

BLACKROCK MUNICIPAL INCOME TRUST II
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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 811-21126

Name of Fund: BlackRock Municipal Income Trust II (BLE)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Municipal
Income Trust II, 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: 08/31/2018

Date of reporting period: 08/31/2018

Item 1 Report to Stockholders

AUGUST 31, 2018

ANNUAL REPORT

BlackRock Municipal Bond Trust (BBK)

BlackRock Municipal Income Investment Quality Trust (BAF)

BlackRock Municipal Income Quality Trust (BYM)

BlackRock Municipal Income Trust II (BLE)

BlackRock MuniHoldings Investment Quality Fund (MFL)

BlackRock MuniVest Fund, Inc. (MVF)

**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** 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

	6-month	12-month
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.

Table of Contents

	Page
<u>The Markets in Review</u>	2
Annual Report:	
<u>Municipal Market Overview</u>	4
<u>The Benefits and Risks of Leveraging</u>	5
<u>Derivative Financial Instruments</u>	5
<u>Trust Summaries</u>	6
Financial Statements:	
<u>Schedules of Investments</u>	18
<u>Statements of Assets and Liabilities</u>	57
<u>Statements of Operations</u>	59
<u>Statements of Changes in Net Assets</u>	61
<u>Statements of Cash Flows</u>	65
<u>Financial Highlights</u>	67
<u>Notes to Financial Statements</u>	73
<u>Report of Independent Registered Public Accounting Firm</u>	83
<u>Disclosure of Investment Advisory Agreements</u>	84
<u>Automatic Dividend Reinvestment Plans</u>	88
<u>Trustee and Officer Information</u>	89
<u>Additional Information</u>	92
<u>Glossary of Terms Used in this Report</u>	95

Municipal Market Overview For the Reporting Period Ended August 31, 2018

Municipal Market Conditions

Municipal bonds experienced positive performance during the period despite rising interest rates resulting from continued Fed monetary policy normalization, firmer economic data, and the impacts of fiscal stimulus. Ongoing reassurance from the Fed that rates would be increased gradually and would likely remain low overall resulted in continued demand for fixed income investments. More specifically, investors favored the tax-exempt income, diversification, quality, and value of municipal bonds amid fiscal policy uncertainty, which saw tax reform ultimately lower the top individual tax rate just 2.6% while eliminating deductions and increasing demand for tax shelter. During the 12 months ended August 31, 2018, municipal bond funds experienced net inflows of approximately \$22 billion (based on data from the Investment Company Institute).

For the same 12-month period, total new issuance was moderate from a historical perspective at \$373 billion (below the \$390 billion issued in the prior 12-month period), but displayed significant month to month volatility. Notably, issuance in December posted the highest monthly total on record at \$56 billion, as issuers rushed deals to market ahead of the expected elimination of the tax-exemption for advanced refunding bonds and possibly private activity bonds (PABs). Ultimately, the final version of the Tax Cuts and Jobs Act left PABs unchanged, though the elimination of advanced refundings has suppressed supply in 2018, providing a powerful technical tailwind.

A Closer Look at Yields

S&P Municipal Bond Index
Total Returns as of August 31, 2018
6 months: 1.78%
12 months: 0.61%

From August 31, 2017 to August 31, 2018, yields on AAA-rated 30-year municipal bonds increased by 32 basis points (bps) from 2.70% to 3.02%, while 10-year rates increased by 58 bps from 1.86% to 2.44% and 5-year rates increased by 90 bps from 1.12% to 2.02% (as measured by Thomson Municipal Market Data). The municipal yield curve bear flattened over the 12-month period with the spread between 2- and 30-year maturities flattening by 53 bps, however remained a significant 94 bps steeper than the corresponding U.S. Treasury curve.

During the same time period, on a relative basis, tax-exempt municipal bonds strongly outperformed U.S. Treasuries with the greatest outperformance experienced in the front and intermediate portions of the yield curve. The relative positive performance of municipal bonds was driven largely by a supply/demand imbalance within the municipal market as investors sought income and incremental yield in an environment where opportunities became increasingly scarce. The asset class is known for its lower relative volatility and preservation of principal with an emphasis on

income as tax rates rise.

Financial Conditions of Municipal Issuers

The majority of municipal credits remain strong, despite well-publicized problems among a few issuers. Four of the five states with the largest amount of debt outstanding—California, New York, Texas and Florida—continue to exhibit improved credit fundamentals. However, several states with the largest unfunded pension liabilities are faced with elevated borrowing costs and difficult budgetary decisions. Across the country on the local level, property values support credit stability. Revenue bonds continue to drive performance as investors continue to seek higher yield bonds in the tobacco sector. BlackRock maintains the view that municipal bond defaults will remain minimal and in the periphery while the overall market is fundamentally sound. We continue to advocate careful credit research and believe that a thoughtful approach to structure and security selection remains imperative amid uncertainty in a modestly improving economic environment.

The opinions expressed are those of BlackRock as of August 31, 2018, and are subject to change at any time due to changes in market or economic conditions. The comments should not be construed as a recommendation of any individual holdings or market sectors. Investing involves risk including loss of principal. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

The Standard & Poor's Municipal Bond Index, a broad, market value-weighted index, seeks to measure the performance of the U.S. municipal bond market. All bonds in the index are exempt from U.S. federal income taxes or subject to the AMT. Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index.

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, there is no guarantee that these objectives can 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 Common Shares 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 Common 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' obligations 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 Common 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 Common Shareholders and may reduce income to the Common Shares. 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.

To obtain leverage, each Trust has issued Variable Rate Demand Preferred Shares (VRDP Shares), Variable Rate Muni Term Preferred Shares (VMTP Shares) (collectively, Preferred Shares) and/or leveraged its assets through the use of tender option bond trusts (TOB Trusts) as described in the Notes to Financial Statements.

Under the Investment Company Act of 1940, as amended (the "1940 Act"), each Trust is permitted to issue debt up to 33 1/3% of its total managed assets or equity securities (e.g., Preferred Shares) up to 50% of its 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 the Preferred Shares' governing instruments or by agencies rating the Preferred Shares, 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 TOB Trust (including accrued interest), then the TOB Trust is not considered a senior security and is not subject to the foregoing limitations and requirements imposed by the 1940 Act.

Derivative Financial Instruments

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.

Trust Summary as of August 31, 2018

BlackRock Municipal Bond Trust**Trust Overview**

BlackRock Municipal Bond Trust s (BBK) (the Trust) investment objective is to provide current income exempt from regular U.S. federal income tax. The Trust seeks to achieve its investment objective by investing primarily in municipal bonds exempt from regular U.S. federal income taxes (except that the interest may be subject to the U.S. federal alternative minimum tax). The Trust invests, under normal market conditions, at least 80% of its managed assets in municipal bonds that are investment grade quality or, if unrated, determined to be of comparable quality by the investment adviser at the time of investment. 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)	BBK
Initial Offering Date	April 30, 2002
Yield on Closing Market Price as of August 31, 2018 (\$14.35) ^(a)	5.31%
Tax Equivalent Yield ^(b)	8.97%
Current Monthly Distribution per Common Share ^(c)	\$0.0635
Current Annualized Distribution per Common Share ^(c)	\$0.7620
Economic Leverage as of August 31, 2018 ^(d)	38%

(a) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

(b) Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 40.8%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

(d) Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2018 were as follows:

	Returns Based On	
	<i>Market Price</i>	<i>NAV</i>
BBK ^{(a)(b)}	(5.45)%	1.87%
Lipper General & Insured Municipal Debt Funds (Leveraged) ^(c)	(4.49)	0.77

- (a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
- (b) 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.
- (c) Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend as calculated by Lipper.

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 Trust's absolute performance based on NAV:

Municipal bonds posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 because of a spike in U.S. Treasury yields, the market ultimately stabilized due to the combination of municipal issuers' improving fundamentals and a sharp decline in new-issue supply from January onward.

The Trust sought to manage interest rate risk using U.S. Treasury futures. Since Treasury yields rose, as prices fell, this strategy had a positive effect on returns.

Holdings in Illinois and New Jersey state tax-backed securities outpaced the national market and contributed to performance. Both states benefited from their above-average yields and the strong price performance that resulted from improved market sentiment and the successful passage of their budgets.

The Trust's investments in high yield bonds (those rated BBB and below) also added value, as this market segment outpaced investment-grade debt. In particular, positions in the tobacco sector outperformed the broader market due to their higher income and price gains stemming from investors' robust demand for liquid, higher-yielding securities. A large number of tobacco issues were refinanced during the period, boosting demand for those that continued to offer attractive yields. Security selection among BBB rated health care issues was a further contributor.

The Trust's use of leverage, while amplifying the impact of weak price performance, was a net contributor since it provided additional income.

The Trust's positions in longer-dated, higher-quality securities issued in the past year were the largest detractors. These bonds had longer call structures, which translated to higher durations and less income compared to issues with lower ratings and/or shorter call dates. This was especially true for lower coupon bonds (4% or less), which lagged the market's more common 5% coupons due to their longer duration. (Duration is a measure of interest rate sensitivity; a call is when an issuer redeems a bond prior to its maturity date.)

Short-term bonds lagged longer-term issues during the period. As a result, the Trust's positions in short-dated securities—especially pre-refunded bonds—underperformed despite their lower duration profile.

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.

Trust Summary as of August 31, 2018
(continued)

BlackRock Municipal Bond Trust

Market Price and Net Asset Value Per Share Summary

	08/31/18	08/31/17	Change	High	Low
Market Price	\$ 14.35	\$ 15.99	(10.26)%	\$ 16.14	\$ 13.96
Net Asset Value	15.78	16.32	(3.31)	16.49	15.64

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

Overview of the Trust's Total Investments*

SECTOR ALLOCATION

	08/31/18	08/31/17
County/City/Special District/School District	20%	23%
Health	18	18
Transportation	17	18
Education	13	11
Utilities	12	9
State	7	11
Tobacco	5	5
Corporate	5	5
Housing	3	

For Trust compliance purposes, the Trust's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

CALL/MATURITY SCHEDULE ^(c)

Calendar Year Ended December 31,	
2018	5%
2019	4
2020	6
2021	10
2022	10

(c) Scheduled maturity dates and/or bonds that are subject to potential calls by issuers over the next five years.

CREDIT QUALITY ALLOCATION ^(a)

	08/31/18	08/31/17
AAA/Aaa	3%	3%
AA/Aa	36	40
A	26	26
BBB/Baa	17	15
BB/Ba	6	6
B	3	3
NR ^(b)	9	7

(a) For financial reporting purposes, credit quality ratings shown above reflect the highest rating assigned by either Standard & Poor's (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.

(b) The investment adviser evaluates the credit quality of unrated 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 certain of these unrated securities as investment grade quality. As of August 31, 2018 and August 31, 2017, the market value of unrated securities deemed by the investment adviser to be investment grade represents less than 1% and 3%, respectively, of the Trust's total investments.

* Excludes short-term securities.

Trust Summary as of August 31, 2018

BlackRock Municipal Income Investment Quality Trust**Trust Overview**

BlackRock Municipal Income Investment Quality Trust s (BAF) (the Trust) investment objective is to provide current income exempt from U.S. federal income tax, including the alternative minimum tax and Florida intangible property tax. The Trust seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its managed assets in municipal bonds exempt from U.S. federal income taxes, including the alternative minimum tax. The Trust also invests at least 80% of its managed assets in municipal bonds that are investment grade quality at the time of investment or, if unrated, determined to be of comparable quality by the investment adviser at the time of investment. The Trust may invest directly in such securities or synthetically through the use of derivatives. Due to the repeal of the Florida intangible personal property tax, in September 2008, the Board gave approval to permit the Trust the flexibility to invest in municipal obligations regardless of geographic location since municipal obligations issued by any state or municipality that provides income exempt from regular U.S. federal income tax would now satisfy the foregoing objective and policy.

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

Trust Information

Symbol on NYSE	BAF
Initial Offering Date	October 31, 2002
Yield on Closing Market Price as of August 31, 2018 (\$13.54) ^(a)	5.18%
Tax Equivalent Yield ^(b)	8.75%
Current Monthly Distribution per Common Share ^(c)	\$0.0585
Current Annualized Distribution per Common Share ^(c)	\$0.7020
Economic Leverage as of August 31, 2018 ^(d)	41%

^(a) Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

^(b) Tax equivalent yield assumes the maximum marginal U.S. federal tax rate of 40.8%, which includes the 3.8% Medicare tax. Actual tax rates will vary based on income, exemptions and deductions. Lower taxes will result in lower tax equivalent yields.

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

^(d) Represents VMTP Shares and TOB Trusts as a percentage of total managed assets, which is the total assets of the Trust, including any assets attributable to VMTP Shares and TOB Trusts, minus the sum of accrued liabilities. For a discussion of leveraging techniques utilized by the Trust, please see The Benefits and Risks of Leveraging on page 5.

Performance

Returns for the 12 months ended August 31, 2018 were as follows:

Returns Based On
Market Price NAV

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BAF ^{(a)(b)}	(5.22)%	0.18%
Lipper General & Insured Municipal Debt Funds (Leveraged) ^(c)	(4.49)	0.77

- (a) All returns reflect reinvestment of dividends and/or distributions at actual reinvestment prices.
- (b) 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.
- (c) Average return. Returns reflect reinvestment of dividends and/or distributions at NAV on the ex-dividend as calculated by Lipper.

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 Trust's absolute performance based on NAV:

Municipal bonds posted a narrow gain in the 12-month period, with the contribution from yield offsetting negative price performance. Although tax-exempt issues sold off sharply in early 2018 because of a spike in U.S. Treasury yields, the market ultimately stabilized due to the combination of municipal issuers' improving fundamentals and a sharp decline in new-issue supply from January onward.

The Trust's positions in longer-dated securities (those with maturities of 20 years and above) contributed to performance. Long-term bonds, which are less sensitive to Fed policy than shorter-dated issues, generated both higher income and stronger price performance.

On the other end of the spectrum, positions in shorter-dated and intermediate maturities underperformed. However, holdings in pre-refunded bonds that the Trust purchased when yields were meaningfully higher helped offset some of the price weakness in shorter-dated securities.

Holdings in A and BBB rated bonds, which outperformed higher-quality securities, also added value. Positions in the transportation sector, as well as in Illinois and New Jersey, were particularly strong performers in this market segment. Illinois passed its budget and moved closer to achieving fiscal balance and stability in its credit rating. In New Jersey, legislation that redirected roughly \$1 billion annually in lottery proceeds to its pension funds helped stabilize the state's credit rating and contributed to robust returns relative to the national market.

Conversely, the Trust's allocation to higher-quality securities produced weaker returns. The Trust's quality investment guidelines restrict the purchase of non-investment grade securities.

The Trust sought to manage interest rate risk using U.S. Treasury futures. Since Treasury yields rose, as prices fell, this strategy had a positive effect on returns.

The Trust's use of leverage, while amplifying the impact of weak price performance, was a net contributor since it provided additional income. However, the cost of leverage increased due to rising short-term interest rates.

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.

Trust Summary as of August 31, 2018
(continued)

BlackRock Municipal Income Investment Quality Trust

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	\$ 13.54	\$ 15.11	(10.39)%	\$ 15.58	\$ 13.32
Net Asset Value	14.86	15.69	(5.29)	15.75	14.85

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

Overview of the Trust's Total Investments*

SECTOR ALLOCATION

	<i>08/31/18</i>	<i>08/31/17</i>
County/City/Special District/School District	26%	2