

BLACKROCK MASSACHUSETTS TAX-EXEMPT TRUST  
Form N-Q  
January 22, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-07660

Name of Fund: BlackRock Massachusetts Tax-Exempt Trust (MHE)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: John M. Perlowski, Chief Executive Officer, BlackRock Massachusetts  
Tax-Exempt Trust, 55 East 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 08/31/2019

Date of reporting period: 11/30/2018

Item 1 Schedule of Investments

## Schedule of Investments (unaudited)

## BlackRock Massachusetts Tax-Exempt Trust (MHE)

November 30, 2018

(Percentages shown are based on Net Assets)

| <i>Security</i>  | <i>Par</i>   | <i>Value</i> |
|--|--------------|--------------|
|  | <i>(000)</i> |              |
| <b>Municipal Bonds 152.0%</b>  |              |              |
| <b>Massachusetts 151.0%</b>  |              |              |
| <b>County/City/Special District/School District 3.6%</b>   |              |              |
| Town of Holyoke Massachusetts, GO, Refunding, 5.00%, 09/01/26  | \$ 1,000     | \$ 1,097,740 |
| <b>Education 58.5%</b>   |              |              |
| Massachusetts Development Finance Agency, RB:  |              |              |
| Emerson College Issue, Series A, 5.00%, 01/01/47   | 1,000        | 1,055,680    |
| Emerson College Issue, Series A, 5.25%, 01/01/42   | 500          | 538,460      |
| Foxborough Regional Charter School, Series A, 7.00%, 07/01/20 <sup>(a)</sup>   | 250          | 269,320      |
| Merrimack College, 5.00%, 07/01/47   | 550          | 578,281      |
| Mount Holyoke College, Series B, 5.00%, 07/01/41   | 500          | 531,655      |
| UMass Boston Student Housing Project, 5.00%, 10/01/48  | 1,000        | 1,030,610    |
| UMass Dartmouth Student Housing Project, 5.00%, 10/01/48   | 200          | 208,828      |
| Wellesley College, Series J, 5.00%, 07/01/42   | 1,950        | 2,110,134    |
| Wentworth Institute Technology, 5.00%, 10/01/46  | 500          | 535,015      |
| WGBH Educational Foundation, Series A (AMBAC), 5.75%, 01/01/42   | 650          | 839,345      |
| Massachusetts Development Finance Agency, Refunding RB:  |              |              |
| Boston University, Series P, 5.45%, 05/15/59   | 1,500        | 1,733,790    |
| Emerson College, 5.00%, 01/01/41   | 500          | 523,695      |
| Emerson College, Series A, 5.00%, 01/01/20 <sup>(a)</sup>  | 185          | 191,131      |
| Emerson College, Series A, 5.00%, 01/01/20 <sup>(a)</sup>  | 15           | 15,497       |
| Emmanuel College Issue, Series A, 5.00%, 10/01/35  | 250          | 268,030      |
| Foxborough Regional Charter School Issue, 5.00%, 07/01/37  | 150          | 156,693      |
| International Charter School, 5.00%, 04/15/40  | 1,000        | 1,035,740    |
| Suffolk University, 4.00%, 07/01/39  | 500          | 473,745      |
| Trustees of Deerfield Academy, 5.00%, 10/01/40   | 1,675        | 1,756,556    |
| Massachusetts Educational Financing Authority, RB, Education Loan, Issue I, AMT, 5.00%, 01/01/27                       | 1,000        | 1,094,570    |
|  | <i>Par</i>   |              |
| <i>Security</i>  | <i>(000)</i> | <i>Value</i> |
| <b>Education (continued)</b>   |              |              |
| Massachusetts Educational Financing Authority, Refunding RB, Issue J, AMT, 3.50%, 07/01/33                             | \$ 215       | \$ 209,018   |
| Massachusetts Health & Educational Facilities Authority, RB, Berklee College of Music, Inc., Series A, 5.00%, 10/01/37 | 70           | 70,173       |
| Massachusetts Health & Educational Facilities Authority, Refunding RB:   |              |              |
| Northeastern University, Series T-2, 5.00%, 10/01/32   | 500          | 543,290      |
| Springfield College, 5.63%, 10/15/19 <sup>(a)</sup>  | 500          | 515,915      |
| Tufts University, Series M, 5.50%, 02/15/27  | 1,000        | 1,215,280    |

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|  |       |            |
|--|-------|------------|
| University of Massachusetts Building Authority, RB, Senior-Series 2, 5.00%, 11/01/39 | 500   | 541,985    |
|  |       | 18,042,436 |
| <b>Health 22.9%</b>  |       |            |
| Massachusetts Development Finance Agency, Refunding RB:                              |       |            |
| Boston Medical Center, Series E, 4.00%, 07/01/38                                     | 500   | 487,815    |
| Carleton-Willard Village, 5.63%, 12/01/30  | 500   | 513,670    |
| New Bridge Charles, Inc., 4.13%, 10/01/42 <sup>(b)</sup>                             | 550   | 476,493    |
| Partners Healthcare, Series L,<br>5.00%, 07/01/21 <sup>(a)</sup>                     | 995   | 1,065,396  |
| Partners Healthcare, Series L, 5.00%, 07/01/36                                       | 5     | 5,305      |
| Wellesley College Issue, Series L, 4.00%, 07/01/44                                   | 250   | 255,080    |
| Western New England University, 5.00%, 09/01/43                                      | 500   | 531,265    |
| Massachusetts Health & Educational Facilities Authority, RB:                         |       |            |
| Cape Cod Healthcare Obligated Group, Series D (AGC), 5.00%, 11/15/19 <sup>(a)</sup>  | 1,000 | 1,028,950  |
| Children s Hospital, Series M, 5.25%, 12/01/39                                       | 600   | 619,290    |
| Children s Hospital, Series M, 5.50%, 12/01/39                                       | 500   | 517,300    |
| Southcoast Health Obligation Group, Series D, 5.00%, 07/01/39                        | 500   | 507,695    |

Schedule of Investments (unaudited) (continued)

BlackRock Massachusetts Tax-Exempt Trust (MHE)

November 30, 2018

(Percentages shown are based on Net Assets)

| <i>Security</i>   | <i>Par<br/>(000)</i> | <i>Value</i> |
|---|----------------------|--------------|
| <b>Health (continued)</b>   |                      |              |
| Massachusetts Health & Educational Facilities Authority, Refunding RB, Winchester Hospital, Series H, 5.25%, 07/01/38 | \$ 1,000             | \$ 1,042,890 |
|   |                      | 7,051,149    |
| <b>Housing 8.8%</b>   |                      |              |
| Massachusetts HFA, Refunding RB, AMT:   |                      |              |
| Series C, 5.00%, 12/01/30   | 160                  | 161,199      |
| Series C, 5.35%, 12/01/42   | 645                  | 650,160      |
| Series F, 5.70%, 06/01/40   | 735                  | 735,000      |
| Massachusetts Housing Finance Agency, RB, M/F Housing, Series A:<br>3.80%, 12/01/43                                   | 500                  | 483,520      |
| (FHA), 5.25%, 12/01/35  | 185                  | 192,348      |
| Massachusetts Housing Finance Agency, Refunding RB, Series A, AMT, 4.50%, 12/01/47                                    | 500                  | 504,115      |
|   |                      | 2,726,342    |
| <b>State 31.8%</b>  |                      |              |
| Commonwealth of Massachusetts, GO:  |                      |              |
| Series C, 5.00%, 07/01/45   | 1,000                | 1,093,540    |
| Series G, 4.00%, 09/01/42   | 1,000                | 1,009,240    |
| Massachusetts Bay Transportation Authority, Refunding RB:   |                      |              |
| Senior Series A, 5.25%, 07/01/29  | 730                  | 897,214      |
| Sub-Series A-2, 5.00%, 07/01/45   | 1,465                | 1,631,131    |
| Massachusetts School Building Authority, RB:  |                      |              |
| Dedicated Sales Tax, Senior Series A, 5.00%, 05/15/43   | 500                  | 545,690      |
| Series B, 5.00%, 10/15/41   | 1,000                | 1,063,510    |
| Massachusetts State College Building Authority, RB, Series A, 5.50%, 05/01/19 <sup>(a)</sup>                          | 2,500                | 2,537,725    |
| Massachusetts State College Building Authority, Refunding RB, Series B (Syncora),<br>5.50%, 05/01/39                  | 825                  | 1,045,184    |
|   |                      | 9,823,234    |
| <b>Transportation 25.4%</b>   |                      |              |
| Commonwealth of Massachusetts, RB, Series A,<br>5.00%, 06/15/22 <sup>(a)</sup>  | 1,000                | 1,099,610    |
| Commonwealth of Massachusetts, Refunding RB, Series A, 5.00%, 06/01/21 <sup>(a)</sup>                                 | 500                  | 536,155      |
|   | <i>Par<br/>(000)</i> | <i>Value</i> |
| <b>Security</b>   |                      |              |
| <b>Transportation (continued)</b>   |                      |              |
| Massachusetts Department of Transportation, Refunding RB, Senior Series B:<br>5.00%, 01/01/32                         | \$ 1,120             | \$ 1,152,267 |
| 5.00%, 01/01/37   | 1,000                | 1,026,120    |
| Massachusetts Port Authority, RB, AMT:<br>Series A, 5.00%, 07/01/42   | 1,000                | 1,062,760    |

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|  |       |                   |
|--|-------|-------------------|
| Series B, 5.00%, 07/01/45  | 1,750 | 1,888,005         |
| Metropolitan Boston Transit Parking Corp., Refunding RB, 5.25%, 07/01/36                                     | 1,000 | 1,063,260         |
|  |       | 7,828,177         |
| <b>Total Municipal Bonds in Massachusetts</b>  |       | <b>46,569,078</b> |
| <b>Puerto Rico 1.0%</b>  |       |                   |
| <b>Tobacco 1.0%</b>  |       |                   |
| Children s Trust Fund, Refunding RB, Tobacco Settlement Asset-Backed Bonds,<br>5.63%, 05/15/43               | 300   | 300,558           |
| <b>Total Municipal Bonds 152.0%</b><br><b>(Cost \$45,121,653)</b>  |       | <b>46,869,636</b> |
| <b>Municipal Bonds Transferred to Tender Option Bond<br/>Trusts<sup>(c)</sup> 12.2%</b>                      |       |                   |
| <b>Massachusetts 12.2%</b>   |       |                   |
| <b>Education 7.2%</b>  |       |                   |
| Massachusetts School Building Authority, RB, Senior Series B, 5.00%, 11/15/46 <sup>(d)</sup>                 | 2,000 | 2,225,595         |
| <b>Health 1.4%</b>   |       |                   |
| Massachusetts Development Finance Agency, Refunding RB, Partners Healthcare System,<br>4.00%, 07/01/35       | 430   | 438,817           |
| <b>State 3.6%</b>  |       |                   |
| Commonwealth of Massachusetts, GO, Series A, 5.00%, 03/01/46   | 1,001 | 1,094,692         |
| <b>Total Municipal Bonds Transferred to Tender Option<br/>Bond Trusts 12.2%</b><br><b>(Cost \$3,812,841)</b> |       | <b>3,759,104</b>  |
| <b>Total Long-Term Investments 164.2%</b><br><b>(Cost \$48,934,494)</b>                                      |       | <b>50,628,740</b> |

Schedule of Investments (unaudited) (continued)

**BlackRock Massachusetts Tax-Exempt Trust (MHE)**

November 30, 2018

**(Percentages shown are based on Net Assets)**

| <i>Security</i>   | <i>Shares</i> | <i>Value</i>  |
|---|---------------|---------------|
| <b>Short-Term Securities 1.7%</b>   |               |               |
| BlackRock Liquidity Funds, MuniCash, Institutional Class,<br>1.55% <sup>(e)(f)</sup>            | 527,835       | \$ 527,888    |
| <b>Total Short-Term Securities 1.7%</b>   |               |               |
| <b>(Cost \$527,888)</b>   |               | 527,888       |
|   |               | <i>Value</i>  |
| <b>Total Investments 165.9%</b>   |               |               |
| <b>(Cost \$49,462,382)</b>  |               | \$ 51,156,628 |
| <b>Other Assets Less Liabilities 1.8%</b>   |               | 579,279       |
| <b>Liability for TOB Trust Certificates, Including Interest Expense and Fees Payable (8.0)%</b> |               | (2,470,826)   |
| <b>VRDP Shares at Liquidation Value, Net of Deferred Offering Costs (59.7)%</b>                 |               | (18,421,463)  |
| <b>Net Assets Applicable to Common Shares 100.0%</b>  |               | \$ 30,843,618 |

- (a) U.S. Government securities, held in escrow, are used to pay interest on this security, as well as to retire the bond in full at the date indicated, typically at a premium to par.
- (b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.
- (c) Represent bonds transferred to a TOB Trust in exchange of cash and residual certificates received by the Trust. These bonds serve as collateral in a secured borrowing.
- (d) All or a portion of security is subject to a recourse agreement. The aggregate maximum potential amount the Trust could ultimately be required to pay under the agreement, which expires on November, 15, 2024 is \$1,551,389.
- (e) Annualized 7-day yield as of period end.
- (f) During the period ended November 30, 2018, investments in issuers considered to be an affiliate of the Trust for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

| <i>Affiliate</i>   | <i>Shares Held at 8/31/18</i> | <i>Net Activity</i> | <i>Shares Held at 11/30/18</i> | <i>Value at 11/30/18</i> | <i>Income</i> | <i>Net Realized Gain (Loss) <sup>(a)</sup></i> | <i>Change in Unrealized Appreciation (Depreciation)</i> |
|--|-------------------------------|---------------------|--------------------------------|--------------------------|---------------|--|---|
| BlackRock Liquidity Funds, MuniCash, Institutional Class | 427,577                       | 100,258             | 527,835                        | \$ 527,888               | \$ 1,544      | \$   | \$  |

(a) Includes net capital gain distributions, if applicable.

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.

### Derivative Financial Instruments Outstanding as of Period End

#### Futures Contracts

| <i>Description</i>         | <i>Number of<br/>Contracts</i> | <i>Expiration<br/>Date</i> | <i>Notional<br/>Amount (000)</i> | <i>Value/<br/>Unrealized<br/>Appreciation<br/>(Depreciation)</i> |
|----------------------------|--------------------------------|----------------------------|----------------------------------|--|
| Short Contracts:           |                                |                            |                                  |  |
| 10-Year U.S. Treasury Note | 5                              | 03/20/19                   | \$ 597                           | \$ (1,339)   |
| Long U.S. Treasury Bond    | 11                             | 03/20/19                   | 1,539                            | (7,182)  |
| 5-Year U.S. Treasury Note  | 3                              | 03/29/19                   | 339                              | (381)  |
|                            |                                |                            |                                  | \$ (8,902)   |



Schedule of Investments (unaudited) (continued)

**BlackRock Massachusetts Tax-Exempt Trust (MHE)**

November 30, 2018

**Portfolio Abbreviations**

AGC Assured Guarantee Corp.

AMBAC American Municipal Bond Assurance Corp.

AMT Alternative Minimum Tax (subject to)

FHA Federal Housing Administration

GO General Obligation Bonds

HFA Housing Finance Agency

M/F Multi-Family

RB Revenue Bonds

Syncora Syncora Guarantee

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Trust has the ability to access

Level 2 Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 Unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including the Trust's own assumptions used in determining the fair value of investments and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the

degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and derivative financial instruments, refer to the Trust's most recent financial statements as contained in its annual report.

The following tables summarize the Trust's investments and derivative financial instruments categorized in the disclosure hierarchy:

|   | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i>  |
|---|----------------|----------------|----------------|---------------|
| Assets:   |                |                |                |               |
| Investments:                                    |                |                |                |               |
| Long-Term Investments <sup>(a)</sup>            | \$             | \$ 50,628,740  | \$             | \$ 50,628,740 |
| Short-Term Securities                           | 527,888        |                |                | 527,888       |
|   | \$ 527,888     | \$ 50,628,740  | \$             | \$ 51,156,628 |
| Derivative Financial Instruments <sup>(b)</sup> |                |                |                |               |
| Liabilities:                                    |                |                |                |               |
| Interest rate contracts                         | \$ (8,902)     | \$             | \$             | \$ (8,902)    |

<sup>(a)</sup> See above Schedule of Investments for values in each sector.

<sup>(b)</sup> Derivative financial instruments are futures contracts which are valued at the unrealized appreciation (depreciation) on the instrument.

Schedule of Investments (unaudited) (continued)

**BlackRock Massachusetts Tax-Exempt Trust (MHE)**

November 30, 2018

The Trust may hold assets and/or liabilities in which the fair value approximates the carrying amount for financial statement purposes. As of period end, such assets and/or liabilities are categorized within the disclosure hierarchy as follows:

|                                  | <i>Level 1</i> | <i>Level 2</i>  | <i>Level 3</i> | <i>Total</i>    |
|----------------------------------|----------------|-----------------|----------------|-----------------|
| Liabilities:                     |                |                 |                |                 |
| TOB Trust Certificates           | \$             | \$ (2,465,858)  | \$             | \$ (2,465,858)  |
| VRDP Shares at Liquidation Value |                | (18,500,000)    |                | (18,500,000)    |
|                                  | \$             | \$ (20,965,858) | \$             | \$ (20,965,858) |

During the period ended November 30, 2018, there were no transfers between levels.

Item 2 Controls and Procedures

- 2(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.
- 2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 Exhibits

Certifications Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Massachusetts Tax-Exempt Trust

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Massachusetts Tax-Exempt Trust

Date: January 18, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Massachusetts Tax-Exempt Trust

Date: January 18, 2019

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Massachusetts Tax-Exempt Trust

Date: January 18, 2019