

# Understanding floating payment managed distribution plans

October 2023

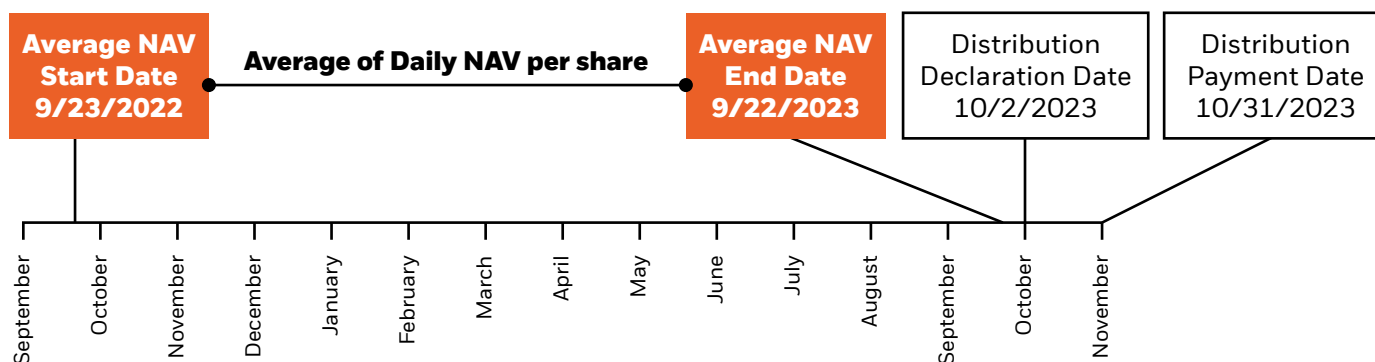
Managed distribution plans are typically used by closed-end funds (“CEFs”) that potentially generate earnings from multiple sources and seek to pay regular periodic distributions at a rate that is consistent with a fund’s total return (income plus price appreciation). Managed distributions may be derived from various sources of a fund’s return, including interest, dividends, capital gains and potentially return of capital – the composition will vary for each fund depending on its underlying holdings and portfolio turnover.

**A floating payment managed distribution plan** typically provides for periodic distributions based on a percentage of the fund’s average net asset value over a period of time. The plan gives investors transparency around what to expect from the fund’s distributions on a monthly basis. BlackRock CEFs with floating payment managed distribution plans will calculate their average net asset value for the rolling one-year period as of five business days prior to the start of the month in which the distribution is to be paid (see Exhibit 1).

## Exhibit 1: How BlackRock Science and Technology Term Trust’s (“BSTZ” or the “Trust”) October distribution was calculated under the floating payment managed distribution plan

Below is the timeline and calculation for BSTZ’s October distribution under the floating payment managed distribution plan targeting a **6% annualized rate**:

### Time period of NAV measurement:



**Distribution calculation:**

Average Daily NAV (per share)		Target Distribution Rate (annualized)				Monthly Distribution Rate (per share)
<b>\$20.640996</b>	x	<b>6%</b>	=	<b>\$1.238459</b>	=	<b>\$0.103210</b>
				<u>12 months</u>		

Source: BlackRock as of 9/30/23. As of 9/30/23, BSTZ's distribution is estimated to be 91% return of capital fiscal year to date.

This formula would be applied each month, and the distribution per share would be re-set and announced on the distribution declaration date (generally the first business day of the month).

The Trust has adopted a managed distribution plan (a “Plan”) to support a level distribution of income, capital gains and/or return of capital. **The annual distribution rate is subject to change at the discretion of the Trust’s Board of Trustees.** Under its Plan, the Trust will distribute all available investment income to its shareholders, consistent with its investment objectives and as required by the Internal Revenue Code of 1986, as amended. If sufficient investment income is not available for a monthly distribution, the Trust will distribute long-term capital gains and/or return capital to its shareholders in order to maintain its stated annual distribution rate under the Plan.

The Trust's estimated sources of the distributions paid this month and for their current fiscal year are as follows:

**Estimated Allocations as of September 30, 2023**

Trust	Distribution	Net income	Net realized short-term gains	Net realized long-term gains	Return of capital
BSTZ <sup>1</sup>	\$0.161300	\$0 (0%)	\$0 (0%)	\$0.134637 (83%)	\$0.026663 (17%)

**Estimated Allocations for the fiscal year through September 30, 2023**

Trust	Distribution	Net income	Net realized short-term gains	Net realized long-term gains	Return of capital
BSTZ <sup>1</sup>	\$1.513100	\$0 (0%)	\$0 (0%)	\$0.134640 (9%)	\$1.378460 (91%)

**Trust performance and distribution rate information:**

Trust	Average annual total return (in relation to NAV) for the 5-year period ending on 8/31/2023	Annualized current distribution rate expressed as a percentage of NAV as of 8/31/2023	Cumulative total return (in relation to NAV) for the fiscal year through 8/31/2023	Cumulative fiscal year distributions as a percentage of NAV as of 8/31/2023
BSTZ*	10.05%	9.09%	17.51%	6.35%

\* Portfolio launched within the past 5 years; the performance and distribution rate information presented for this Trust reflects data from inception to 8/31/2023. BSTZ's inception date was 6/25/2019.

**1** The Trust estimates that it has distributed more than its income and net-realized capital gains in the current fiscal year; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder's investment is paid back to the shareholder. A return of capital distribution does not necessarily reflect the Trust's investment performance and should not be confused with 'yield' or 'income.' When distributions exceed total return performance, the difference will reduce the Trust's net asset value per share.

**The amounts and sources of distributions reported are only estimates and are being provided to you pursuant to regulatory requirements and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Trust's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Trust will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.**

**Shareholders should not draw any conclusions about the Trust's investment performance from the amount of the Trust's current distributions or from the terms of the Trust's Plan.**

**All investments involve risk, including the possible loss of the principal amount invested.**

**Carefully consider the Trust's investment objective, risk factors and charges and expenses before investing. This and other information can be found in the Trust's shareholder report which may be obtained by visiting the SEC Edgar database. Read the shareholder report carefully before investing.**

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

BlackRock does not provide tax advice, and investors should consult their professional advisors before making any tax or investment decision. Investment return, price, yields (i.e., distribution rate) and NAV will fluctuate with changes in market conditions. At the time of sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your original investment. There is no assurance that a fund will meet its investment objective. Closed-end fund shares are not deposits or obligations of, or guaranteed by, any bank and are not insured by the FDIC or any other agency. Investing involves risk, including possible loss of principal amount invested. This is not a prospectus intended for use in the purchase or sale of any fund's shares.

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Some BlackRock CEFs may utilize leverage to seek to enhance the yield and net asset value of their common stock, through bank borrowings, issuance of short-term debt securities or shares of preferred stock, or a combination thereof. However, these objectives cannot be achieved in all interest rate environments. While leverage may result in a higher yield for the fund, the use of leverage involves risk, including the potential for higher volatility of the NAV, fluctuations of dividends and other distributions paid by the fund and the market price of the fund's common stock, among others. Certain funds may invest assets in securities of issuers domiciled outside the United States, including issuers from emerging markets. Foreign investing involves special risks, including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. Some BlackRock CEFs make distributions of ordinary income and capital gains at calendar year end. Those distributions temporarily cause extraordinarily high yields. There is no assurance that a fund will repeat that yield in the future. Subsequent monthly distributions that do not include ordinary income or capital gains in the form of dividends will likely be lower. Fund details, holdings and characteristics are as of the date noted and subject to change.

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**Equity market risks:** The price of equities may rise or fall because of changes in the broad market or changes in a company's financial condition – sometimes rapidly or unpredictable. These price movements may result from factor affecting individual companies, sectors or industries, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices may decline over short or extended periods of time.

**Private securities risks:** Restricted and Illiquid Investments Risk. Certain CEFs may invest without limitation in illiquid or less liquid investments or investments in which no secondary market is readily available, or which are otherwise illiquid, including private placement securities. CEFs may not be able to readily dispose of such investments at prices that approximate those at which the fund could sell such investments if they were more widely traded and, as a result of such illiquidity, a fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. Limited liquidity can also affect the market price of investments, thereby adversely affecting a fund's NAV and ability to make dividend distributions. The financial markets in general, and certain segments of the mortgage-related securities markets in particular, have in recent years experienced periods of extreme secondary market supply and demand imbalance, resulting in a loss of liquidity during which market prices were suddenly and substantially below traditional measures of intrinsic value. During such periods, some investments could be sold only at arbitrary prices and with substantial losses. Periods of such market dislocation may occur again at any time. Privately issued debt securities are often of below investment grade quality, frequently are unrated and present many of the same risks as investing in below investment grade public debt securities.

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