within the independent energy sector, while avoiding more cyclical names within oil field services. The Trust also remained focused on industries and companies with stable business profiles and consistent cash flow, while avoiding areas of the markets with longer-term concerns and/or deteriorating fundamental trends.

At period end, the Trust's portfolio management maintained a bias toward issues and credits with strong cash-flow expectations, a specific potential catalyst and/or idiosyncratic issuer characteristics.

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.

Overview of the Trust's Total Investments

Portfolio Composition	8/31/17	8/31/16
Corporate Bonds	82%	79%
Floating Rate Loan Interests	8	9
Preferred Securities	5	4
Asset-Backed Securities	3	2
Investment Companies	1	1
Common Stocks	1	4
Other	¹	1

¹ Representing less than 1% of the Trust's total investments and Other may include Non-Agency Mortgage-Backed Securities, Warrants, Other Interests, Short-Term Securities, Options Purchased and Options Written.

Credit Quality Allocation^{2,3}	8/31/17	8/31/16
A	1%	3%
BBB/Baa	7	10
BB/Ba	37	40
B	41	35
CCC/Caa	9	8
N/R	5	4

² 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.

³ Excludes Short-Term Securities, Options Purchased and Options Written.

Trust Summary as of August 31, 2017

BlackRock Income Trust, Inc.

Trust Overview

BlackRock Income Trust, Inc. s (BKT) (the Trust) investment objective is to manage a portfolio of high-quality securities to achieve both preservation of capital and high monthly income. The Trust seeks to achieve its investment objective by investing at least 65% of its assets in mortgage-backed securities. The Trust invests at least 80% of its assets in securities that are (i) issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or (ii) rated at the time of investment either AAA by S&P or Aaa by Moody s. The Trust may invest directly in such securities or synthetically through the use of derivatives.

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

Trust Information

Symbol on NYSE	BKT
Initial Offering Date	July 22, 1988
Current Distribution Rate on Closing Market Price as of August 31, 2017 (6.31) ¹	5.04%
Current Monthly Distribution per Common Share ²	\$0.0265
Current Annualized Distribution per Common Share ²	\$0.3180
Economic Leverage as of August 31, 2017 ³	30%

¹ 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.

² The distribution rate is not constant and is subject to change.

³ Represents reverse repurchase agreements outstanding as a percentage of total managed assets, which is the total assets of the Trust (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 Trust, please see the Benefits and Risks of Leveraging on page 13.

Market Price and Net Asset Value Per Share Summary

	8/31/17	8/31/16	Change	High	Low
Market Price	\$ 6.31	\$ 6.60	(4.39)%	\$ 6.61	\$ 6.08
Net Asset Value	\$ 6.74	\$ 6.96	(3.16)%	\$ 6.98	\$ 6.65

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

Performance and Portfolio Management Commentary

Returns for the period ended August 31, 2017 were as follows:

	Average Annual Total Returns		
	1 Year	3 Years	5 Years
Trust at NAV ^{1,2}	1.82%	3.00%	2.69%
Trust at Market Price ^{1,2}	0.53	5.03	2.16
Citigroup Mortgage Index ³	0.81	2.46	2.04

¹ All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices. Performance results reflect the Trust's use of leverage.

² The Trust's discount to NAV widened during the period, which accounts for the difference between performance based on market price and performance based on NAV.

³ This unmanaged index (the Reference Benchmark) includes all outstanding government sponsored fixed rate mortgage-backed securities, weighted in proportion to their current market capitalization.

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.

Beginning with this reporting period, BKT is presenting the Reference Benchmark to accompany trust performance. The Reference Benchmark is presented for informational purposes only, as the Trust is actively managed and does not seek to track or replicate the performance of the Reference Benchmark or any other index. The portfolio investments of the Trust may differ substantially from the securities that comprise the indices within the Reference Benchmark, which may cause the Trust's performance to differ materially from that of the Reference Benchmark. The Trust employs leverage as part of its investment strategy, which may change over time at the discretion of the Manager as market and other conditions warrant. In contrast, the Reference Benchmark is not adjusted for leverage. Therefore, leverage generally may result in the Trust outperforming the Reference Benchmark in rising markets and underperforming in declining markets. The Board considers additional factors to evaluate the Trust's performance, such as the performance of the Trust relative to a peer group of funds, a leverage-adjusted benchmark and/or other information provided by the Manager.

More information about the Trust's historical performance can be found in the Closed End Funds section of <http://www.blackrock.com>.

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

What factors influenced performance?

The largest contributors to performance during the 12-month period were the Trust's interest rate risk management strategies, utilizing U.S. Treasury futures held as short positions against the Trust's long positions in agency mortgage-backed securities (MBS). This positioning benefited performance as rates moved higher. Other contributions to returns came from allocations to agency collateralized mortgage obligations (CMOs), 30-year agency pass-through positions, allocations to agency interest-only and principal-only bonds, and holdings in legacy (i.e., issued prior to 2008) non-agency residential MBS and commercial mortgage-backed securities (CMBS).

The largest detractors from performance were swap- and swaption-based strategies, and allocations to U.S. agency securities, although the negative effect on the Trust's return from each was minimal.

The Trust held derivatives during the period as a part of its investment strategy. Derivatives are used by the portfolio management team as a means to manage interest rate risk and/or take outright views on interest rates and/or credit risk positions in the portfolio. A short position in U.S. Treasury futures held as a strategy to MBS positions contributed strongly to performance into the post-election selloff in interest rates. The Trust also tactically allocated to mortgage derivatives to gain specific market exposure to collateral stories when relative value opportunities presented themselves. The Trust's overall use of derivatives had a positive effect on performance during the period.

Describe recent portfolio activity.

The Trust decreased its exposure to agency pass-throughs during the period, while maintaining exposure to agency CMOs. The Trust's allocation to legacy non-agency residential MBS was unchanged. Within CMBS, exposures were slightly reduced as the risk profile became less favorable in the wake of significant spread tightening. The Trust's allocation to asset-backed securities remained minimal.

Describe portfolio positioning at period end.

At period end, the Trust's portfolio management remained constructive regarding the agency mortgage sector. Portfolio management believes that many high quality mortgage cash flows appear attractive versus other sectors, especially given the fact that agency mortgages have broadly underperformed most credit sectors since November 2016. The Trust continued to favor less-prepayment-sensitive issues through overweight positions in high quality and well-structured agency CMOs, as well as specified pools where the attributes of the underlying borrower help to improve the overall risk profile. With spreads in most risk assets at their tightest levels since mid-2014, the Trust's exposures to securitized assets such as legacy non-agency residential MBS and CMBS have remained minimal, as the Trust's portfolio management has little conviction in the Trust holding spread assets purely for price appreciation.

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.

Overview of the Trust's Total Investments

Portfolio Composition	8/31/17	8/31/16
U.S. Government Sponsored Agency Securities	113%	97%
U.S. Treasury Obligations	2	2
Short-Term Securities	2	1
Non-Agency Mortgage-Backed Securities	1	1
Asset-Backed Securities	¹	1
Borrowed Bonds ¹		
TBA Sale Commitments	(18)	(2)

¹ Representing less than 1% of the Trust's total investments.

Credit Quality Allocation^{2,3}	8/31/17	8/31/16
AAA/Aaa ⁴	99%	99%
BBB	1	1

² 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.

³ Excludes Money Market Funds.

⁴ The investment adviser evaluates the credit quality of not-rated investments based upon certain factors including, but not limited to, credit ratings for similar investments and financial analysis of sectors and individual investments. Using this approach, the investment adviser has deemed U.S. Government Sponsored Agency Securities and U.S. Treasury Obligations as AAA/Aaa.

The Benefits and Risks of Leveraging

The Trusts may utilize leverage to seek to enhance the distribution rate on, and net asset value (NAV) of, their common shares (Common Shares). However, these objectives cannot be achieved in all interest rate environments.

In general, the concept of leveraging is based on the premise that the financing cost of leverage, which is based on short-term interest rates, is normally lower than the income earned by a Trust on its longer-term portfolio investments purchased with the proceeds from leverage. To the extent that the total assets of the Trusts (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Trusts' shareholders benefit from the incremental net income. The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV.

To illustrate these concepts, assume a Trust's capitalization is \$100 million and it utilizes leverage for an additional \$30 million, creating a total value of \$130 million available for investment in longer-term income securities. If prevailing short-term interest rates are 3% and longer-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, a Trust's financing costs on the \$30 million of proceeds obtained from leverage are based on the lower short-term interest rates. At the same time, the securities purchased by a Trust with the proceeds from leverage earn income based on longer-term interest rates. In this case, a Trust's financing cost of leverage is significantly lower than the income earned on a Trust's longer-term investments acquired from such leverage proceeds, and therefore the holders of Common Shares (Common Shareholders) are the beneficiaries of the incremental net income.

However, in order to benefit shareholders, the return on assets purchased with leverage proceeds must exceed the ongoing costs associated with the leverage. If interest and other costs of leverage exceed the Trusts' return on assets purchased with leverage proceeds, income to shareholders is lower than if the Trusts had not used leverage. Furthermore, the value of the Trusts' portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the value of the Trusts' obli-

gations under their respective leverage arrangements generally does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Trusts' NAVs positively or negatively. Changes in the future direction of interest rates are very difficult to predict accurately, and there is no assurance that the Trusts' intended leveraging strategy will be successful.

The use of leverage also generally causes greater changes in each Trust's NAV, market price and dividend rates than comparable portfolios without leverage. In a declining market, leverage is likely to cause a greater decline in the NAV and market price of a Trust's shares than if the Trust were not leveraged. In addition, each Trust may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Trusts to incur losses. The use of leverage may limit a Trust's ability to invest in certain types of securities or use certain types of hedging strategies. Each Trust incurs expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income to the shareholders. Moreover, to the extent the calculation of the Trusts' investment advisory fees includes assets purchased with the proceeds of leverage, the investment advisory fees payable to the Trusts' investment adviser will be higher than if the Trusts did not use leverage.

Each Trust may utilize leverage through a credit facility or reverse repurchase agreements as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the 1940 Act), the Trusts are permitted to issue debt up to 33 1/3% of their total managed assets. A Trust may voluntarily elect to limit its leverage to less than the maximum amount permitted under the 1940 Act. In addition, a Trust may also be subject to certain asset coverage, leverage or portfolio composition requirements imposed by its credit facility, which may be more stringent than those imposed by the 1940 Act.

If a Trust segregates or designates on its books and records cash or liquid assets having a value not less than the value of a Trust's obligations under the reverse repurchase agreement (including accrued interest) then such transaction is not considered a senior security and is not subject to the foregoing limitations and requirements imposed by the 1940 Act.

Derivative Financial Instruments

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The Trusts may invest in various derivative financial instruments. These instruments are used to obtain exposure to a security, commodity, index, market, and/or other assets without owning or taking physical custody of securities, commodities and/or other referenced assets or to manage market, equity, credit, interest rate, foreign currency exchange rate, commodity and/or other risks. Derivative financial instruments may give rise to a form of economic leverage and involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the

transaction or illiquidity of the instrument. The Trusts' successful use of a derivative financial instrument depends on the investment adviser's ability to predict pertinent market movements accurately, which cannot be assured. The use of these instruments may result in losses greater than if they had not been used, may limit the amount of appreciation a Trust can realize on an investment and/or may result in lower distributions paid to shareholders. The Trusts' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2017

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Schedule of Investments August 31, 2017

BlackRock Core Bond Trust (BHK)

(Percentages shown are based on Net Assets)

Asset-Backed Securities	Par (000)	Value
Asset-Backed Securities 10.9%		
AIMCO CLO, Series 2014-AA, Class DR, (3 mo. LIBOR US + 3.250%), 4.56%, 7/20/26 (a)(b)	USD 795	\$ 795,016
ALM VI Ltd., Series 2012-6A, Class B2RR, (3 mo. LIBOR US + 2.050%), 3.35%, 7/15/26 (a)(b)	1,000	1,000,305
ALM XVI Ltd/ALM XVI LLC, Series 2015-16A, Class C2R, (3 mo. LIBOR US + 3.200%), 4.50%, 7/15/27 (a)(b)	2,080	2,061,913
Anchorage Capital CLO Ltd. (a)(b):		
Series 2014-4A, Class CR, (3 mo. LIBOR US + 3.400%), 4.71%, 7/28/26	1,975	1,974,519
Series 2016-9A, Class D, (3 mo. LIBOR US + 4.000%), 5.30%, 1/15/29	650	657,500
Apidos CLO XIX, Series 2014-19A, Class DR, (3 mo. LIBOR US + 3.400%), 4.70%, 10/17/26 (a)(b)	1,000	1,005,339
Ares XXVIII CLO Ltd., Series 2013-3A, Class DR, (3 mo. LIBOR US + 3.250%), 4.55%, 10/17/24 (a)(b)	1,000	1,002,911
Ares XXXII CLO Ltd., Series 2014-32A, Class CR, (3 mo. LIBOR US + 3.450%), 4.77%, 11/15/25 (a)(b)	1,250	1,250,128
Atlas Senior Loan Fund Ltd., (3 mo. LIBOR US + 3.900%), 5.10%, 11/30/28 (a)(b)	1,250	1,255,283
Babson CLO Ltd., Series 2013-IA, Class D, (3 mo. LIBOR US + 3.500%), 4.81%, 4/20/25 (a)(b)	1,500	1,506,041
Ballyrock CLO LLC, Series 2014-1A, Class CR, (3 mo. LIBOR US + 3.650%), 4.96%, 10/20/26 (a)(b)	1,970	1,953,497
Battalion CLO VII Ltd., Series 2014-7A, Class C, (3 mo. LIBOR US + 3.900%), 5.20%, 10/17/26 (a)(b)	1,000	1,000,011
BlueMountain CLO Ltd., Series 2014-3A, Class CR, (3 mo. LIBOR US + 3.200%), 4.50%, 10/15/26 (a)(b)	1,000	1,000,531
Bowman Park CLO Ltd., Series 2014-1A, Class D2R, (3 mo. LIBOR US + 3.350%), 4.66%, 11/23/25 (a)(b)	3,000	3,005,354
CenterPoint Energy Transition Bond Co. IV LLC, Series 2012-1, Class A3, 3.03%, 10/15/25	2,210	2,296,680
CIFC Funding Ltd. (a)(b):		
Series 2012-3A, Class B1R, (3 mo. LIBOR US + 4.000%), 5.31%, 1/29/25	2,500	2,510,769
Series 2014-4A, Class D, (3 mo. LIBOR US + 3.400%), 4.70%, 10/17/26	2,000	2,010,325
Countrywide Asset-Backed Certificates, Series 2006-13, Class 3AV2, (1 mo. LIBOR US + 0.150%), 1.38%, 1/25/37 (a)	237	235,035
DCP Rights LLC, Series 2014-1A, Class A, 5.46%, 10/25/44 (b)	3,857	3,955,551
Asset-Backed Securities	Par (000)	Value
Asset-Backed Securities (continued)		
Dryden Senior Loan Fund (a)(b):		
Series 2014-31A, Class DR, (3 mo. LIBOR US + 3.350%), 4.65%, 4/18/26	USD 1,250	\$ 1,256,709
Series 2014-34A, Class CR, (3 mo. LIBOR US + 2.150%), 3.45%, 10/15/26	1,000	1,001,635
Series 2015-41A, Class A, (3 mo. LIBOR US + 1.500%), 2.80%, 1/15/28	2,550	2,557,653
Galaxy XIV CLO Ltd., Series 2012-14A, Class DR, (3 mo. LIBOR US + 4.300%), 5.62%, 11/15/26 (a)(b)	1,000	1,003,917
Galaxy XV CLO Ltd., Series 2013-15A, Class C, (3 mo. LIBOR US + 2.600%), 3.90%, 4/15/25 (a)(b)	1,000	1,000,453
GoldenTree Loan Opportunities IX Ltd., Series 2014-9A, Class D, (3 mo. LIBOR US + 3.500%), 4.81%, 10/29/26 (a)	1,000	1,001,667
Highbridge Loan Management Ltd., Series 5A-2015 (a)(b):		
Class C1R, (3 mo. LIBOR US + 2.100%), 3.41%, 1/29/26	4,000	4,010,088
Class D1R, (3 mo. LIBOR US + 3.300%), 4.61%, 1/29/26	500	500,260
Limerock CLO III LLC, Series 2014-3A, Class C, (3 mo. LIBOR US + 3.600%), 4.91%, 10/20/26 (a)(b)	3,750	3,749,290
Madison Park Funding XV Ltd., Series 2014-15A, Class B1R, (3 mo. LIBOR US + 2.200%), 3.52%, 1/27/26 (a)(b)	1,800	1,802,874
Nelnet Student Loan Trust, Series 2006-1, Class A5, (3 mo. LIBOR US + 0.110%), 1.42%, 8/23/27 (a)	670	667,824
Neuberger Berman CLO XV, Series 2013-15A, Class D, (3 mo. LIBOR US + 3.250%), 4.55%, 10/15/25 (a)(b)	1,000	997,613
	2,250	2,267,485

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Neuberger Berman CLO XVIII Ltd., Series 2014-18A, Class CR, (3 mo. LIBOR US + 4.250%), 5.56%, 11/14/27 (a)(b)		
Oaktree EIF II Ltd., Series 2015-B1A, Class C, (3 mo. LIBOR US + 3.100%), 4.42%, 2/15/26 (a)(b)	1,000	1,000,954
OCP CLO Ltd., Series 2012-2A, Class DR, (3 mo. LIBOR US + 4.470%), 5.78%, 11/22/25 (a)(b)	1,000	1,005,988
Octagon Investment Partners XXI Ltd., Series 2014-1A, Class C, (3 mo. LIBOR US + 3.650%), 4.96%, 11/14/26 (a)(b)	2,000	2,010,482
OneMain Financial Issuance Trust, Series 2015-2A, Class C, 4.32%, 7/18/25 (b)	5,000	5,009,181
OZLM Funding III Ltd., Series 2013-3A, Class BR, (3 mo. LIBOR US + 3.000%), 4.31%, 1/22/29 (a)(b)	1,500	1,517,871
OZLM VII Ltd., Series 2014-7A, Class CR, (3 mo. LIBOR US + 3.500%), 4.80%, 7/17/26 (a)(b)	950	954,589

Portfolio Abbreviations

AUD	Australian Dollar	GBP	British Pound	OTC	Over-the-Counter
CAD	Canadian Dollar	GO	General Obligation Bonds	PIK	Payment-In-Kind
CHF	Swiss Franc	ICE	Intercontinental Exchange	RB	Revenue Bonds
CLO	Collateralized Loan Obligation	JPY	Japanese Yen	SEK	Swedish Krona
ETF	Exchange-Traded Fund	LIBOR	London Interbank Offered Rate	USD	U.S. Dollar
EUR	Euro	NOK	Norwegian Krone		
EURIBOR	Euro Interbank Offered Rate	NZD	New Zealand Dollar		

See Notes to Financial Statements.

Schedule of Investments (continued)

BlackRock Core Bond Trust (BHK)

	Par (000)	Value
Asset-Backed Securities		
Asset-Backed Securities (continued)		
OZLM VIII Ltd., Series 2014-8A, Class CR, (3 mo. LIBOR US + 3.400%), 4.70%, 10/17/26 (a)(b)	USD 1,750	\$ 1,750,919
Regatta V Funding Ltd., Series 2014-1A, Class C, (3 mo. LIBOR US + 3.450%), 4.76%, 10/25/26 (a)(b)	2,000	1,999,526
Rockford Tower CLO Ltd., Series 2017-1A, Class D, (3 mo. LIBOR US + 3.250%), 4.62%, 4/15/29 (a)(b)	750	720,820
SLM Private Education Loan Trust (b):		
Series 2012-A, Class A2, 3.83%, 1/17/45	542	550,784
Series 2014-A, Class B, 3.50%, 11/15/44	500	513,517
SMB Private Education Loan Trust, Series 2015-C, Class C, 4.50%, 9/17/46 (b)	5,900	6,056,650
Sound Point CLO IV Ltd., Series 2013-3A, Class DR, (3 mo. LIBOR US + 3.400%), 4.71%, 1/21/26 (a)(b)	700	700,326
Sound Point CLO VII Ltd., Series 2014-3A, Class D, (3 mo. LIBOR US + 3.600%), 4.91%, 1/23/27 (a)(b)	1,250	1,251,446
Sound Point CLO XIV Ltd., Series 2016-3A, Class D, (3 mo. LIBOR US + 3.850%), 5.16%, 1/23/29 (a)(b)	1,550	1,565,382
Stewart Park CLO Ltd., Series 2015-1A, Class D, (3 mo. LIBOR US + 3.450%), 4.75%, 4/15/26 (a)(b)	1,000	1,000,831
Structured Asset Securities Corp., Series 2002-AL1, Class A2, 3.45%, 2/25/32	664	661,516
THL Credit Wind River CLO Ltd., Series 2014-3A, Class DR, (3 mo. LIBOR US + 3.350%), 4.66%, 1/22/27 (a)(b)	1,000	1,000,539
Voya CLO Ltd., Series 2016-3A, Class D, (3 mo. LIBOR US + 6.850%), 8.15%, 10/18/27 (a)(b)	615	618,550
World Financial Network Credit Card Master Trust, Series 2012-C, Class C, 4.55%, 8/15/22	2,360	2,414,639
York CLO-3 Ltd., Series 2016-1A, Class DR, (3 mo. LIBOR US + 3.600%), 4.91%, 10/20/29 (a)(b)(c)	1,750	1,750,000
York CLO-4 Ltd., Series 2016-2A, Class D, (3 mo. LIBOR US + 4.100%), 5.41%, 1/20/30 (a)(b)	1,500	1,513,539
		87,862,225
Interest Only Asset-Backed Securities 0.0%		
Sterling Bank Trust, Series 2004-2, Class Note, 2.08%, 3/30/30 (b)(c)	2,779	166,761
Sterling Coofs Trust, Series 2004-1, Class A, 2.36%, 4/15/29 (b)(c)	3,477	153,177
		319,938
Total Asset-Backed Securities 10.9%		88,182,163
Corporate Bonds		
Aerospace & Defense 1.1%		
Arconic, Inc.:		
5.40%, 4/15/21	340	364,650
5.13%, 10/01/24	605	641,300
5.90%, 2/01/27	70	76,300
6.75%, 1/15/28	54	61,560
5.95%, 2/01/37	30	31,419
	Par (000)	Value
Corporate Bonds		
Aerospace & Defense (continued)		
Bombardier, Inc. (b):		
8.75%, 12/01/21	USD 564	\$ 640,665
6.00%, 10/15/22	115	116,725
6.13%, 1/15/23	380	389,857
7.50%, 3/15/25	314	334,214
Eaton Corp., 4.15%, 11/02/42	500	516,053
KLX, Inc., 5.88%, 12/01/22 (b)	791	829,561
Koppers, Inc., 6.00%, 2/15/25 (b)	151	160,060
Kratos Defense & Security Solutions, Inc., 7.00%, 5/15/19	60	60,900

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Lockheed Martin Corp., 4.70%, 5/15/46		1,250	1,417,721
Moog, Inc., 5.25%, 12/01/22 (b)		180	186,750
TransDigm, Inc.:			
5.50%, 10/15/20		211	214,228
6.00%, 7/15/22		635	657,225
6.50%, 7/15/24		191	198,401
6.50%, 5/15/25		132	135,960
6.38%, 6/15/26		26	26,748
United Technologies Corp., 6.13%, 7/15/38		1,450	1,875,263
			8,935,560
Air Freight & Logistics 0.3%			
FedEx Corp., 4.75%, 11/15/45		1,250	1,355,162
XPO Logistics, Inc.:			
5.75%, 6/15/21	EUR	100	123,780
6.50%, 6/15/22 (b)	USD	535	562,873
			2,041,815
Airlines 2.1%			
Air Canada Pass-Through Trust, Series 2015-1, Class B, 3.88%, 9/15/24 (b)		1,786	