

SEPTEMBER 30, 2018

ANNUAL REPORT

**BLACKROCK®**

**BlackRock Funds<sup>SM</sup>**

- ▶ BlackRock All-Cap Energy & Resources Portfolio
- ▶ BlackRock Emerging Markets Dividend Fund
- ▶ BlackRock Energy & Resources Portfolio

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# The Markets in Review

Dear Shareholder,

In the 12 months ended September 30, 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 four times during the reporting period. The Fed also continued to reduce its balance sheet 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 3.7%, the lowest rate of unemployment in almost 50 years. The number of job openings reached a record high of more than 7 million, which exceeded the total number of unemployed workers. Strong economic performance has justified the Fed's somewhat faster pace of rate hikes, as the headline inflation rate and investors' expectations for inflation have already surpassed the Fed's target of 2.0%.

While markets have recently focused on the risk of rising long-term interest rates, we continue to believe the primary risk to economic expansion is trade protectionism that could lead to slower global trade and unintended consequences for the globalized supply chain. So far, U.S. tariffs have only had a modest negative impact on economic growth, but the fear of an escalating trade war has stifled market optimism somewhat, leading to higher volatility in risk assets. 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. Any easing of tensions could lead to greater upside for markets, while additional tariffs could adversely affect investor sentiment.

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](http://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 September 30, 2018

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	11.41%	17.91%
U.S. small cap equities (Russell 2000® Index)	11.61	15.24
International equities (MSCI Europe, Australasia, Far East Index)	0.10	2.74
Emerging market equities (MSCI Emerging Markets Index)	(8.97)	(0.81)
3-month Treasury bills (ICE BofAML 3-Month U.S. Treasury Bill Index)	0.95	1.59
U.S. Treasury securities (ICE BofAML 10-Year U.S. Treasury Index)	(1.40)	(4.02)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(0.14)	(1.22)
Tax-exempt municipal bonds (S&P Municipal Bond Index)	0.77	0.48
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	3.46	3.05

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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## Investment Objective

BlackRock All-Cap Energy & Resources Portfolio's (the "Fund") investment objective is to provide long-term growth of capital.

## Portfolio Management Commentary

### How did the Fund perform?

For the 12-month period ended September 30, 2018, the Fund underperformed its benchmark, the MSCI World Energy Index.

### What factors influenced performance?

The combination of rising demand and supply discipline by producers sparked a rally in energy prices during the past 12 months. Although this trend provided a tailwind for energy stocks, the sector failed to keep pace with the gains of the underlying commodities as market participants appeared to question the sustainability of higher oil prices.

The Fund's security selection detracted from relative performance, particularly within the oil services and exploration & production ("E&P") industries.

At the individual stock level, an overweight position in the U.S. E&P company EQT Corp. ("EQT") was the largest detractor from relative performance. Early in the period, EQT's chief executive officer resigned due to a disagreement about compensation. Given that the company is in the midst of a restructuring, this news was received negatively by the market. Later in the year, the prospect of lower production volumes further weighed on EQT's shares. The Fund maintained its overweight position on the view that these are near-term headwinds as opposed to longer-term, structural issues.

Other detractors of note included underweight positions in Hess Corp. and Marathon Oil Corp., as well as overweights in Cimarex Energy Co. and TransCanada Corp.

The Fund's overweight position in the U.S. E&P company ConocoPhillips was the top contributor to relative performance. The company reported a large increase in both its dividend and its share-buyback program, boosting its shares.

An overweight in the U.S. refining company Andeavor was also among the largest contributors. Early in the period, Marathon Petroleum Corp. launched a bid for Andeavor at a substantial premium to its price at the time, causing the stock to rally. Later in the period, U.S. refiners benefited from the wide difference in price between West Texas Intermediate crude oil and Brent North Sea crude.

Other notable contributors included underweight positions in Exxon Mobil Corp. and Enbridge, Inc., as well as an overweight position in Valero Energy Corp.

### Describe recent portfolio activity.

Consistent with the investment adviser's long-term approach, there was a relatively low amount of turnover in the portfolio.

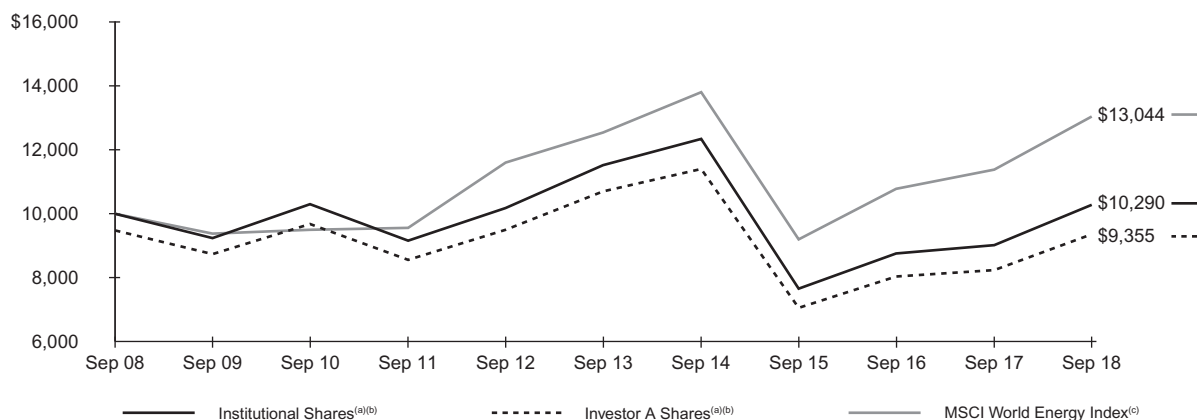
The Fund reduced its position in E&P stocks and increased its weighting in the integrated energy and refining industries. This included exiting positions in Cimarex Energy Co. and Marathon Oil Corp. and initiating positions in TOTAL SA and CNOOC Ltd. This shift reflected the investment adviser's view that international integrated energy companies generally offer more upside potential than their U.S. counterparts. The reduction in the E&P area reflected the industry's strong performance in the early part of the period.

### Describe portfolio positioning at period end.

The oil crash in 2014 (the worst in almost forty years) led to sharp and lasting change across the energy industry, with financial discipline now front and center for management teams. Balance sheets are therefore in the best shape they have been for years, and the sector is on pace to deliver its highest free cash flow since 2000. In contrast to prior cycles, much of the surplus cash flow is being redirected to shareholders. With this in mind, the investment adviser remained focused on identifying companies that are delivering high levels of free cash flow and displaying consistent capital discipline.

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.

## TOTAL RETURN BASED ON A \$10,000 INVESTMENT



<sup>(a)</sup> Assuming maximum sales charges, if any, transaction costs and other operating expenses, including investment advisory fees and administration fees, if any. Institutional Shares do not have a sales charge.

<sup>(b)</sup> Under normal market conditions, the Fund invests at least 80% of its total assets in equity securities of global energy and natural resources companies and companies in associated businesses, as well as utilities (such as gas, water, cable, electrical and telecommunications utilities).

<sup>(c)</sup> A free float-adjusted market capitalization index that represents the energy segment in global developed market equity performance.

## Performance Summary for the Period Ended September 30, 2018

	6-Month Total Returns	Average Annual Total Returns <sup>(a)</sup>					
		1 Year		5 Years		10 Years	
		w/o sales charge	w/sales charge	w/o sales charge	w/sales charge	w/o sales charge	w/sales charge
Institutional	13.52%	14.08%	N/A	(2.24)%	N/A	0.29%	N/A
Service	13.36	13.63	N/A	(2.64)	N/A	(0.11)	N/A
Investor A	13.33	13.59	7.62%	(2.64)	(3.68)%	(0.13)	(0.66)%
Investor C	13.00	12.90	11.90	(3.33)	(3.33)	(0.85)	(0.85)
<b>MSCI World Energy Index</b>	<b>13.59</b>	<b>14.60</b>	<b>N/A</b>	<b>0.80</b>	<b>N/A</b>	<b>2.69</b>	<b>N/A</b>

<sup>(a)</sup> Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

## Expense Example

	Actual			Hypothetical <sup>(b)</sup>			Annualized Expense Ratio
	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	
Institutional	\$1,000.00	\$1,135.20	\$ 4.99	\$1,000.00	\$1,020.67	\$ 4.72	0.92%
Service	1,000.00	1,133.60	7.26	1,000.00	1,018.54	6.87	1.34
Investor A	1,000.00	1,133.30	7.26	1,000.00	1,018.54	6.87	1.34
Investor C	1,000.00	1,130.00	11.13	1,000.00	1,014.89	10.53	2.06

<sup>(a)</sup> For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period shown).

<sup>(b)</sup> Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

See "Disclosure of Expenses" on page 11 for further information on how expenses were calculated.

## Investment Objective

**BlackRock Emerging Markets Dividend Fund's (the "Fund")** investment objective is primarily to seek investment income; and, as a secondary objective, to seek capital appreciation.

## Portfolio Management Commentary

### How did the Fund perform?

For the 12-month period ended September 30, 2018, the Fund underperformed its benchmark, the MSCI Emerging Markets Index.

### What factors influenced performance?

Emerging-market equities experienced weak performance in the past 12 months. Investor sentiment waned due to the combination of rising interest rates in the developed world, uncertainty about U.S. trade policy, and political instability in Argentina, Turkey and other key markets in the asset class. In addition, stocks faced headwinds from concerns about a possible slowdown in China's economic growth.

Stock selection in Taiwan and India was the main detractor from relative performance. The Taiwanese Dynamic Random Access Memory manufacturer Nanya Technology Corp. was the largest detractor at the individual stock level. Despite strong second quarter results, the stock declined as concerns about the potential impact of a trade war could have on end-market demand led to general weakness in the semiconductor industry. A position in the Brazilian toll road operator EcoRodovias Infraestrutura e Logistica SA also detracted, as the company missed earnings expectations and experienced profit margin pressures due to higher costs.

Stock selection in China and South Africa was the main contributor to relative performance. The Fund's results in China were driven primarily by CNOOC Ltd., which rallied on the strength of a gain in the price of oil. The investment adviser believes CNOOC Ltd. has effective cost control and a strong balance sheet, and that the stock has both an attractive yield and a reasonable valuation. The South African insurer Sanlam Ltd. was another notable contributor. Investors demonstrated a renewed interest in the country's market after a change of leadership in the African National Congress party opened the way to political renewal and potential economic reform.

The Fund had a slightly elevated cash position at the end of the period, which included committed funds against positions that had not yet settled. This did not have a material impact on Fund performance for the period.

### Describe recent portfolio activity.

The Fund increased its exposure to Russia based on the combination of high oil prices and the likelihood that weakness in the ruble could help fuel stronger growth. The Fund also added to Brazil on the belief that the country's elections will bring about continuity in the reform process, leading to continued economic growth. On the other hand, the Fund exited the South African insurer Sanlam Ltd. and switched into Old Mutual Ltd., which the investment adviser believed had more potential upside due to a restructuring initiative that is expected to unlock value. The Fund also sold its position in the Taiwanese mobile-phone chip producer MediaTek, Inc. due to signs of a slowdown in demand.

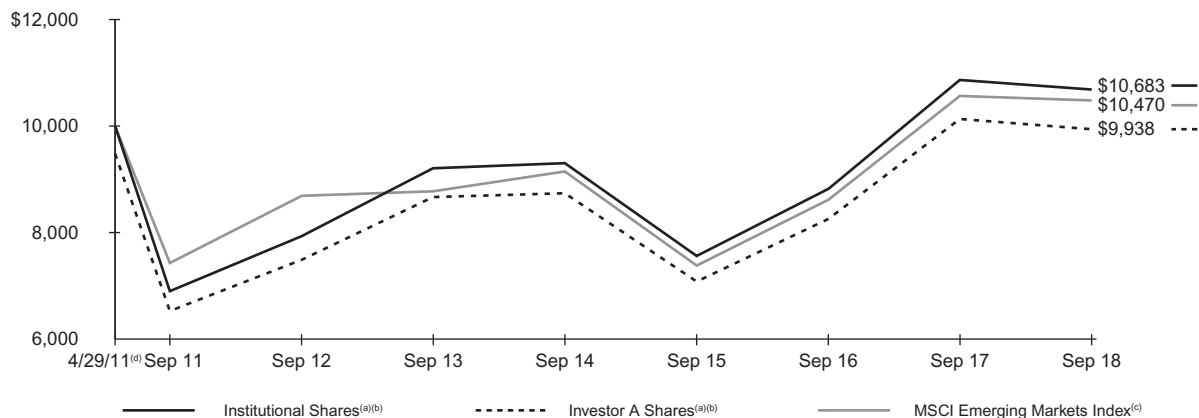
### Describe portfolio positioning at period end.

Emerging market stocks experienced elevated volatility in the past 12 months, as investor confidence was tested by trade tensions, rising rates and currency weakness. While these factors have led to reduced visibility, the investment adviser believes the emerging markets remain attractive. The sell-off caused valuations to move back to the recent lows of 2016, providing favorable entry points and highlighting the large amount of bad news that may already have been reflected in stock prices. The most recent earnings season was generally upbeat, with good profit trends and improving cash flows for many companies. Although costs are increasing, they remain under control given that the capital expenditure cycle is still in its early stages. Profit margins are expanding as a result, which is translating to improved bottom-line earnings. In this environment, the investment adviser believes stock-specific fundamentals should play an increasingly important role performance. Therefore, the Fund is maintaining a focus on companies with high-quality balance sheets and strong cash flow generation.

At the close of the period, the Fund had overweight positions in Russia and Brazil and underweights in China and South Africa. At the sector level, the Fund had an overweight position in financials and an underweight in information technology.

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**TOTAL RETURN BASED ON A \$10,000 INVESTMENT**



- <sup>(a)</sup> Assuming maximum sales charges, if any, transaction costs and other operating expenses, including investment advisory fees and administration fees, if any. Institutional Shares do not have a sales charge.
- <sup>(b)</sup> Under normal circumstances, the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in dividend-paying equity securities of, or derivatives having economic characteristics similar to the dividend-paying equity securities of, companies domiciled in, or tied economically to, emerging market countries. The Fund's total returns prior to August 16, 2013, are the returns of the Fund when it followed different investment strategies under the name BlackRock China Fund.
- <sup>(c)</sup> A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 24 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates.
- <sup>(d)</sup> Commencement of operations.

**Performance Summary for the Period Ended September 30, 2018**

	6-Month Total Returns	Average Annual Total Returns <sup>(a)(b)</sup>					
		1 Year		5 Years		Since Inception <sup>(c)</sup>	
		w/o sales charge	w/sales charge	w/o sales charge	w/sales charge	w/o sales charge	w/sales charge
Institutional .....	(9.99)%	(1.58)%	N/A	3.03%	N/A	0.89%	N/A
Investor A .....	(10.22)	(1.91)	(7.06)%	2.77	1.67%	0.65	(0.08)%
Investor C .....	(10.52)	(2.65)	(3.62)	2.00	2.00	(0.08)	(0.08)
Class K .....	(10.05)	(1.65)	N/A	3.02	N/A	0.88	N/A
<b>MSCI Emerging Markets Index .....</b>	<b>(8.97)</b>	<b>(0.81)</b>	<b>N/A</b>	<b>3.61</b>	<b>N/A</b>	<b>0.62</b>	<b>N/A</b>

- <sup>(a)</sup> Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees, and how performance was calculated for certain share classes.
  - <sup>(b)</sup> Under normal circumstances, the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in dividend-paying equity securities of, or derivatives having economic characteristics similar to the dividend-paying equity securities of, companies domiciled in, or tied economically to, emerging market countries. The Fund's total returns prior to August 16, 2013, are the returns of the Fund when it followed different investment strategies under the name BlackRock China Fund.
  - <sup>(c)</sup> The Fund commenced operations on April 29, 2011.
- N/A - Not applicable as share class and index do not have a sales charge.
- Past performance is not indicative of future results.
- Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**Expense Example**

	Actual			Hypothetical <sup>(b)</sup>			Annualized Expense Ratio
	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	
Institutional .....	\$1,000.00	\$900.10	\$ 7.42	\$1,000.00	\$1,017.53	\$ 7.88	1.54%
Investor A .....	1,000.00	897.80	8.60	1,000.00	1,016.28	9.14	1.79
Investor C .....	1,000.00	894.80	12.19	1,000.00	1,012.47	12.95	2.54
Class K .....	1,000.00	899.50	7.16	1,000.00	1,017.80	7.61	1.49

- <sup>(a)</sup> For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period shown) except for Class K Shares which is multiplied by 156/365 (to reflect the period since inception date of January 25, 2018).
  - <sup>(b)</sup> Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.
- See "Disclosure of Expenses" on page 11 for further information on how expenses were calculated.

## Investment Objective

BlackRock Energy & Resources Portfolio's (the "Fund") investment objective is to provide long-term growth of capital.

## Portfolio Management Commentary

### How did the Fund perform?

For the 12-month period ended September 30, 2018, the Fund underperformed the MSCI World Small and Mid-Cap Energy Index.

### What factors influenced performance?

The combination of rising demand and supply discipline by producers sparked a rally in energy prices during the past 12 months. Although this trend provided a tailwind for energy stocks, the sector failed to keep pace with the gains of the underlying commodities as market participants appeared to question the sustainability of higher oil prices.

Stock selection, particularly within the energy distribution industry, was the primary detractor from relative performance.

At the individual stock level, an overweight position in the U.S. exploration and production ("E&P") company EQT Corp. ("EQT") was the largest detractor from relative performance. Early in the period, EQT's chief executive officer resigned due to a disagreement about compensation. Given that the company is in the midst of a restructuring, this news was received negatively by the market. Later in the year, the prospect of lower production volumes further weighed on EQT's shares. The Fund maintained its overweight position on the view that these are near-term headwinds as opposed to longer-term, structural issues.

Other detractors of note included overweight positions in Cimarex Energy Co., TransCanada Corp. and Cabot Oil & Gas Corp.

The Fund's stock selection within the refining & marketing sub-sector contributed positively during the period, as did an underweight allocation to the oil services industry.

An overweight position in the U.S. refining company Andeavor was among the largest contributors to relative performance. Early in the period, Marathon Petroleum Corp. launched a bid for Andeavor at a substantial premium to its price at the time, causing the stock to rally. Later in the period, U.S. refiners benefited from the wide difference in price between West Texas Intermediate crude oil and Brent North Sea crude.

Other notable contributors included the Fund's overweight positions in Marathon Oil Corp., HollyFrontier Corp. and Hess Corp.

### Describe recent portfolio activity.

Consistent with the investment adviser's long-term approach, there was a relatively low amount of turnover in the portfolio.

The Fund reduced its position in E&P stocks and increased its weighting in the integrated energy and refining industries. This included exiting positions in RSP Permian, Inc. and Murphy Oil Corp. and initiating positions in Valero Energy Corp. and Green Plains, Inc. This change reflects the investment adviser's view that the strong relative performance of many companies in the E&P sector led to more compelling relative values in other areas.

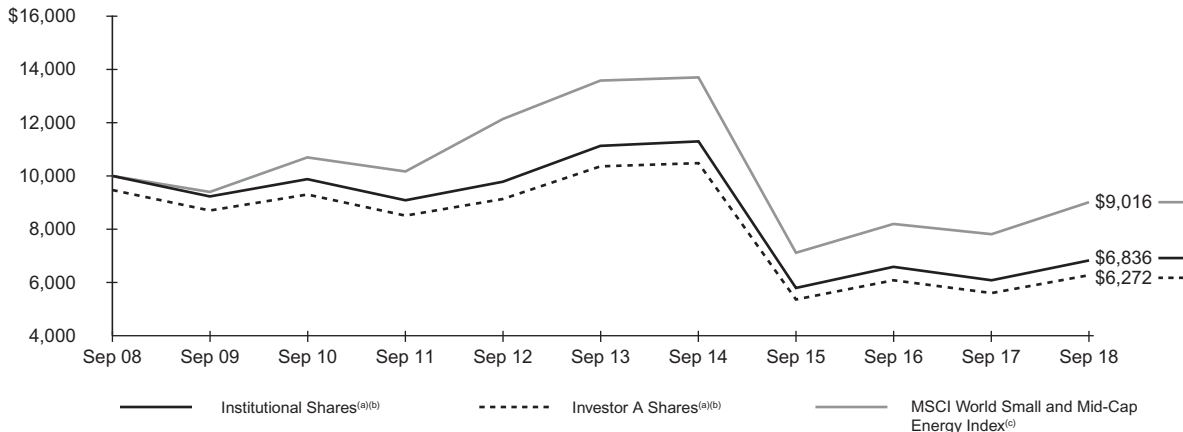
### Describe portfolio positioning at period end.

The oil crash in 2014 (the worst in almost forty years) led to sharp and lasting change across the energy industry, with financial discipline currently front and center for management teams. Balance sheets are therefore in the best shape they have been for years, and the sector is on pace to deliver its highest free cash flow since 2000. In contrast to prior cycles, much of the surplus cash flow is being redirected to shareholders. With this in mind, the investment adviser remained focused on identifying companies that are delivering high levels of free cash flow and displaying consistent capital discipline.

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.



**TOTAL RETURN BASED ON A \$10,000 INVESTMENT**



- (a) Assuming maximum sales charges, if any, transaction costs and other operating expenses, including investment advisory fees and administration fees, if any. Institutional Shares do not have a sales charge.
- (b) Under normal conditions, the Fund invests at least 80% of its total assets in equity securities of global energy and natural resources companies and companies in associated businesses, as well as utilities (such as gas, water, cable, electrical and telecommunications utilities).
- (c) An index comprised of the energy sector constituents of the MSCI World SMID Index, a free float-adjusted market capitalization weighted index designed to measure the equity market performance of the mid and small cap developed market.

**Performance Summary for the Period Ended September 30, 2018**

	6-Month Total Returns	Average Annual Total Returns <sup>(a)</sup>					
		1 Year		5 Years		10 Years	
		w/o sales charge	w/sales charge	w/o sales charge	w/sales charge	w/o sales charge	w/sales charge
Institutional .....	15.58%	12.40%	N/A	(9.28)%	N/A	(3.73)%	N/A
Investor A .....	15.37	12.05	6.16%	(9.56)	(10.53)%	(4.04)	(4.56)%
Investor C .....	14.92	11.26	10.26	(10.21)	(10.21)	(4.74)	(4.74)
<b>MSCI World Small and Mid-Cap Energy Index .....</b>	<b>17.90</b>	<b>15.35</b>	<b>N/A</b>	<b>(7.87)</b>	<b>N/A</b>	<b>(1.03)</b>	<b>N/A</b>

(a) Assuming maximum sales charges, if any. Average annual total returns with and without sales charges reflect reductions for distribution and service fees. See "About Fund Performance" on page 11 for a detailed description of share classes, including any related sales charges and fees.

N/A - Not applicable as share class and index do not have a sales charge.

Past performance is not indicative of future results.

Performance results may include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles.

**Expense Example**

	Actual			Hypothetical <sup>(b)</sup>			Annualized Expense Ratio
	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	Beginning Account Value (04/01/18)	Ending Account Value (09/30/18)	Expenses Paid During the Period <sup>(a)</sup>	
Institutional .....	\$1,000.00	\$1,155.80	\$ 5.57	\$1,000.00	\$1,020.17	\$ 5.22	1.02%
Investor A .....	1,000.00	1,153.70	7.25	1,000.00	1,018.61	6.80	1.33
Investor C .....	1,000.00	1,149.20	11.16	1,000.00	1,014.96	10.46	2.05

(a) For each class of the Fund, expenses are equal to the annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period shown).

(b) Hypothetical 5% annual return before expenses is calculated by prorating the number of days in the most recent fiscal half year divided by 365.

See "Disclosure of Expenses" on page 11 for further information on how expenses were calculated.

## BlackRock All-Cap Energy & Resources Portfolio

### TEN LARGEST HOLDINGS

<i>Security</i>	<i>Percent of Net Assets</i>
Royal Dutch Shell PLC, Class A . . . . .	13%
Exxon Mobil Corp. . . . .	10
BP PLC. . . . .	8
TOTAL SA . . . . .	6
Suncor Energy, Inc. . . . .	5
ConocoPhillips . . . . .	5
Valero Energy Corp. . . . .	4
Andeavor . . . . .	4
Chevron Corp. . . . .	4
EOG Resources, Inc. . . . .	4

### INDUSTRY ALLOCATION

<i>Industry</i>	<i>Percent of Net Assets</i>
Oil, Gas & Consumable Fuels . . . . .	93%
Energy Equipment & Services . . . . .	7
Short-Term Securities . . . . .	1
Liabilities in Excess of Other Assets . . . . .	(1)

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

## BlackRock Emerging Markets Dividend Fund

### TEN LARGEST HOLDINGS

<i>Security</i>	<i>Percent of Net Assets</i>
Samsung Electronics Co. Ltd., Preference Shares . . . . .	6%
CNOOC Ltd. . . . .	3
Taiwan Semiconductor Manufacturing Co. Ltd. - ADR. . . . .	3
Industrial & Commercial Bank of China Ltd., H Shares . . . . .	3
Shinhan Financial Group Co. Ltd. . . . .	3
Qatar Gas Transport Co., Ltd. . . . .	3
Larsen & Toubro Ltd. . . . .	2
HDFC Bank Ltd. . . . .	2
Taiwan Semiconductor Manufacturing Co. Ltd. . . . .	2
Powszechny Zakład Ubezpieczen SA. . . . .	2

### GEOGRAPHIC ALLOCATION

<i>Country</i>	<i>Percent of Net Assets</i>
China . . . . .	17%
South Korea . . . . .	12
India . . . . .	10
Brazil . . . . .	10
Taiwan . . . . .	9
Russia . . . . .	8
Mexico . . . . .	6
Thailand . . . . .	5
Qatar . . . . .	3
Poland . . . . .	2
Austria . . . . .	2
Hungary . . . . .	2
Indonesia . . . . .	2
Ukraine . . . . .	2
United Kingdom . . . . .	1
Saudi Arabia . . . . .	1
Argentina . . . . .	1
Panama . . . . .	1
United States . . . . .	5
Other Assets Less Liabilities . . . . .	1

## BlackRock Energy & Resources Portfolio

### TEN LARGEST HOLDINGS

<i>Security</i>	<i>Percent of Net Assets</i>
Andeavor . . . . .	8%
Marathon Oil Corp. . . . .	7
Encana Corp. . . . .	6
Galp Energia SGPS SA. . . . .	5
EQT Corp. . . . .	5
Concho Resources, Inc. . . . .	5
Cimarex Energy Co. . . . .	4
Williams Cos., Inc. . . . .	4
HollyFrontier Corp. . . . .	4
Devon Energy Corp. . . . .	4

### INDUSTRY ALLOCATION

<i>Industry</i>	<i>Percent of Net Assets</i>
Oil, Gas & Consumable Fuels . . . . .	88%
Energy Equipment & Services . . . . .	12
Short-Term Securities . . . . .	5
Liabilities in Excess of Other Assets . . . . .	(5)

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

## About Fund Performance

**Institutional and Class K Shares** are not subject to any sales charge. These shares bear no ongoing distribution or service fees and are available only to certain eligible investors. Class K Share performance of BlackRock Emerging Markets Dividend Fund shown prior to the January 25, 2018 inception date is that of Institutional Shares. The performance of the BlackRock Emerging Markets Dividend Fund's Class K Shares would be substantially similar to Institutional Shares because Class K Shares and Institutional Shares invest in the same portfolio of securities and performance would only differ to the extent that Class K Shares and Institutional Shares have different expenses. The actual returns of Class K Shares would have been higher than those of the Institutional Shares because Class K Shares have lower expenses than the Institutional Shares.

**Service Shares** (available only in BlackRock All-Cap Energy & Resources Portfolio) are not subject to any sales charge. These shares are subject to a service fee of 0.25% per year (but no distribution fee) and are only available to certain eligible investors.

**Investor A Shares** are subject to a maximum initial sales charge (front-end load) of 5.25% and a service fee of 0.25% per year (but no distribution fee). Certain redemptions of these shares may be subject to a contingent deferred sales charge ("CDSC") where no initial sales charge was paid at the time of purchase. These shares are generally available through financial intermediaries. On December 27, 2017, the Funds' issued and outstanding Investor B Shares of BlackRock All-Cap Energy & Resources Portfolio and BlackRock Energy & Resources Portfolio converted into Investor A Shares with the same relative aggregate net asset value ("NAV").

**Investor C Shares** are subject to a 1.00% CDSC if redeemed within one year of purchase. In addition, these shares are subject to a distribution fee of 0.75% per year and a service fee of 0.25% per year. These shares are generally available through financial intermediaries. Effective November 8, 2018, the Fund will adopt an automatic conversion feature whereby Investor C Shares will be automatically converted into Investor A Shares after a conversion period of approximately ten years, and then thereafter, investor will be subject to lower ongoing fees.

Performance information reflects past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Refer to [www.blackrock.com](http://www.blackrock.com) to obtain performance data current to the most recent month-end. Performance results do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Figures shown in the performance tables on the previous pages assume reinvestment of all distributions, if any, at net asset value ("NAV") on the ex-dividend date. Investment return and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Distributions paid to each class of shares will vary because of the different levels of service, distribution and transfer agency fees applicable to each class, which are deducted from the income available to be paid to shareholders.

BlackRock Advisors, LLC (the "Manager"), each Fund's investment adviser, has contractually and/or voluntarily agreed to waive and/or reimburse a portion of the Funds' expenses. Without such waiver and/or reimbursement, the Funds' performance would have been lower. The Manager is under no obligation to continue waiving and/or reimbursing its fees after the applicable termination date of such agreement. See Note 6 of the Notes to Financial Statements for additional information on waivers and/or reimbursements.

## Disclosure of Expenses

Shareholders of the Funds may incur the following charges: (a) transactional expenses, such as sales charges; and (b) operating expenses, including investment advisory fees, service and distribution fees, including 12b-1 fees, acquired fund fees and expenses, and other fund expenses. The expense examples on the previous pages (which are based on a hypothetical investment of \$1,000 invested on April 1, 2018 and held through September 30, 2018), are intended to assist shareholders both in calculating expenses based on an investment in each Fund and in comparing these expenses with similar costs of investing in other mutual funds.

The expense examples provide information about actual account values and actual expenses. In order to estimate the expenses a shareholder paid during the period covered by this report, shareholders can divide their account value by \$1,000 and then multiply the result by the number corresponding to their Fund and share class under the headings entitled "Expenses Paid During the Period."

The expense examples also provide information about hypothetical account values and hypothetical expenses based on a Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses. In order to assist shareholders in comparing the ongoing expenses of investing in these Funds and other funds, compare the 5% hypothetical examples with the 5% hypothetical examples that appear in shareholder reports of other funds.

The expenses shown in the expense examples are intended to highlight shareholders' ongoing costs only and do not reflect transactional expenses, such as sales charges, if any. Therefore, the hypothetical examples are useful in comparing ongoing expenses only, and will not help shareholders determine the relative total expenses of owning different funds. If these transactional expenses were included, shareholder expenses would have been higher.

## Derivative Financial Instruments

The Funds 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 Funds' 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 Fund can realize on an investment and/or may result in lower distributions paid to shareholders. The Funds' investments in these instruments, if any, are discussed in detail in the Notes to Financial Statements.

# Schedule of Investments

September 30, 2018

## BlackRock All-Cap Energy & Resources Portfolio

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks — 99.7%</b>		
<b>Energy Equipment &amp; Services — 7.2%</b>		
Baker Hughes a GE Co. ....	44,643	\$ 1,510,273
Halliburton Co. ....	56,772	2,300,969
Patterson-UTI Energy, Inc. ....	36,607	626,346
Schlumberger Ltd. ....	28,320	1,725,254
		<u>6,162,842</u>
<b>Oil, Gas &amp; Consumable Fuels — 92.5%</b>		
Anadarko Petroleum Corp. ....	29,457	1,985,696
Andeavor ....	21,614	3,317,749
BP PLC ....	865,341	6,632,653
Cairn Energy PLC <sup>(a)</sup> ....	356,070	1,076,234
Canadian Natural Resources Ltd. ....	75,764	2,475,315
Chevron Corp. ....	27,101	3,313,910
CNOOC Ltd. ....	666,000	1,318,765
Concho Resources, Inc. <sup>(a)</sup> ....	11,268	1,721,187
ConocoPhillips ....	53,839	4,167,139
Devon Energy Corp. ....	61,942	2,473,963
Encana Corp. ....	148,495	1,946,363
EOG Resources, Inc. ....	25,529	3,256,735
EQT Corp. ....	32,817	1,451,496
Exxon Mobil Corp. ....	101,774	8,652,825
Galp Energia SGPS SA ....	59,000	1,169,842
Kosmos Energy, Ltd. <sup>(a)</sup> ....	90,488	846,063
Noble Energy, Inc. ....	57,185	1,783,600
Oil Search Ltd. ....	165,367	1,080,166

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Annualized 7-day yield as of period end.

<sup>(c)</sup> During the year ended September 30, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at 09/30/17	Net Activity	Shares Held at 09/30/18	Value at 09/30/18	Income	Net Realized Gain (Loss) <sup>(a)</sup>	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	478,745	846,689	1,325,434	\$1,325,434	\$ 9,161	\$ 1	\$ —
SL Liquidity Series, LLC, Money Market Series	—	—	—	—	1,281 <sup>(b)</sup>	298	—
				<u>\$1,325,434</u>	<u>\$10,442</u>	<u>\$ 299</u>	<u>\$ —</u>

<sup>(a)</sup> Includes net capital gain distributions, if applicable.

<sup>(b)</sup> Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

For Fund compliance purposes, the Fund's industry classifications refer to one or more of the industry 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 industry sub-classifications for reporting ease.

### Fair Value Hierarchy as of Period End

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
<b>Investments:</b>				
<b>Long-Term Investments:</b>				
<b>Common Stocks:</b>				
Energy Equipment & Services . . . . .	\$ 6,162,842	\$ —	\$ —	\$ 6,162,842
Oil, Gas & Consumable Fuels . . . . .	52,564,979	27,338,784	—	79,903,763
Short-Term Securities . . . . .	1,325,434	—	—	1,325,434
	<u>\$ 60,053,255</u>	<u>\$ 27,338,784</u>	<u>\$ —</u>	<u>\$ 87,392,039</u>

During the year ended September 30, 2018, there were no transfers between levels.

See notes to financial statements.

# Schedule of Investments

September 30, 2018

## BlackRock Emerging Markets Dividend Fund

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks — 90.1%</b>		
<b>Argentina — 0.7%</b>		
Banco Macro SA - ADR	2,421	\$ 100,157
<b>Austria — 2.2%</b>		
Erste Group Bank AG	7,468	310,047
<b>Brazil — 9.8%</b>		
BB Seguridade Participacoes SA	34,726	206,711
Hypera SA	34,867	245,970
Itau Unibanco Holding SA - ADR	21,283	233,687
Lojas Renner SA	30,608	234,645
MRV Engenharia e Participacoes SA	76,529	231,375
Notre Dame Intermedica Participacoes SA	36,445	237,248
		<u>1,389,636</u>
<b>China — 16.1%</b>		
Bank of China Ltd., H Shares	617,000	272,617
China Mobile Ltd.	23,500	231,048
China Pacific Insurance Group Co. Ltd., H Shares	74,000	284,352
CNOOC Ltd.	226,000	447,509
Industrial & Commercial Bank of China Ltd., H Shares	599,000	437,326
Jiangsu Expressway Co. Ltd., H Shares	162,000	207,808
NetEase, Inc. - ADR	1,195	272,759
Silergy Corp.	7,000	126,092
Wuliangye Yibin Co., Ltd., Class A	900	8,883
		<u>2,288,394</u>
<b>Egypt — 0.3%</b>		
Centamin PLC	29,622	40,907
<b>Hungary — 2.1%</b>		
Richter Gedeon Nyrt	15,997	299,172
<b>India — 10.4%</b>		
Bharat Petroleum Corp. Ltd.	46,732	241,155
HDFC Bank Ltd.	11,760	324,836
IndusInd Bank Ltd.	12,119	282,714
Larsen & Toubro Ltd.	18,615	326,886
NTPC Ltd.	131,040	301,532
		<u>1,477,123</u>
<b>Indonesia — 1.9%</b>		
Bank Mandiri Perseo Tbk PT	405,400	182,679
Media Nusantara Citra Tbk PT	1,672,824	90,278
		<u>272,957</u>
<b>Mexico — 6.4%</b>		
America Movil SAB de CV, Class L - ADR	11,189	179,695
Grupo Aeroportuario del Pacifico SAB de CV, Class B	19,692	215,440
Grupo Financiero Banorte Sab de CV	38,918	281,539
PLA Administradora Industrial S de RL de CV	151,061	231,992
		<u>908,666</u>
<b>Panama — 0.5%</b>		
Copa Holdings SA, Class A	843	67,305
<b>Poland — 2.2%</b>		
Powszechny Zaklad Ubezpieczen SA	28,969	311,754
<b>Qatar — 2.5%</b>		
Qatar Gas Transport Co., Ltd.	76,339	360,523
<b>Russia — 7.0%</b>		
Inter RAO UES PJSC	2,298,435	143,753
LUKOIL PJSC - ADR	3,398	260,196
Mobile TeleSystems PJSC - ADR	25,965	221,481
NovaTek PJSC - GDR	1,119	205,237
TCS Group Holding PLC <sup>(a)</sup>	9,294	171,939
		<u>1,002,606</u>

Security	Shares	Value
<b>South Korea — 11.8%</b>		
S-1 Corp.	986	\$ 81,244
Samsung Electronics Co. Ltd., Preference Shares	25,683	875,977
Shinhan Financial Group Co. Ltd.	10,286	415,642
SK Holdings Co., Ltd.	1,173	303,533
		<u>1,676,396</u>
<b>Taiwan — 8.0%</b>		
Far EasTone Telecommunications Co. Ltd.	36,000	85,834
Merry Electronics Co. Ltd.	10,000	45,362
Nanya Technology Corp.	126,000	240,609
Taiwan Semiconductor Manufacturing Co. Ltd.	37,000	315,741
Taiwan Semiconductor Manufacturing Co. Ltd. - ADR	10,092	445,663
		<u>1,133,209</u>
<b>Thailand — 5.1%</b>		
Land & Houses PCL - NVDR	478,700	170,224
PTT PCL - NVDR	161,900	271,796
Siam Commercial Bank PCL - NVDR	63,200	291,166
		<u>733,186</u>
<b>Ukraine — 1.8%</b>		
Ferrexpo PLC	101,753	264,641
<b>United Kingdom — 1.3%</b>		
Vivo Energy PLC <sup>(b)</sup>	107,313	180,547
<b>Total Common Stocks — 90.1%</b>		
(Cost: \$12,835,748)		<u>12,817,226</u>
<b>Participation Notes — 4.0%</b>		
<b>China — 1.2%</b>		
Deutsche Bank AG (Wuliangye Yibin Co. Ltd., Class A), due 02/22/2027 <sup>(a)</sup>	17,000	167,786
<b>Russia — 0.5%</b>		
Deutsche Bank AG (Inter RAO UES PJSC), due 01/13/2027 <sup>(a)</sup>	1,231,339	77,013
<b>Saudi Arabia — 0.8%</b>		
HSBC (Al Rajhi), due 01/19/2021 <sup>(a)</sup>	4,824	111,099
<b>Taiwan — 1.5%</b>		
Deutsche Bank AG (Merry Electronics Co.), due 01/10/2028 <sup>(a)</sup>	47,000	213,200
<b>Total Participation Notes — 4.0%</b>		
(Cost: \$680,513)		<u>569,098</u>
<b>Total Long-Term Investments — 94.1%</b>		
(Cost: \$13,516,261)		<u>13,386,324</u>
<b>Short-Term Securities — 4.8%</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.97% <sup>(c)(d)</sup>	677,975	677,975
<b>Total Short-Term Investments — 4.8%</b>		
(Cost: \$677,975)		<u>677,975</u>
<b>Total Investments — 98.9%</b>		
(Cost: \$14,194,236)		<u>\$ 14,064,299</u>
<b>Other Assets Less Liabilities — 1.1%</b>		
		<u>161,094</u>
<b>Net Assets — 100.0%</b>		
		<u>\$ 14,225,393</u>

September 30, 2018

- (a) Non-income producing security.
- (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) Annualized 7-day yield as of period end.
- (d) During the year ended September 30, 2018, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at 09/30/17	Net Activity	Shares Held at 09/30/18	Value at 09/30/18	Income	Net Realized Gain (Loss) <sup>(a)</sup>	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	385,937	292,038	677,975	<u>\$677,975</u>	<u>\$10,282</u>	<u>\$2</u>	<u>\$ —</u>

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

**Derivative Financial Instruments Outstanding as of Period End**

**Futures Contracts**

Description	Number of Contracts	Expiration Date	Notional Amount (000)	Value/Unrealized Appreciation (Depreciation)
<b>Long Contracts</b>				
MSCI Emerging Markets Mini Index	5	December 21, 2018	\$262	<u>\$8,359</u>

**Derivative Financial Instruments Categorized by Risk Exposure**

As of period end, the fair values of derivative financial instruments located in the Statements of Assets and Liabilities were as follows:

Assets — Derivative Financial Instruments	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Futures contracts . . . . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,359</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,359</u>

(a) Includes cumulative appreciation (depreciation) on futures contracts, if any, as reported in the Schedule of Investments. Only current day's variation margin is reported within the Statements of Assets and Liabilities.

For the year ended September 30, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

Net Realized Gain (Loss) from:	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Currency Exchange Contracts	Interest Rate Contracts	Other Contracts	Total
Futures contracts . . . . .	<u>\$ —</u>	<u>\$ —</u>	<u>\$(70,024)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$(70,024)</u>
Forward foreign currency exchange contracts . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>(60)</u>	<u>—</u>	<u>—</u>	<u>(60)</u>
<b>Net Change in Unrealized Appreciation (Depreciation) on:</b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 8,359</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 8,359</u></b>

September 30, 2018

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Futures contracts:	
Average notional value of contracts — long .....	\$395,351
Forward foreign currency exchange contracts:	
Average amounts purchased — in USD .....	\$ — <sup>(a)</sup>
Average amounts sold — in USD .....	\$ — <sup>(a)</sup>

<sup>(a)</sup> Derivative not held at quarter-end. The amount shown in the Statements of Operations reflect the results of activity during the period.

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Notes to Financial Statements.

The following tables summarize the Fund'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>
<b>Assets:</b>				
Investments:				
Long-Term Investments:				
Common Stocks:				
Argentina . . . . .	\$ 100,157	\$ —	\$ —	\$ 100,157
Austria . . . . .	—	310,047	—	310,047
Brazil . . . . .	1,389,636	—	—	1,389,636
China . . . . .	272,759	2,015,635	—	2,288,394
Egypt . . . . .	—	40,907	—	40,907
Hungary . . . . .	—	299,172	—	299,172
India . . . . .	—	1,477,123	—	1,477,123
Indonesia . . . . .	—	272,957	—	272,957
Mexico . . . . .	908,666	—	—	908,666
Panama . . . . .	67,305	—	—	67,305
Poland . . . . .	—	311,754	—	311,754
Qatar . . . . .	—	360,523	—	360,523
Russia . . . . .	393,420	609,186	—	1,002,606
South Korea . . . . .	81,244	1,595,152	—	1,676,396
Taiwan . . . . .	445,663	687,546	—	1,133,209
Thailand . . . . .	170,224	562,962	—	733,186
Ukraine . . . . .	—	264,641	—	264,641
United Kingdom . . . . .	180,547	—	—	180,547
Participation Notes:				
China . . . . .	—	167,786	—	167,786
Russia . . . . .	—	77,013	—	77,013
Saudi Arabia . . . . .	—	111,099	—	111,099
Taiwan . . . . .	—	213,200	—	213,200
Short-Term Securities . . . . .	677,975	—	—	677,975
	<u>\$ 4,687,596</u>	<u>\$ 9,376,703</u>	<u>\$ —</u>	<u>\$ 14,064,299</u>
<b>Derivative Financial Instruments<sup>(a)</sup></b>				
Assets:				
Equity contracts . . . . .	\$ 8,359	\$ —	\$ —	\$ 8,359

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

Schedule of Investments (continued)

BlackRock Emerging Markets Dividend Fund

September 30, 2018

Transfers between Level 1 and Level 2 were as follows:

	<i>Transfers Into Level 1</i>	<i>Transfers Out of Level 1<sup>(a)</sup></i>	<i>Transfers Into Level 2<sup>(a)</sup></i>	<i>Transfers Out of Level 2</i>
Assets:				
Investments:				
Long-Term Investments:				
Common Stocks:				
Indonesia . . . . .	\$ —	\$ (61,627)	\$ 61,627	\$ —
Russia . . . . .	—	(38,946)	38,946	—
Ukraine . . . . .	—	(199,983)	199,983	—
	<u>\$ —</u>	<u>\$ (300,556)</u>	<u>\$ 300,556</u>	<u>\$ —</u>

<sup>(a)</sup> External pricing service used to reflect any significant market movements between the time the Fund valued such foreign securities and the earlier closing of foreign markets.

See notes to financial statements.



# Schedule of Investments

September 30, 2018

## BlackRock Energy & Resources Portfolio

(Percentages shown are based on Net Assets)

Security	Shares	Value
<b>Common Stocks — 99.9%</b>		
<b>Energy Equipment &amp; Services — 12.4%</b>		
Baker Hughes a GE Co. ....	95,814	\$ 3,241,388
Halliburton Co. ....	76,995	3,120,607
Patterson-UTI Energy, Inc. ....	275,318	4,710,691
Poseidon Concepts Corp. <sup>(a)</sup> .....	35,081	25
Precision Drilling Corp. <sup>(a)</sup> .....	589,400	2,035,167
Superior Energy Services, Inc. <sup>(a)(b)</sup> .....	242,751	2,364,395
Tenaris SA <sup>(a)</sup> .....	236,267	3,956,867
		19,429,140
<b>Oil, Gas &amp; Consumable Fuels — 87.5%</b>		
Anadarko Petroleum Corp. ....	69,143	4,660,930
Andeavor .....	78,632	12,070,012
Cabot Oil & Gas Corp. ....	251,933	5,673,531
Cairn Energy PLC <sup>(a)(b)</sup> .....	1,928,520	5,829,018
Cheniere Energy, Inc. <sup>(a)</sup> .....	54,250	3,769,832
Cimarex Energy Co. ....	69,430	6,452,824
Concho Resources, Inc. <sup>(a)</sup> .....	42,998	6,567,945
Devon Energy Corp. <sup>(b)</sup> .....	147,317	5,883,841
Encana Corp. ....	695,153	9,111,555
Energren Corp. <sup>(a)</sup> .....	23,360	2,012,931
EQT Corp. ....	172,633	7,635,558
Galp Energia SGPS SA .....	400,204	7,935,174
Green Plains, Inc. ....	85,050	1,462,860
Hess Corp. ....	33,744	2,415,396
HollyFrontier Corp. ....	85,988	6,010,561
Kosmos Energy, Ltd. <sup>(a)</sup> .....	475,141	4,442,568
Longview Energy Co. (Acquired 8/13/04, cost \$1,281,000) <sup>(c)(d)</sup> .....	85,400	171,654

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Security, or a portion of the security, is on loan.

<sup>(c)</sup> Security is valued using significant unobservable inputs and is classified as Level 3 in the fair value hierarchy.

<sup>(d)</sup> Restricted security as to resale, excluding 144A securities. The Fund held restricted securities with a current value of \$171,654, representing 0.1% of its net assets as of period end, and an original cost of \$1,281,000.

<sup>(e)</sup> Annualized 7-day yield as of period end.

<sup>(f)</sup> Security was purchased with the cash collateral from loaned securities.

<sup>(g)</sup> During the year ended September 30, 2018, investments in issuers considered to be affiliates of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

Affiliate	Shares Held at 09/30/17	Net Activity	Shares Held at 09/30/18	Value at 09/30/18	Income	Net Realized Gain (Loss) <sup>(a)</sup>	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	1,889,750	(880,157)	1,009,593	\$1,009,593	\$16,945	\$ 3	\$ —
SL Liquidity Series, LLC, Money Market Series	—	6,567,316	6,567,316	6,567,973	28,273 <sup>(b)</sup>	245	101
				\$7,577,566	\$45,218	\$ 248	\$ 101

<sup>(a)</sup> Includes net capital gain distributions, if applicable.

<sup>(b)</sup> Represents securities lending income earned from the reinvestment of cash collateral from loaned securities, net of fees and collateral investment expenses, and other payments to and from borrowers of securities.

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

Security	Shares	Value
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
Lundin Petroleum AB .....	122,337	\$ 4,663,146
Marathon Oil Corp. ....	437,535	10,185,815
Noble Energy, Inc. ....	160,964	5,020,467
Oil Search Ltd. ....	689,618	4,504,536
Pioneer Natural Resources Co. ....	32,650	5,687,303
TransCanada Corp. ....	139,586	5,647,632
Valero Energy Corp. ....	27,209	3,095,024
Williams Cos., Inc. ....	221,195	6,014,292
		136,924,405
<b>Total Long-Term Investments — 99.9%</b>		
(Cost: \$126,744,253) .....		156,353,545
<b>Short-Term Securities — 4.9%</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.97% <sup>(e)(g)</sup> .....	1,009,593	1,009,593
SL Liquidity Series, LLC, Money Market Series, 2.26% <sup>(e)(f)(g)</sup> .....	6,567,316	6,567,973
		7,577,566
<b>Total Short-Term Investments — 4.9%</b>		
(Cost: \$7,577,465) .....		7,577,566
<b>Total Investments — 104.8%</b>		
(Cost: \$134,321,718) .....		163,931,111
<b>Liabilities in Excess of Other Assets — (4.8%)</b>		
		(7,461,044)
<b>Net Assets — 100.0%</b>		
		\$ 156,470,067

September 30, 2018

**Derivative Financial Instruments Categorized by Risk Exposure**

For the year ended September 30, 2018, the effect of derivative financial instruments in the Statements of Operations was as follows:

<i>Net Realized Gain (Loss) from:</i>	<i>Commodity Contracts</i>	<i>Credit Contracts</i>	<i>Equity Contracts</i>	<i>Foreign Currency Exchange Contracts</i>	<i>Interest Rate Contracts</i>	<i>Other Contracts</i>	<i>Total</i>
Forward foreign currency exchange contracts . . . . .	\$—	\$—	\$—	\$(6)	\$—	\$—	\$(6)

**Average Quarterly Balances of Outstanding Derivative Financial Instruments**

Forward foreign currency exchange contracts: Average amounts purchased — in USD . . . . .	\$— <sup>(a)</sup>
----------------------------------------------------------------------------------------------	--------------------

<sup>(a)</sup> Derivative not held at quarter-end. The amount shown in the Statements of Operations reflect the results of activity during the period.

For more information about the Fund's investment risks regarding derivative financial instruments, refer to the Notes to Financial Statements.

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments. For information about the Fund's policy regarding valuation of investments, refer to the Notes to Financial Statements.

The following table summarizes the Fund's investments categorized in the disclosure hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Assets:</b>				
<b>Investments:</b>				
<b>Long-Term Investments:</b>				
<b>Common Stocks:</b>				
Energy Equipment & Services . . . . .	\$ 15,472,248	\$ 3,956,892	\$ —	\$ 19,429,140
Oil, Gas & Consumable Fuels . . . . .	113,820,877	22,931,874	171,654	136,924,405
Short-Term Securities . . . . .	1,009,593	—	—	1,009,593
Subtotal	\$ 130,302,718	\$ 26,888,766	\$ 171,654	\$ 157,363,138
Investments Valued at NAV <sup>(a)</sup>				6,567,973
<b>Total Investments</b>				<b>\$ 163,931,111</b>

<sup>(a)</sup> As of September 30, 2018, certain investments of the Fund were valued using NAV per share as no quoted market value was available and therefore have been excluded from the fair value hierarchy.

During the year ended September 30, 2018, there were no transfers between levels.

See notes to financial statements.

# Statements of Assets and Liabilities

September 30, 2018

	BlackRock All-Cap Energy & Resources Portfolio	BlackRock Emerging Markets Dividend Fund	BlackRock Energy & Resources Portfolio
<b>ASSETS</b>			
Investments at value — unaffiliated <sup>(a)(b)</sup>	\$ 86,066,605	\$ 13,386,324	\$ 156,353,545
Investments at value — affiliated <sup>(c)</sup>	1,325,434	677,975	7,577,566
Cash	—	3,598	25
Cash pledged as collateral for futures contracts	—	14,000	—
Foreign currency at value <sup>(d)</sup>	1,691	72,918	9,049
Receivables:			
Investments sold	529	202,138	—
Capital shares sold	150,310	17,207	87,985
Dividends — affiliated	1,216	1,111	1,566
Dividends — unaffiliated	137,703	49,397	68,606
Securities lending income — affiliated	—	—	726
From the Manager	7,891	25,145	23,730
Prepaid expenses	19,099	16,969	29,493
<b>Total assets</b>	<b>87,710,478</b>	<b>14,466,782</b>	<b>164,152,291</b>
<b>LIABILITIES</b>			
Cash collateral on securities loaned at value	—	—	6,567,625
Payables:			
Investments purchased	819,349	—	—
Capital shares redeemed	220,268	26,582	691,859
Investment advisory fees	45,052	—	104,088
Board realignment and consolidation	10,536	3,011	14,694
Trustees' and Officer's fees	2,013	1,653	2,425
Other accrued expenses	40,427	84,643	42,266
Other affiliates	4,198	—	15,893
Printing fees	13,624	7,704	11,437
Professional fees	74,970	82,248	72,705
Service and distribution fees	28,279	2,271	44,273
Transfer agent fees	74,493	13,793	114,959
Offering costs	—	17,759	—
Variation margin on futures contracts	—	1,725	—
<b>Total liabilities</b>	<b>1,333,209</b>	<b>241,389</b>	<b>7,682,224</b>
<b>NET ASSETS</b>	<b>\$ 86,377,269</b>	<b>\$ 14,225,393</b>	<b>\$ 156,470,067</b>
<b>NET ASSETS CONSIST OF</b>			
Paid-in capital	\$ 102,871,545	\$ 14,241,210	\$ 376,763,204
Undistributed (accumulated) net investment income (loss)	1,201,797	187,012	(463,759)
Accumulated net realized loss	(36,663,055)	(81,206)	(249,439,324)
Net unrealized appreciation (depreciation)	18,966,982	(121,623)	29,609,946
<b>NET ASSETS</b>	<b>\$ 86,377,269</b>	<b>\$ 14,225,393</b>	<b>\$ 156,470,067</b>
<sup>(a)</sup> Investments at cost — unaffiliated	\$ 67,100,506	\$ 13,516,261	\$ 126,744,253
<sup>(b)</sup> Securities loaned at value	\$ —	\$ —	\$ 6,304,102
<sup>(c)</sup> Investments at cost — affiliated	\$ 1,325,434	\$ 677,975	\$ 7,577,465
<sup>(d)</sup> Foreign currency at cost	\$ 1,674	\$ 72,838	\$ 8,962

# Statements of Assets and Liabilities (concluded)

September 30, 2018

	BlackRock All-Cap Energy & Resources Portfolio	BlackRock Emerging Markets Dividend Fund	BlackRock Energy & Resources Portfolio
<b>NET ASSET VALUE</b>			
<b>Institutional</b>			
Net assets . . . . .	\$ 22,255,428	\$ 2,188,876	\$ 24,508,453
Shares outstanding <sup>(a)</sup> . . . . .	1,803,018	235,182	1,082,805
Net asset value . . . . .	\$ 12.34	\$ 9.31	\$ 22.63
<b>Service</b>			
Net assets . . . . .	\$ 599,250	—	—
Shares outstanding <sup>(a)</sup> . . . . .	49,721	—	—
Net asset value . . . . .	\$ 12.05	—	—
<b>Investor A</b>			
Net assets . . . . .	\$ 41,644,114	\$ 6,907,470	\$ 111,263,298
Shares outstanding <sup>(a)</sup> . . . . .	3,472,419	745,587	5,743,187
Net asset value . . . . .	\$ 11.99	\$ 9.26	\$ 19.37
<b>Investor C</b>			
Net assets . . . . .	\$ 21,878,477	\$ 1,127,311	\$ 20,698,316
Shares outstanding <sup>(a)</sup> . . . . .	1,921,322	123,428	1,526,213
Net asset value . . . . .	\$ 11.39	\$ 9.13	\$ 13.56
<b>Class K</b>			
Net assets . . . . .	—	\$ 4,001,736	—
Shares outstanding <sup>(a)</sup> . . . . .	—	430,201	—
Net asset value . . . . .	—	\$ 9.30	—

<sup>(a)</sup>Unlimited number of shares authorized, \$0.001 par value.

See notes to financial statements.

# Statements of Operations

Year Ended September 30, 2018

	BlackRock All-Cap Energy & Resources Portfolio	BlackRock Emerging Markets Dividend Fund	BlackRock Energy & Resources Portfolio
<b>INVESTMENT INCOME</b>			
Dividends — unaffiliated . . . . .	\$ 2,638,445	\$ 644,324 <sup>(a)</sup>	\$ 2,268,985
Dividends — affiliated . . . . .	9,161	10,282	16,945
Securities lending income — affiliated — net . . . . .	1,281	—	28,273
Foreign taxes withheld . . . . .	(172,164)	(55,786)	(119,228)
Total investment income . . . . .	<u>2,476,723</u>	<u>598,820</u>	<u>2,194,975</u>
<b>EXPENSES</b>			
Investment advisory . . . . .	649,205	161,008	1,252,309
Service and distribution — class specific . . . . .	336,875	29,001	511,845
Transfer agent — class specific . . . . .	202,634	35,748	403,457
Professional . . . . .	80,996	104,518	72,628
Registration . . . . .	70,284	49,602	63,548
Administration . . . . .	36,788	6,843	70,964
Printing . . . . .	34,565	41,908	29,309
Accounting services . . . . .	34,116	30,170	38,619
Administration — class specific . . . . .	17,326	3,217	33,432
Custodian . . . . .	15,539	45,194	9,794
Trustees and Officer . . . . .	11,639	10,441	12,952
Offering . . . . .	—	35,370	—
Board realignment and consolidation . . . . .	10,536	3,011	14,694
Recoupment of past waived and/or reimbursed fees — class specific . . . . .	350	—	199
Miscellaneous . . . . .	17,757	28,344	13,506
Total expenses . . . . .	<u>1,518,610</u>	<u>584,375</u>	<u>2,527,256</u>
Less:			
Administration fees waived — class specific . . . . .	(16,997)	(3,187)	(33,336)
Transfer agent fees waived and/or reimbursed — class specific . . . . .	(97,343)	(31,261)	(191,314)
Fees waived and/or reimbursed by the Manager . . . . .	(167,731)	(277,412)	(11,595)
Total expenses after fees waived and/or reimbursed . . . . .	<u>1,236,539</u>	<u>272,515</u>	<u>2,291,011</u>
Net investment income (loss) . . . . .	<u>1,240,184</u>	<u>326,305</u>	<u>(96,036)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>			
Net realized gain (loss) from:			
Investments — unaffiliated . . . . .	4,638,865	1,138,498 <sup>(b)</sup>	(9,117,480)
Investments — affiliated . . . . .	298	2	245
Capital gain distributions received from affiliated investment companies . . . . .	1	—	3
Futures contracts . . . . .	—	(70,024)	—
Forward foreign currency exchange contracts . . . . .	—	(60)	(6)
Foreign currency transactions . . . . .	(7,297)	(5,760)	(11,416)
	<u>4,631,867</u>	<u>1,062,656</u>	<u>(9,128,654)</u>
Net change in unrealized appreciation (depreciation) on:			
Investments — unaffiliated . . . . .	4,804,256	(1,906,355) <sup>(c)</sup>	27,888,404
Investments — affiliated . . . . .	—	—	101
Futures contracts . . . . .	—	8,359	—
Foreign currency translations . . . . .	633	178	1,237
	<u>4,804,889</u>	<u>(1,897,818)</u>	<u>27,889,742</u>
Net realized and unrealized gain (loss) . . . . .	<u>9,436,756</u>	<u>(835,162)</u>	<u>18,761,088</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS . . . . .	<u>\$ 10,676,940</u>	<u>\$ (508,857)</u>	<u>\$ 18,665,052</u>

<sup>(a)</sup> Includes non-recurring dividends in the amount of \$24,665.

<sup>(b)</sup> Net of \$2,219 realized tax deferral.

<sup>(c)</sup> Net of \$17,169 foreign capital gain tax.

See notes to financial statements.

# Statements of Changes in Net Assets

	BlackRock All-Cap Energy & Resources Portfolio		BlackRock Emerging Markets Dividend Fund		BlackRock Energy & Resources Portfolio	
	Year Ended September 30,		Year Ended September 30,		Year Ended September 30,	
	2018	2017	2018	2017	2018	2017
<b>INCREASE (DECREASE) IN NET ASSETS</b>						
<b>OPERATIONS</b>						
Net investment income (loss) . . . . .	\$ 1,240,184	\$ 2,414,222	\$ 326,305	\$ 166,850	\$ (96,036)	\$ 1,978,253
Net realized gain (loss) . . . . .	4,631,867	(1,607,278)	1,062,656	412,322	(9,128,654)	(21,486,317)
Net change in unrealized appreciation (depreciation) . . . . .	4,804,889	417,453	(1,897,818)	1,257,761	27,889,742	(4,079,744)
Net increase (decrease) in net assets resulting from operations . . . . .	10,676,940	1,224,397	(508,857)	1,836,933	18,665,052	(23,587,808)
<b>DISTRIBUTIONS TO SHAREHOLDERS<sup>(a)</sup></b>						
From net investment income:						
Institutional . . . . .	(495,032)	(617,210)	(86,593)	(46,061)	(576,362)	—
Service . . . . .	(15,288)	(16,259)	—	—	—	—
Investor A . . . . .	(1,116,732)	(1,176,238)	(104,130)	(26,936)	(1,490,046)	—
Investor C . . . . .	(477,396)	(390,299)	(10,942)	(2,969)	(234,733)	—
Class K . . . . .	—	—	(48,072)	—	—	—
Decrease in net assets resulting from distributions to shareholders . . . . .	(2,104,448)	(2,200,006)	(249,737)	(75,966)	(2,301,141)	—
<b>CAPITAL SHARE TRANSACTIONS</b>						
Net increase (decrease) in net assets derived from capital share transactions . . . . .	(9,313,635)	(29,268,241)	1,336,365	7,377,349	(51,254,631)	(63,828,902)
<b>NET ASSETS</b>						
Total increase (decrease) in net assets . . . . .	(741,143)	(30,243,850)	577,771	9,138,316	(34,890,720)	(87,416,710)
Beginning of year . . . . .	87,118,412	117,362,262	13,647,622	4,509,306	191,360,787	278,777,497
End of year . . . . .	\$ 86,377,269	\$ 87,118,412	\$ 14,225,393	\$ 13,647,622	\$ 156,470,067	\$ 191,360,787
Undistributed (accumulated) net investment income (loss), end of year . . . . .	\$ 1,201,797	\$ 2,073,358	\$ 187,012	\$ 83,113	\$ (463,759)	\$ 1,907,056

<sup>(a)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock All-Cap Energy & Resources Portfolio				
	Institutional				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 11.13	\$ 11.06	\$ 9.91	\$ 16.26	\$ 15.28
Net investment income <sup>(a)</sup> . . . . .	0.23	0.31 <sup>(b)</sup>	0.22	0.23	0.19
Net realized and unrealized gain (loss) . . . . .	1.30	0.04	1.17	(6.34)	0.90
Net increase (decrease) from investment operations . . . . .	1.53	0.35	1.39	(6.11)	1.09
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.32)	(0.28)	(0.24)	(0.24)	(0.11)
<b>Net asset value, end of year</b> . . . . .	\$ 12.34	\$ 11.13	\$ 11.06	\$ 9.91	\$ 16.26
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	14.08%	2.98%	14.33%	(37.94)%	7.16%
<b>Ratios to Average Net Assets</b>					
Total expenses . . . . .	1.29%	1.25%	1.18%	1.11% <sup>(e)</sup>	1.00% <sup>(e)</sup>
Total expenses after fees waived and/or reimbursed and paid indirectly . . . . .	0.92%	0.91%	0.95%	0.96%	0.96%
Net investment income . . . . .	1.97%	2.89% <sup>(b)</sup>	2.16%	1.75%	1.15%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 22,255	\$ 18,703	\$ 25,123	\$ 20,753	\$ 36,865
Portfolio turnover rate . . . . .	37%	14%	66%	51%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.10 per share and 0.92%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(e)</sup> Includes recoupment of past waived and/or reimbursed fees with no financial impact to the expense ratios.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

## BlackRock All-Cap Energy & Resources Portfolio (continued)

	Service				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 10.88	\$ 10.81	\$ 9.65	\$ 15.81	\$ 14.87
Net investment income <sup>(a)</sup> . . . . .	0.17	0.25 <sup>(b)</sup>	0.17	0.17	0.12
Net realized and unrealized gain (loss) . . . . .	1.28	0.04	1.14	(6.16)	0.88
Net increase (decrease) from investment operations . . . . .	1.45	0.29	1.31	(5.99)	1.00
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.28)	(0.22)	(0.15)	(0.17)	(0.06)
<b>Net asset value, end of year</b> . . . . .	\$ 12.05	\$ 10.88	\$ 10.81	\$ 9.65	\$ 15.81
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	13.63%	2.58%	13.77%	(38.17)%	6.72%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)</sup> . . . . .	1.55%	1.50%	1.51%	1.41%	1.35%
Total expenses after fees waived and/or reimbursed and paid indirectly . . . . .	1.34%	1.33%	1.36%	1.38%	1.34%
Net investment income . . . . .	1.51%	2.35% <sup>(b)</sup>	1.67%	1.33%	0.77%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 599	\$ 628	\$ 787	\$ 1,025	\$ 2,046
Portfolio turnover rate . . . . .	37%	14%	66%	51%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.10 per share and 0.92%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(e)</sup> Includes recoupment of past waived and/or reimbursed with no financial impact to the expense ratios for the years ended September 30, 2018, September 30, 2017, September 30, 2016, September 30, 2015 and September 30, 2014.

See notes to financial statements.



# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock All-Cap Energy & Resources Portfolio (continued)				
	Investor A				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 10.83	\$ 10.76	\$ 9.63	\$ 15.77	\$ 14.85
Net investment income <sup>(a)</sup> . . . . .	0.17	0.26 <sup>(b)</sup>	0.17	0.17	0.12
Net realized and unrealized gain (loss) . . . . .	1.27	0.03	1.14	(6.15)	0.86
Net increase (decrease) from investment operations . . . . .	1.44	0.29	1.31	(5.98)	0.98
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.28)	(0.22)	(0.18)	(0.16)	(0.06)
<b>Net asset value, end of year</b> . . . . .	\$ 11.99	\$ 10.83	\$ 10.76	\$ 9.63	\$ 15.77
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	13.59%	2.57%	13.88%	(38.17)%	6.65%
<b>Ratios to Average Net Assets</b>					
Total expenses . . . . .	1.65%	1.60%	1.55%	1.48% <sup>(e)</sup>	1.40% <sup>(e)</sup>
Total expenses after fees waived and/or reimbursed and paid indirectly . . . . .	1.34%	1.33%	1.36%	1.38%	1.38%
Net investment income . . . . .	1.52%	2.42% <sup>(b)</sup>	1.72%	1.33%	0.73%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 41,644	\$ 43,765	\$ 59,065	\$ 51,005	\$ 91,625
Portfolio turnover rate . . . . .	37%	14%	66%	51%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.10 per share and 0.92%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(e)</sup> Includes recoupment of past waived and/or reimbursed fees with no financial impact to the expense ratios.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock All-Cap Energy & Resources Portfolio (continued)					
Investor C					
Year Ended September 30,					
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 10.30	\$ 10.23	\$ 9.14	\$ 14.94	\$ 14.10
Net investment income <sup>(a)</sup> . . . . .	0.09	0.17 <sup>(b)</sup>	0.09	0.07	0.00 <sup>(c)</sup>
Net realized and unrealized gain (loss) . . . . .	1.22	0.03	1.08	(5.82)	0.84
Net increase (decrease) from investment operations . . . . .	1.31	0.20	1.17	(5.75)	0.84
Distributions from net investment income <sup>(d)</sup> . . . . .	(0.22)	(0.13)	(0.08)	(0.05)	—
<b>Net asset value, end of year</b> . . . . .	\$ 11.39	\$ 10.30	\$ 10.23	\$ 9.14	\$ 14.94
<b>Total Return<sup>(e)</sup></b>					
Based on net asset value . . . . .	12.90%	1.84%	12.91%	(38.60)%	5.96%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(f)</sup> . . . . .	2.36%	2.32%	2.28%	2.18%	2.12%
Total expenses after fees waived and/or reimbursed and paid indirectly . . . . .	2.06%	2.05%	2.09%	2.10%	2.10%
Net investment income (loss) . . . . .	0.80%	1.66% <sup>(b)</sup>	1.00%	0.61%	0.00%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 21,878	\$ 23,996	\$ 31,847	\$ 32,693	\$ 63,133
Portfolio turnover rate . . . . .	37%	14%	66%	51%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.10 per share and 0.92%, respectively, resulting from a special dividend.

<sup>(c)</sup> Amount is less than \$0.005 per share.

<sup>(d)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(e)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(f)</sup> Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the years ended September 30, 2016 and September 30, 2014, the ratio would have been 2.27% and 2.10%, respectively. There was no financial impact to the expense ratios for the years ended September 30, 2018, September 30, 2017 and September 30, 2015.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Emerging Markets Dividend Fund				
	Institutional				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 9.63	\$ 7.90	\$ 6.87	\$ 8.75	\$ 8.93
Net investment income <sup>(a)</sup> . . . . .	0.14 <sup>(b)</sup>	0.21	0.09	0.18	0.22
Net realized and unrealized gain (loss) . . . . .	(0.29)	1.60	1.05	(1.78)	(0.12)
Net increase (decrease) from investment operations . . . . .	(0.15)	1.81	1.14	(1.60)	0.10
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.17)	(0.08)	(0.11)	(0.28)	(0.28)
<b>Net asset value, end of year</b> . . . . .	\$ 9.31	\$ 9.63	\$ 7.90	\$ 6.87	\$ 8.75
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	(1.58)%	23.02%	16.72%	(18.71)%	1.06%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)</sup> . . . . .	3.50%	5.22%	8.02%	6.07%	6.72%
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(e)</sup> . . . . .	1.51%	1.51%	1.51%	1.51%	1.51%
Net investment income <sup>(e)</sup> . . . . .	1.42% <sup>(b)</sup>	2.37%	1.25%	2.11%	2.41%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 2,189	\$ 7,492	\$ 1,586	\$ 763	\$ 2,774
Portfolio turnover rate . . . . .	77%	73%	117%	81%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.01 per share and 0.14%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(e)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended September 30,				
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	0.01%	—	—	—	0.01%

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock Emerging Markets Dividend Fund (continued)					
Investor A					
Year Ended September 30,					
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 9.59	\$ 7.87	\$ 6.84	\$ 8.71	\$ 8.89
Net investment income <sup>(a)</sup> . . . . .	0.21 <sup>(b)</sup>	0.16	0.11	0.14	0.20
Net realized and unrealized gain (loss) . . . . .	(0.39)	1.62	1.02	(1.75)	(0.13)
Net increase (decrease) from investment operations . . . . .	(0.18)	1.78	1.13	(1.61)	0.07
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.15)	(0.06)	(0.10)	(0.26)	(0.25)
<b>Net asset value, end of year</b> . . . . .	\$ 9.26	\$ 9.59	\$ 7.87	\$ 6.84	\$ 8.71
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	(1.91)%	22.70%	16.57%	(18.89)%	0.77%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)</sup> . . . . .	3.67%	5.16%	8.48%	7.38%	7.17%
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(e)</sup> . . . . .	1.77%	1.76%	1.76%	1.75%	1.76%
Net investment income <sup>(e)</sup> . . . . .	2.09%	1.82%	1.60%	1.77%	2.30%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 6,907	\$ 5,153	\$ 2,428	\$ 1,296	\$ 1,887
Portfolio turnover rate . . . . .	77%	73%	117%	81%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.01 per share and 0.14%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(e)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

Year Ended September 30,					
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	0.01%	—	—	—	0.01%

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Emerging Markets Dividend Fund (continued)				
	Investor C				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 9.47	\$ 7.80	\$ 6.78	\$ 8.65	\$ 8.84
Net investment income <sup>(a)</sup> . . . . .	0.12 <sup>(b)</sup>	0.09	0.06	0.08	0.16
Net realized and unrealized gain (loss) . . . . .	(0.37)	1.61	1.01	(1.75)	(0.15)
Net increase (decrease) from investment operations . . . . .	(0.25)	1.70	1.07	(1.67)	0.01
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.09)	(0.03)	(0.05)	(0.20)	(0.20)
<b>Net asset value, end of year</b> . . . . .	\$ 9.13	\$ 9.47	\$ 7.80	\$ 6.78	\$ 8.65
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	(2.65)%	21.80%	15.83%	(19.67)%	0.10%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)</sup> . . . . .	4.56%	5.86%	9.49%	8.13%	8.11%
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(e)</sup> . . . . .	2.52%	2.51%	2.51%	2.51%	2.51%
Net investment income <sup>(e)</sup> . . . . .	1.24%	1.08%	0.83%	0.93%	1.76%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 1,127	\$ 1,003	\$ 495	\$ 299	\$ 500
Portfolio turnover rate . . . . .	77%	73%	117%	81%	71%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.01 per share and 0.14%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(e)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended September 30,				
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	0.01%	—	—	—	0.01%

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Emerging Markets Dividend Fund
	Class K
	Period from 01/25/18 <sup>(a)</sup> to 09/30/18
<b>Net asset value, beginning of period</b> . . . . .	<u>\$ 11.01</u>
Net investment income <sup>(b)</sup> . . . . .	0.25 <sup>(c)</sup>
Net realized and unrealized gain (loss) . . . . .	<u>(1.85)</u>
Net decrease from investment operations . . . . .	<u>(1.60)</u>
Distributions from net investment income <sup>(d)</sup> . . . . .	<u>(0.11)</u>
<b>Net asset value, end of period</b> . . . . .	<u>\$ 9.30</u>
<b>Total Return<sup>(e)</sup></b>	
Based on net asset value . . . . .	<u>(14.54)%<sup>(f)</sup></u>
<b>Ratios to Average Net Assets</b>	
Total expenses <sup>(g)</sup> . . . . .	<u>3.24%<sup>(h)(i)</sup></u>
Total expenses after fees waived and/or reimbursed <sup>(g)</sup> . . . . .	<u>1.49%<sup>(i)</sup></u>
Net investment income (loss) <sup>(g)</sup> . . . . .	<u>3.80%<sup>(i)</sup></u>
<b>Supplemental Data</b>	
Net assets, end of period (000) . . . . .	<u>\$ 4,002</u>
Portfolio turnover rate . . . . .	<u>77%<sup>(i)</sup></u>

<sup>(a)</sup> Commencement of operations.

<sup>(b)</sup> Based on average shares outstanding.

<sup>(c)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.01 per share and 0.14%, respectively, resulting from a special dividend.

<sup>(d)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(e)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(f)</sup> Aggregate total return.

<sup>(g)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Period from 01/25/18 <sup>(a)</sup> to 09/30/18
Investments in underlying funds . . . . .	<u>0.01%</u>

<sup>(h)</sup> Offering expenses were not annualized in the calculation of the expense ratio. If these expenses were annualized, the total expenses ratio would have been 3.35%.

<sup>(i)</sup> Annualized.

<sup>(j)</sup> Portfolio turnover is representative of the Fund for the entire year.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

	BlackRock Energy & Resources Portfolio				
	Institutional				
	Year Ended September 30,				
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 20.42	\$ 22.15	\$ 19.44	\$ 37.89	\$ 37.36
Net investment income (loss) <sup>(a)</sup> . . . . .	0.06	0.23 <sup>(b)</sup>	0.07	0.03	(0.17)
Net realized and unrealized gain (loss) . . . . .	2.44	(1.96)	2.64	(18.48)	0.70
Net increase (decrease) from investment operations . . . . .	2.50	(1.73)	2.71	(18.45)	0.53
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.29)	—	—	—	—
<b>Net asset value, end of year</b> . . . . .	\$ 22.63	\$ 20.42	\$ 22.15	\$ 19.44	\$ 37.89
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	12.40%	(7.81)%	13.94%	(48.69)%	1.42%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)(f)</sup> . . . . .	1.08%	1.04%	1.10%	1.11%	1.03%
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(e)</sup> . . . . .	1.02%	1.02%	1.05%	1.07%	1.02%
Net investment income (loss) <sup>(e)</sup> . . . . .	0.28%	1.14% <sup>(b)</sup>	0.35%	0.12%	(0.43)%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 24,508	\$ 45,734	\$ 74,778	\$ 65,091	\$ 92,994
Portfolio turnover rate . . . . .	26%	12%	44%	55%	56%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.16 per share and 0.90%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, assumes the reinvestment of distributions.

<sup>(e)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

	Year Ended September 30,				
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	—	—	—	—	0.01%

<sup>(f)</sup> Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the years ended September 30, 2017, September 30, 2016 and September 30, 2015, the ratio would have been 1.01%, 1.06% and 1.10%, respectively. There was no financial impact to the expense ratios for the years ended September 30, 2018 and September 30, 2014.

See notes to financial statements.

# Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock Energy & Resources Portfolio (continued)					
Investor A					
Year Ended September 30,					
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 17.51	\$ 19.05	\$ 16.77	\$ 32.79	\$ 32.42
Net investment income (loss) <sup>(a)</sup> . . . . .	(0.00) <sup>(b)</sup>	0.15 <sup>(c)</sup>	0.01	(0.04)	(0.25)
Net realized and unrealized gain (loss) . . . . .	2.09	(1.69)	2.27	(15.98)	0.62
Net increase (decrease) from investment operations . . . . .	2.09	(1.54)	2.28	(16.02)	0.37
Distributions from net investment income <sup>(d)</sup> . . . . .	(0.23)	—	—	—	—
<b>Net asset value, end of year</b> . . . . .	\$ 19.37	\$ 17.51	\$ 19.05	\$ 16.77	\$ 32.79
<b>Total Return<sup>(e)</sup></b>					
Based on net asset value . . . . .	12.05%	(8.09)%	13.60%	(48.86)%	1.14%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(f)</sup> . . . . .	1.48%	1.45%	1.43% <sup>(g)</sup>	1.39% <sup>(g)</sup>	1.31% <sup>(g)</sup>
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(f)</sup> . . . . .	1.33%	1.33%	1.36%	1.37%	1.31%
Net investment income (loss) <sup>(f)</sup> . . . . .	(0.01)%	0.84% <sup>(c)</sup>	0.04%	(0.16)%	(0.72)%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 111,263	\$ 120,881	\$ 165,504	\$ 150,863	\$ 353,706
Portfolio turnover rate . . . . .	26%	12%	44%	55%	56%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Amount is greater than \$(0.005) per share.

<sup>(c)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.16 per share and 0.90%, respectively, resulting from a special dividend.

<sup>(d)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(e)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(f)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

Year Ended September 30,					
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	—	—	—	—	0.01%

<sup>(g)</sup> Includes recoupment of past waived and/or reimbursed fees. There was no financial impact to the expense ratios for the years ended September 30, 2016, September 30, 2015 and September 30, 2014.

See notes to financial statements.



# Financial Highlights (continued)

(For a share outstanding throughout each period)

BlackRock Energy & Resources Portfolio (continued)					
Investor C					
Year Ended September 30,					
	2018	2017	2016	2015	2014
<b>Net asset value, beginning of year</b> . . . . .	\$ 12.31	\$ 13.49	\$ 11.96	\$ 23.56	\$ 23.47
Net investment income (loss) <sup>(a)</sup> . . . . .	(0.09)	0.01 <sup>(b)</sup>	(0.08)	(0.15)	(0.36)
Net realized and unrealized gain (loss) . . . . .	1.46	(1.19)	1.61	(11.45)	0.45
Net increase (decrease) from investment operations . . . . .	1.37	(1.18)	1.53	(11.60)	0.09
Distributions from net investment income <sup>(c)</sup> . . . . .	(0.12)	—	—	—	—
<b>Net asset value, end of year</b> . . . . .	\$ 13.56	\$ 12.31	\$ 13.49	\$ 11.96	\$ 23.56
<b>Total Return<sup>(d)</sup></b>					
Based on net asset value . . . . .	11.26%	(8.75)%	12.79%	(49.24)%	0.38%
<b>Ratios to Average Net Assets</b>					
Total expenses <sup>(e)</sup> . . . . .	2.25%	2.22% <sup>(f)</sup>	2.22% <sup>(f)</sup>	2.13% <sup>(f)</sup>	2.06% <sup>(f)</sup>
Total expenses after fees waived and/or reimbursed and paid indirectly <sup>(e)</sup> . . . . .	2.05%	2.05%	2.08%	2.09%	2.05%
Net investment income (loss) <sup>(e)</sup> . . . . .	(0.74)%	0.08% <sup>(b)</sup>	(0.68)%	(0.88)%	(1.47)%
<b>Supplemental Data</b>					
Net assets, end of year (000) . . . . .	\$ 20,698	\$ 24,727	\$ 38,086	\$ 37,967	\$ 83,948
Portfolio turnover rate . . . . .	26%	12%	44%	55%	56%

<sup>(a)</sup> Based on average shares outstanding.

<sup>(b)</sup> Net investment income per share and the ratio of net investment income to average net assets includes \$0.16 per share and 0.90%, respectively, resulting from a special dividend.

<sup>(c)</sup> Distributions for annual periods determined in accordance with U.S. federal income tax regulations.

<sup>(d)</sup> Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.

<sup>(e)</sup> Excludes expenses incurred indirectly as a result of investments in underlying funds as follows:

Year Ended September 30,					
	2018	2017	2016	2015	2014
Investments in underlying funds . . . . .	—	—	—	—	0.01%

<sup>(f)</sup> Includes recoupment of past waived and/or reimbursed fees. Excluding the recoupment of past waived and/or reimbursed fees for the year ended September 30, 2014, the ratio would have been 2.05%. There was no financial impact to the expense ratios for the years ended September 30, 2017, September 30, 2016 and September 30, 2015.

See notes to financial statements.

# Notes to Financial Statements

## 1. ORGANIZATION

BlackRock Funds<sup>SM</sup> (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust is organized as a Massachusetts business trust. The following are referred to herein collectively as the “Funds” or individually, a “Fund” and are each a series of the Trust:

<i>Fund Name</i>	<i>Herein Referred To As</i>	<i>Diversification Classification</i>
BlackRock All-Cap Energy & Resources Portfolio . . . . .	All-Cap Energy & Resources	Non-diversified
BlackRock Emerging Markets Dividend Fund . . . . .	Emerging Markets Dividend	Diversified <sup>(a)</sup>
BlackRock Energy & Resources Portfolio . . . . .	Energy & Resources	Non-diversified

<sup>(a)</sup> The Fund's classification changed from non-diversified to diversified during the reporting period.

Each Fund offers multiple classes of shares. All classes of shares have identical voting, dividend, liquidation and other rights and are subject to the same terms and conditions, except that certain classes bear expenses related to the shareholder servicing and distribution of such shares. Institutional, Service and Class K Shares are sold only to certain eligible investors. Investor A and Investor C Shares are generally available through financial intermediaries. (Effective November 8, 2018, Investor C Shares will adopt an automatic conversion feature whereby such shares will automatically converted into Investor A Shares after a conversion period of approximately ten years, and, thereafter, investors will be subject to lower ongoing fees.) Each class has exclusive voting rights with respect to matters relating to its shareholder servicing and distribution expenditures (except that Investor C shareholders may vote on material changes to the Investor A distribution and service plan).

<i>Share Class</i>	<i>Initial Sales Charge</i>	<i>CDSC</i>	<i>Conversion Privilege</i>
Institutional, Service and Class K Shares <sup>(a)</sup> . . . . .	No	No	None
Investor A Shares . . . . .	Yes	No <sup>(b)</sup>	None
Investor C Shares . . . . .	No	Yes	None

<sup>(a)</sup> Class K commenced operations on January 25, 2018.

<sup>(b)</sup> Investor A Shares may be subject to a contingent deferred sales charge (“CDSC”) for certain redemptions where no initial sales charge was paid at the time of purchase.

On December 27, 2017, All-Cap Energy & Resources' and Energy & Resources' issued and outstanding Investor B Shares converted into Investor A Shares, with the same relative aggregate net asset value (“NAV”) as the original shares held immediately prior to the conversion.

The Funds, together with certain other registered investment companies advised by the BlackRock Advisors, LLC (the “Manager”) or its affiliates, are included in a complex of open-end funds referred to as the Equity-Liquidity Complex.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Below is a summary of significant accounting policies:

**Investment Transactions and Income Recognition:** For financial reporting purposes, investment transactions are recorded on the dates the transactions are entered into (the “trade dates”). Realized gains and losses on investment transactions are determined on the identified cost basis. Dividend income and non-cash dividend income are recorded on the ex-dividend date. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Funds are informed of the ex-dividend date. Under the applicable foreign tax laws, a withholding tax at various rates may be imposed on capital gains, dividends and interest. Interest income, including amortization and accretion of premiums and discounts on debt securities, is recognized on an accrual basis. Payment-in-kind interest income is accrued as interest income and is reclassified as payment-in-kind interest income when the additional securities are received. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

**Foreign Currency Translation:** Each Fund's books and records are maintained in U.S. dollars. Securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars using exchange rates determined as of the close of trading on the New York Stock Exchange (“NYSE”). Purchases and sales of investments are recorded at the rates of exchange prevailing on the respective dates of such transactions. Generally, when the U.S. dollar rises in value against a foreign currency, the investments denominated in that currency will lose value; the opposite effect occurs if the U.S. dollar falls in relative value.

Each Fund does not isolate the portion of the results of operations arising as a result of changes in the exchange rates from the changes in the market prices of investments held or sold for financial reporting purposes. Accordingly, the effects of changes in exchange rates on investments are not segregated in the Statements of Operations from the effects of changes in market prices of those investments, but are included as a component of net realized and unrealized gain (loss) from investments. Each Fund reports realized currency gains (losses) on foreign currency related transactions as components of net realized gain (loss) for financial reporting purposes, whereas such components are generally treated as ordinary income for U.S. federal income tax purposes.

**Segregation and Collateralization:** In cases where a Fund enters into certain investments (e.g., forward foreign currency exchange contracts, futures contracts) that would be treated as “senior securities” for 1940 Act purposes, a Fund may segregate or designate on its books and records cash or liquid assets having a market value at

## Notes to Financial Statements (continued)

least equal to the amount of its future obligations under such investments. Doing so allows the investment to be excluded from treatment as a "senior security." Furthermore, if required by an exchange or counterparty agreement, the Funds may be required to deliver/deposit cash and/or securities to/with an exchange, or broker-dealer or custodian as collateral for certain investments or obligations.

**Distributions:** Distributions paid by the Funds are recorded on the ex-dividend date. The character and timing of distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP.

**Offering Costs:** Offering costs are amortized over a 12-month period beginning with the commencement of operations of a class of shares

**Recent Accounting Standards:** In August 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-13 "Changes to the Disclosure Requirements for Fair Value Measurement" which modifies disclosure requirements for fair value measurements. The guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. Management is currently evaluating the impact of this guidance to the Funds.

**Indemnifications:** In the normal course of business, a Fund enters into contracts that contain a variety of representations that provide general indemnification. A Fund's maximum exposure under these arrangements is unknown because it involves future potential claims against a Fund, which cannot be predicted with any certainty.

**Other:** Expenses directly related to a Fund or its classes are charged to that Fund or the applicable class. Other operating expenses shared by several funds, including other funds managed by the Manager, are prorated among those funds on the basis of relative net assets or other appropriate methods. Expenses directly related to the Funds and other shared expenses prorated to the Funds are allocated daily to each class based on its relative net assets or other appropriate methods.

The Funds have an arrangement with their custodian whereby credits are earned on uninvested cash balances, which could be used to reduce custody fees and/or overdraft charges. The Funds may incur charges on certain uninvested cash balances and overdrafts, subject to certain conditions.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**Investment Valuation Policies:** The Funds' investments are valued at fair value (also referred to as "market value" within the financial statements) as of the close of trading on the NYSE (generally 4:00 p.m., Eastern time or if the reporting date falls on a day the NYSE is closed, investments are valued at fair value as of the period end). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The Funds determine the fair values of their financial instruments using various independent dealers or pricing services under policies approved by the Board of Trustees of the Trust (the "Board"). The BlackRock Global Valuation Methodologies Committee (the "Global Valuation Committee") is the committee formed by management to develop global pricing policies and procedures and to oversee the pricing function for all financial instruments.

**Fair Value Inputs and Methodologies:** The following methods and inputs are used to establish the fair value of each Fund's assets and liabilities:

- Equity investments traded on a recognized securities exchange are valued at the official closing price each day, if available. For equity investments traded on more than one exchange, the official closing price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day may be valued at the last available bid (long positions) or ask (short positions) price.
- Generally, trading in foreign instruments is substantially completed each day at various times prior to the close of trading on the NYSE. Occasionally, events affecting the values of such instruments may occur between the foreign market close and the close of trading on the NYSE that may not be reflected in the computation of each Fund's net assets. Each business day, the Funds use a pricing service to assist with the valuation of certain foreign exchange-traded equity securities and foreign exchange-traded and over-the-counter ("OTC") options (the "Systematic Fair Value Price"). Using current market factors, the Systematic Fair Value Price is designed to value such foreign securities and foreign options at fair value as of the close of trading on the NYSE, which follows the close of the local markets.
- Investments in open-end U.S. mutual funds are valued at NAV each business day.
- The Funds value their investment in SL Liquidity Series, LLC, Money Market Series (the "Money Market Series") at fair value, which is ordinarily based upon their pro rata ownership in the underlying fund's net assets. The Money Market Series seeks current income consistent with maintaining liquidity and preserving capital. Although the Money Market Series is not registered under the 1940 Act, its investments may follow the parameters of investments by a money market fund that is subject to Rule 2a-7 under the 1940 Act.
- Futures contracts traded on exchanges are valued at their last sale price.
- Forward foreign currency exchange contracts are valued at the mean between the bid and ask prices and are determined as of the close of trading on the NYSE. Interpolated values are derived when the settlement date of the contract is an interim date for which quotations are not available.
- Participation notes are valued on the basis of last available bid prices or current market quotations provided by dealers or pricing services.

If events (e.g., a company announcement, market volatility or a natural disaster) occur that are expected to materially affect the value of such investments, or in the event that the application of these methods of valuation results in a price for an investment that is deemed not to be representative of the market value of such investment, or if a price is not available, the investment will be valued by the Global Valuation Committee, or its delegate, in accordance with a policy approved by the Board as reflecting fair value ("Fair Valued Investments"). The fair valuation approaches that may be used by the Global Valuation Committee will include market approach, income approach and cost approach. Valuation techniques such as discounted cash flow, use of market comparables and matrix pricing are types of valuation approaches and are typically used in determining fair value. When determining the price for Fair Valued Investments, the Global Valuation Committee, or its delegate, seeks to determine the price that each Fund might reasonably expect to receive or pay from the current sale or purchase of that asset or liability in an arm's-length transaction. Fair value determinations shall be based upon all available factors that the Global Valuation Committee, or its delegate, deems relevant and consistent with the principles of fair value measurement.

## Notes to Financial Statements (continued)

The Global Valuation Committee, or its delegate, employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of each Fund's pricing vendors, regular reviews of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices and large movements in market values and reviews of any market related activity. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis. As a result of the inherent uncertainty in valuation of these investments, the fair values may differ from the values that would have been used had an active market existed.

For investments in equity or debt issued by privately held companies or funds ("Private Company" or collectively, the "Private Companies") and other Fair Valued Investments, the fair valuation approaches that are used by third party pricing services utilize one or a combination of, but not limited to, the following inputs.

<i>Standard Inputs Generally Considered By Third Party Pricing Services</i>	
Market approach . . . . .	(i) recent market transactions, including subsequent rounds of financing, in the underlying investment or comparable issuers; (ii) recapitalizations and other transactions across the capital structure; and (iii) market multiples of comparable issuers.
Income approach . . . . .	(i) future cash flows discounted to present and adjusted as appropriate for liquidity, credit and/or market risks; (ii) quoted prices for similar investments or assets in active markets; and (iii) other risk factors, such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, recovery rates, liquidation amounts and/or default rates.
Cost approach . . . . .	(i) audited or unaudited financial statements, investor communications and financial or operational metrics issued by the Private Company; (ii) changes in the valuation of relevant indices or publicly traded companies comparable to the Private Company; (iii) relevant news and other public sources; and (iv) known secondary market transactions in the Private Company's interests and merger or acquisition activity in companies comparable to the Private Company.

Investments in series of preferred stock issued by Private Companies are typically valued utilizing market approach in determining the enterprise value of the company. Such investments often contain rights and preferences that differ from other series of preferred and common stock of the same issuer. Valuation techniques such as an option pricing model ("OPM"), a probability weighted expected return model ("PWERM") or a hybrid of those techniques are used in allocating enterprise value of the company, as deemed appropriate under the circumstances. The use of OPM and PWERM techniques involve a determination of the exit scenarios of the investment in order to appropriately allocate the enterprise value of the company among the various parts of its capital structure.

The Private Companies are not subject to the public company disclosure, timing, and reporting standards as other investments held by a Fund. Typically, the most recently available information by a Private Company is as of a date that is earlier than the date a Fund is calculating its NAV. This factor may result in a difference between the value of the investment and the price a Fund could receive upon the sale of the investment.

**Fair Value Hierarchy:** 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 statement purposes as follows:

- Level 1 — Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund 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 each Fund'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 Global Valuation Committee in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by Private Companies. 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 each Fund'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.

As of September 30, 2018, certain investments of the Energy & Resources were valued using NAV per share as no quoted market value is available and therefore have been excluded from the fair value hierarchy.

### 4. SECURITIES AND OTHER INVESTMENTS

**Participation Notes:** Participation notes ("P-Notes") are promissory notes issued by banks or broker-dealers that are designed to offer a return measured by the change in the value of the underlying security or basket of securities (the "underlying security") while not holding the actual shares of the underlying security. These investments are

## Notes to Financial Statements (continued)

typically used to gain exposure to securities traded in foreign markets that may be restricted due to country-specific regulations. When the P-Note matures, the issuer will pay or receive the difference between the value of the underlying security at the time of the purchase and the underlying security's value at maturity of the P-Notes. Income received on P-Notes is recorded by a fund as dividend income in the Statements of Operations. An investment in a P-Note involves additional risks beyond the risks normally associated with a direct investment in the underlying security. While the holder of a P-Note is entitled to receive from the bank or broker-dealer any dividends paid by the underlying security, the holder is not entitled to the same rights (e.g., voting rights) as a direct owner of the underlying security. P-Notes are considered general unsecured contractual obligations of the bank or broker-dealer. The holder of a P-Note must rely on the creditworthiness of the issuer for its investment returns on the P-Notes and has no rights against the issuer of the underlying security. A P-Note may be more volatile and less liquid than other investments held by a fund since the P-Note generally is dependent on the liquidity in the local trading market for the underlying security.

**Securities Lending:** Certain Funds may lend their securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Funds collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. Government. The initial collateral received by each Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current market value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Fund and any additional required collateral is delivered to the Fund, or excess collateral returned by the Fund, on the next business day. During the term of the loan, the Funds are entitled to all distributions made on or in respect of the loaned securities, but do not receive interest income on securities received as collateral. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

The market value of any securities on loan, all of which were classified as common stocks in the Funds' Schedules of Investments, and the value of any related collateral are shown separately in the Statements of Assets and Liabilities as a component of investments at value — unaffiliated, and collateral on securities loaned at value, respectively. As of period end, any securities on loan were collateralized by cash and/or U.S. Government obligations. Cash collateral invested by the securities lending agent, BlackRock Investment Management, LLC ("BIM"), if any, is disclosed in the Schedules of Investments.

Securities lending transactions are entered into by the Funds under Master Securities Lending Agreements (each, an "MSLA"), which provide the right, in the event of default (including bankruptcy or insolvency), for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, each Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. When the value of the collateral is greater than that of the market value of the securities loaned, the lender is left with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, absent an event of default, the borrower can resell or re-pledge the loaned securities, and a Fund can reinvest cash collateral received in connection with loaned securities. Upon an event of default, the parties' obligations to return the securities or collateral to the other party are extinguished, and the parties can resell or re-pledge the loaned securities or the collateral received in connection with the loaned securities in order to satisfy the defaulting party's net payment obligation for all transactions under the MSLA. The defaulting party remains liable for any deficiency.

As of period end, the following table is a summary of the Energy & Resources' securities lending agreements by counterparty which are subject to offset under an MSLA:

### Energy & Resources

Counterparty	Securities Loaned at Value	Cash Collateral Received <sup>(a)</sup>	Net Amount
Goldman Sachs & Co. ....	\$ 2,115,774	\$ (2,115,774)	\$—
Morgan Stanley & CO LLC .....	4,093,850	(4,093,850)	—
TD Prime Services LLC .....	94,478	(94,478)	—
	<u>\$ 6,304,102</u>	<u>\$ (6,304,102)</u>	<u>\$—</u>

<sup>(a)</sup> Cash collateral with a value of \$6,567,625 has been received in connection with securities lending agreements for Energy & Resources. Collateral received in excess of the value of securities loaned from the individual counterparty is not shown for financial reporting purposes in the tables above.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Funds benefit from a borrower default indemnity provided by BIM. BIM's indemnity allows for full replacement of the securities loaned if the collateral received does not cover the value on the securities loaned in the event of borrower default. Each Fund could incur a loss if the value of an investment purchased with cash collateral falls below the market value of loaned securities or if the value of an investment purchased with cash collateral falls below the value of the original cash collateral received.

## 5. DERIVATIVE FINANCIAL INSTRUMENTS

The Funds engage in various portfolio investment strategies using derivative contracts both to increase the returns of the Funds and/or to manage their exposure to certain risks such as credit risk, equity risk, interest rate risk, foreign currency exchange rate risk, commodity price risk or other risks (e.g., inflation risk). Derivative financial instruments categorized by risk exposure are included in the Schedules of Investments. These contracts may be transacted on an exchange or OTC.

**Futures Contracts:** Futures contracts are purchased or sold to gain exposure to, or manage exposure to, changes in interest rates (interest rate risk) and changes in the value of equity securities (equity risk) or foreign currencies (foreign currency exchange rate risk).

Futures contracts are agreements between the Fund and a counterparty to buy or sell a specific quantity of an underlying instrument at a specified price and on a specified date. Depending on the terms of a contract, it is settled either through physical delivery of the underlying instrument on the settlement date or by payment of a cash amount on the settlement date. Upon entering into a futures contract, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that

## Notes to Financial Statements (continued)

varies depending on a contract's size and risk profile. The initial margin deposit must then be maintained at an established level over the life of the contract. Amounts pledged, which are considered restricted, are included in cash pledged for futures contracts in the Statements of Assets and Liabilities.

Securities deposited as initial margin are designated in the Schedule of Investments and cash deposited, if any, is shown as cash pledged for futures contracts in the Statements of Assets and Liabilities. Pursuant to the contract, the Funds agree to receive from or pay to the broker an amount of cash equal to the daily fluctuation in market value of the contract ("variation margin"). Variation margin is recorded as unrealized appreciation (depreciation) and, if any, shown as variation margin receivable (or payable) on futures contracts in the Statements of Assets and Liabilities. When the contract is closed, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the notional amount of the contract at the time it was opened and the notional amount at the time it was closed. The use of futures contracts involves the risk of an imperfect correlation in the movements in the price of futures contracts and interest, foreign currency exchange rates or underlying assets.

**Forward Foreign Currency Exchange Contracts:** Forward foreign currency exchange contracts are entered into to gain or reduce exposure to foreign currencies (foreign currency exchange rate risk).

A forward foreign currency exchange contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a specified date. These contracts help to manage the overall exposure to the currencies in which some of the investments held by the Funds are denominated and in some cases, may be used to obtain exposure to a particular market.

The contract is marked-to-market daily and the change in market value is recorded as unrealized appreciation (depreciation) in the Statements of Assets and Liabilities. When a contract is closed, a realized gain or loss is recorded in the Statements of Operations equal to the difference between the value at the time it was opened and the value at the time it was closed. Non-deliverable forward foreign currency exchange contracts are settled with the counterparty in cash without the delivery of foreign currency. The use of forward foreign currency exchange contracts involves the risk that the value of a forward foreign currency exchange contract changes unfavorably due to movements in the value of the referenced foreign currencies. Cash amounts pledged for forward foreign currency exchange contracts are considered restricted and are included in cash pledged as collateral for OTC derivatives in the Statements of Assets and Liabilities.

**Master Netting Arrangements:** In order to define their contractual rights and to secure rights that will help them mitigate their counterparty risk, the Funds may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with their counterparties. An ISDA Master Agreement is a bilateral agreement between each Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, each Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events.

**Collateral Requirements:** For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark-to-market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Funds and the counterparty.

Cash collateral that has been pledged to cover obligations of the Funds and cash collateral received from the counterparty, if any, is reported separately on the Statements of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Funds, if any, is noted in the Schedules of Investments. Generally, the amount of collateral due from or to a counterparty is subject to a certain minimum transfer amount threshold before a transfer is required, which is determined at the close of business of the Funds. Any additional required collateral is delivered to/pledged by the Funds on the next business day. Typically, the counterparty is not permitted to sell, re-pledge or use cash and non-cash collateral it receives. A Fund generally agrees not to use non-cash collateral that it receives but may, absent default or certain other circumstances defined in the underlying ISDA Master Agreement, be permitted to use cash collateral received. In such cases, interest may be paid pursuant to the collateral arrangement with the counterparty. To the extent amounts due to the Funds from their counterparties are not fully collateralized, they bear the risk of loss from counterparty non-performance. Likewise, to the extent the Funds have delivered collateral to a counterparty and stand ready to perform under the terms of their agreement with such counterparty, they bear the risk of loss from a counterparty in the amount of the value of the collateral in the event the counterparty fails to return such collateral. Based on the terms of agreements, collateral may not be required for all derivative contracts.

## 6. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

The PNC Financial Services Group, Inc. is the largest stockholder and an affiliate of BlackRock, Inc. ("BlackRock") for 1940 Act purposes.

**Investment Advisory:** The Trust, on behalf of the Funds, entered into an Investment Advisory Agreement with the Manager, the Funds' investment adviser and an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory services. The Manager is responsible for the management of each Fund's portfolio and provides the personnel, facilities, equipment and certain other services necessary to the operations of each Fund.

For such services, each Fund, except Emerging Markets Dividend, pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of each Fund's net assets:

<i>Average Daily Net Assets</i>	<i>Investment Advisory Fee</i>
First \$1 Billion . . . . .	0.750%
\$1 Billion - \$2 Billion . . . . .	0.700
\$2 Billion - \$3 Billion . . . . .	0.675
Greater than \$3 Billion . . . . .	0.650

## Notes to Financial Statements (continued)

Emerging Markets Dividend pays the Manager a monthly fee at an annual rate equal to the following percentages of the average daily value of the Fund's net assets:

Average Daily Net Assets	Investment Advisory Fee
First \$1 Billion	1.00%
\$1 Billion - \$3 Billion	0.94
\$3 Billion - \$5 Billion	0.90
\$5 Billion - \$10 Billion	0.87
Greater than \$10 Billion	0.85

With respect to All-Cap Energy & Resources and Energy & Resources, the Manager entered into separate sub-advisory agreements with BlackRock International Limited ("BIL"), an affiliate of the Manager. The Manager pays BIL, for services it provides for that portion of each Fund for which BIL acts as a sub-adviser, a monthly fee that is a percentage of the investment advisory fees paid by each Fund to the Manager.

Prior to July 1, 2018, BlackRock International Limited ("BIL"), an affiliate of the Manager, served as a sub-adviser to Emerging Markets Dividend pursuant to a sub-advisory agreement with the Manager. The Manager paid BIL, for its services it provided for that portion of the Fund for which it acted as sub-adviser, a monthly fee that was a percentage of the investment advisory fees paid by the Fund to the Manager. Effective July 1, 2018, the sub-advisory agreement between the Manager and BIL, with respect to the fund, was terminated.

With respect to Emerging Markets Dividend, the Manager entered into a sub-advisory agreement with BlackRock Asset Management North Asia Limited ("BAMNAL"), an affiliate of the Manager. The Manager pays BAMNAL, for services it provides for that portion of the Fund for which BAMNAL as applicable acts as sub-advisor, a monthly fee that is equal to a percentage of the investment advisory fees paid by the Fund to the Manager.

**Service and Distribution Fees:** The Trust, on behalf of the Funds, entered into a Distribution Agreement and a Distribution and Service Plan with BlackRock Investments, LLC ("BRIL"), an affiliate of the Manager. Pursuant to the Distribution and Service Plan and in accordance with Rule 12b-1 under the 1940 Act, each Fund pays BRIL ongoing service and distribution fees. The fees are accrued daily and paid monthly at annual rates based upon the average daily net assets of the relevant share class of each Fund as follows:

	Service	Investor A	Investor B <sup>(a)</sup>	Investor C
Service Fee	0.25%	0.25%	0.25%	0.25%
Distribution Fee	—	—	0.75	0.75

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Funds. The ongoing service and/or distribution fee compensates BRIL and each broker-dealer for providing shareholder servicing and/or distribution related services to shareholders.

For the year ended September 30, 2018, the following table shows the class specific service and distribution fees borne directly by each share class of each Fund:

	Service	Investor A	Investor B <sup>(a)</sup>	Investor C	Total
All-Cap Energy & Resources	\$1,522	\$108,195	\$64	\$227,094	\$336,875
Emerging Markets Dividend	—	17,178	—	11,823	29,001
Energy & Resources	—	288,451	44	223,350	511,845

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

**Administration:** The Trust, on behalf of the Funds, entered into an Administration Agreement with the Manager, an indirect, wholly-owned subsidiary of BlackRock, to provide administrative services. For these services, the Manager receives an administration fee computed daily and payable monthly, based on a percentage of the average daily net assets of each Fund. The administration fee, which is shown as administration in the Statements of Operations, is paid at the annual rates below.

Average Daily Net Assets	Administration Fee
First \$500 Million	0.0425%
\$500 Million - \$1 Billion	0.0400
\$1 Billion - \$2 Billion	0.0375
\$2 Billion - \$4 Billion	0.0350
\$4 Billion - \$13 Billion	0.0325
Greater than \$13 Billion	0.0300

In addition, the Manager charges each of the share classes an administration fee, which is shown as administration — class specific in the Statements of Operations, at an annual rate of 0.02% of the average daily net assets of each respective class.

For the year ended September 30, 2018, the following table shows the class specific administration fees borne directly by each share class of each Fund:

	Institutional	Service	Investor A	Investor B <sup>(a)</sup>	Investor C	Class K	Total
All-Cap Energy & Resources	\$4,006	\$122	\$ 8,655	\$ 1	\$4,542	\$ —	\$17,326
Emerging Markets Dividend	1,156	—	1,374	—	236	451	3,217
Energy & Resources	5,888	—	23,076	1	4,467	—	33,432

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

## Notes to Financial Statements (continued)

**Transfer Agent:** Pursuant to written agreements, certain financial intermediaries, some of which may be affiliates, provide the Funds with sub-accounting, recordkeeping, sub-transfer agency and other administrative services with respect to sub-accounts they service. For these services, these entities receive an asset-based fee or an annual fee per shareholder account, which will vary depending on share class and/or net assets. For the year ended September 30, 2018, Energy & Resources paid the following amounts to affiliates of BlackRock in return for these services, which are included in transfer agent — class specific in the Statements of Operations:

	<i>Institutional</i>	<i>Investor A</i>	<i>Total</i>
Energy & Resources . . . . .	\$11,820	\$1	\$11,821

The Manager maintains a call center that is responsible for providing certain shareholder services to the Funds. Shareholder services include responding to inquiries and processing subscriptions and redemptions based upon instructions from shareholders. For the year ended September 30, 2018, each Fund reimbursed the Manager the following amounts for costs incurred in running the call center, which are included in transfer agent — class specific in the Statements of Operations:

	<i>Institutional</i>	<i>Service</i>	<i>Investor A</i>	<i>Investor B<sup>(a)</sup></i>	<i>Investor C</i>	<i>Total</i>
All-Cap Energy & Resources . . . . .	\$ 892	\$—	\$10,791	\$143	\$1,970	\$13,796
Emerging Markets Dividend . . . . .	186	—	670	—	386	1,242
Energy & Resources . . . . .	1,343	—	26,167	146	3,463	31,119

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

For the year ended September 30, 2018, the following table shows the class specific transfer agent fees borne directly by each share class of each Fund:

	<i>Institutional</i>	<i>Service</i>	<i>Investor A</i>	<i>Investor B<sup>(a)</sup></i>	<i>Investor C</i>	<i>Class K</i>	<i>Total</i>
All-Cap Energy & Resources . . . . .	\$32,799	\$1,002	\$117,625	\$789	\$50,419	\$ —	\$202,634
Emerging Markets Dividend . . . . .	17,600	—	12,335	—	3,808	2,005	35,748
Energy & Resources . . . . .	33,462	—	305,552	782	63,661	—	403,457

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

**Other Fees:** For the year ended September 30, 2018, affiliates earned underwriting discounts, direct commissions and dealer concessions on sales of each Fund's Investor A Shares as follows:

All-Cap Energy & Resources . . . . .	\$3,756
Emerging Markets Dividend . . . . .	2,096
Energy & Resources . . . . .	3,522

For the year ended September 30, 2018, affiliates received CDSCs as follows:

	<i>Investor A</i>	<i>Investor C</i>
All-Cap Energy & Resources . . . . .	\$ —	\$2,664
Emerging Markets Dividend . . . . .	—	185
Energy & Resources . . . . .	3,498	1,411

**Expense Limitations, Waivers, Reimbursements and Recoupments:** With respect to each Fund, the Manager voluntarily agreed to waive its investment advisory fees by the amount of investment advisory fees each Fund pays to the Manager indirectly through its investment in affiliated money market funds (the "affiliated money market fund waiver"). The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitations described below, as applicable, will be reduced by the amount of the affiliated money market fund waiver. For the year ended September 30, 2018, the amounts waived were as follows:

All-Cap Energy & Resources . . . . .	\$455
Emerging Markets Dividend . . . . .	504
Energy & Resources . . . . .	848

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of each Fund's assets invested in affiliated equity and fixed-income mutual funds and affiliated exchange-traded funds that have a contractual management fee, through January 31, 2019. The agreement can be renewed for annual periods thereafter, and on 90 days' notice by a majority of the Funds' Independent Trustees. For the year ended September 30, 2018, there were no fees waived by the Manager.



## Notes to Financial Statements (continued)

With respect to each Fund, the Manager agreed to waive and/or reimburse fees or expenses in order to limit expenses, excluding interest expense, dividend expense, tax expense, acquired fund fees and expenses and certain other fund expenses, which constitute extraordinary expenses not incurred in the ordinary course of each Fund's business ("expense limitation"). The current expense limitations as a percentage of average daily net assets are as follows:

	<i>All-Cap Energy &amp; Resources</i>		<i>Emerging Markets Dividend</i>	<i>Energy &amp; Resources</i>	
	<i>Contractual</i> <sup>(a)</sup>	<i>Voluntary</i> <sup>(b)</sup>	<i>Contractual</i> <sup>(a)</sup>	<i>Contractual</i> <sup>(a)</sup>	<i>Voluntary</i> <sup>(b)</sup>
Institutional .....	0.96%	0.91%	1.50%	1.07%	1.01%
Service .....	1.38	1.33	N/A	N/A	N/A
Investor A .....	1.38	1.33	1.75	1.38	1.32
Investor C .....	2.10	2.05	2.50	2.10	2.04
Class K <sup>(c)</sup> .....	N/A	N/A	1.45	N/A	N/A

<sup>(a)</sup> The Manager has agreed not to reduce or discontinue this contractual waiver or reimbursement prior to January 31, 2019 unless approved by the Board, including a majority of the trustees who are not "interested persons" of the Trust, as defined in the 1940 Act ("Independent Trustees") or by a vote of a majority of the outstanding voting securities of the Fund.

<sup>(b)</sup> The voluntary waiver or reimbursement may be reduced or discontinued at any time without notice.

<sup>(c)</sup> Effective January 25, 2018, implemented contractual cap upon commencement through January 31, 2019.

Prior to June 1, 2018, with respect to Energy & Resources, the voluntary expense limitations as a percentage of average daily net assets were as follows:

	<i>Energy &amp; Resources</i>	
	<i>Contractual</i>	<i>Voluntary</i>
Institutional .....	1.07%	1.02%
Service .....	N/A	N/A
Investor A .....	1.38	1.33
Investor C .....	2.10	2.05
Class K .....	N/A	N/A

These amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended September 30, 2018, the amounts waived and/or reimbursed were as follows:

All-Cap Energy & Resources .....	\$162,620
Emerging Markets Dividend .....	276,908
Energy & Resources .....	1,932

These amounts waived and/or reimbursed are shown as administration fees waived — class specific, transfer agent fees waived and/or reimbursed — class specific, respectively, in the Statements of Operations. For the year ended September 30, 2018, class specific expense waivers and/or reimbursements are as follows:

<i>Administration Fees Waived</i>	<i>Institutional</i>	<i>Service</i>	<i>Investor A</i>	<i>Investor B<sup>(a)</sup></i>	<i>Investor C</i>	<i>Class K</i>	<i>Total</i>
All-Cap Energy & Resources .....	\$4,006	\$76	\$ 8,656	\$ 1	\$4,258	\$ —	\$16,997
Emerging Markets Dividend .....	1,126	—	1,374	—	236	451	3,187
Energy & Resources .....	5,792	—	23,076	1	4,467	—	33,336
<i>Transfer Agent Fees Waived and/or Reimbursed</i>	<i>Institutional</i>	<i>Service</i>	<i>Investor A</i>	<i>Investor B<sup>(a)</sup></i>	<i>Investor C</i>	<i>Class K</i>	<i>Total</i>
All-Cap Energy & Resources .....	\$32,799	\$42	\$ 44,217	\$780	\$19,505	\$ —	\$ 97,343
Emerging Markets Dividend .....	16,041	—	9,827	—	3,388	2,005	31,261
Energy & Resources .....	9,987	—	141,560	778	38,989	—	191,314

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted into Investor A Shares.

The Funds have begun to incur expenses in connection with a proposed realignment and consolidation of the boards of trustees of certain BlackRock-advised funds. The Manager has voluntarily agreed to reimburse certain Funds for all or a portion of such expenses, which amounts are included in fees waived and/or reimbursed by the Manager in the Statements of Operations. For the year ended September 30, 2018, the amounts reimbursed were as follows:

All-Cap Energy & Resources .....	\$4,656
Energy & Resources .....	8,815

With respect to the contractual expense limitation, if during a Fund's fiscal year the operating expenses of a share class, that at any time during the prior two fiscal years received a waiver and/or reimbursement from the Manager, are less than the current expense limitation for that share class, the Manager is entitled to be reimbursed by such share class up to the lesser of (a) the amount of fees waived and/or expenses reimbursed during those prior two fiscal years under the agreement, and (b) an amount not to exceed either the current expense limitation of that share class or the expense limitation of the share class in effect at the time that the share class received the applicable waiver and/or reimbursement, provided that:

- (1) the Fund, of which the share class is a part, has more than \$50 million in assets for the fiscal year, and
- (2) the Manager or an affiliate continues to serve as the Fund's investment adviser or administrator.

This repayment applies only to the contractual expense limitation on net expenses and does not apply to the contractual investment advisory fee waiver described above or any voluntary waivers that may be in effect from time to time.

## Notes to Financial Statements (continued)

For the year ended September 30, 2018, the Manager recouped the following fund level and class specific waivers and/or reimbursements previously recorded by the Funds:

	<i>Institutional</i>	<i>Service</i>	<i>Investor A</i>	<i>Investor C</i>	<i>Total</i>
All-Cap Energy & Resources . . . . .	\$ —	\$27	\$—	\$323	\$350
Energy & Resources . . . . .	199	—	—	—	199

On September 30, 2018, the fund level and class specific waivers and/or reimbursement subject to possible future recoupment under the expense limitation agreement are as follows:

	<i>Expiring September 30,</i>	
	<i>2019</i>	<i>2020</i>
<b>All-Cap Energy &amp; Resources</b>		
Fund Level . . . . .	\$110,869	\$119,328
Institutional . . . . .	41,594	36,805
Service . . . . .	111	118
Investor A . . . . .	59,801	52,873
Investor C . . . . .	31,286	23,763
<b>Emerging Markets Dividend</b>		
Fund Level . . . . .	262,685	276,908
Institutional . . . . .	18,762	17,167
Investor A . . . . .	7,708	11,201
Investor C . . . . .	2,077	3,624
Class K . . . . .	—	2,456
<b>Energy &amp; Resources</b>		
Investor A . . . . .	91,305	96,778
Investor C . . . . .	32,957	30,330

The following fund level and class specific waivers and/or reimbursements previously recorded by the Funds, which were subject to recoupment by the Manager, expired on September 30, 2018:

<b>All-Cap Energy &amp; Resources</b>		
Fund Level . . . . .		\$ 69,954
Institutional . . . . .		50,532
Service . . . . .		589
Investor A . . . . .		69,192
Investor B . . . . .		5,141
Investor C . . . . .		42,976
<b>Emerging Markets Dividend</b>		
Fund Level . . . . .		213,487
Institutional . . . . .		1,542
Investor A . . . . .		3,721
Investor C . . . . .		1,381
<b>Energy &amp; Resources</b>		
Institutional . . . . .		24,581
Investor A . . . . .		93,725
Investor B . . . . .		7,589
Investor C . . . . .		48,528

**Securities Lending:** SEC has issued an exemptive order which permits BIM, an affiliate of the Manager, to serve as securities lending agent for the Funds, subject to applicable conditions. As securities lending agent, BIM bears all operational costs directly related to securities lending. The Funds are responsible for expenses in connection with the investment of cash collateral received for securities on loan (the “collateral investment expenses”). The cash collateral is invested in a private investment company managed by the Manager or its affiliates. However, BIM has agreed to cap the collateral investment expenses of the private investment company to an annual rate of 0.04%. The investment adviser to the private investment company will not charge any advisory fees with respect to shares purchased by the Funds. The private investment company in which the cash collateral has been invested may, under certain circumstances, impose a liquidity fee of up to 2% of the value withdrawn or temporarily restrict withdrawals for up to 10 business days during a 90 day period, in the event that the private investment company’s weekly liquid assets fall below certain thresholds.

Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment expenses. Each Fund retains a portion of securities lending income and remits a remaining portion to BIM as compensation for its services as securities lending agent.

Pursuant to the current securities lending agreement for All-Cap Energy & Resources and Emerging Markets Dividend, each Fund retains 80% of securities lending income and this amount retained can never be less than 70% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across certain funds in the Equity-Liquidity Complex in a calendar year exceeds a specified threshold, each of All-Cap Energy & Resources and Emerging Markets Dividend, pursuant to the current securities lending agreement, will retain for the remainder of that calendar year securities lending income in the amount equal to 85% of securities lending income, and this amount can never be less than 70% of the total of securities lending income plus collateral investment expenses.

## Notes to Financial Statements (continued)

Prior to January 1, 2018, each of All-Cap Energy & Resources and Emerging Markets Dividend had a different securities lending arrangement.

Pursuant to the current securities lending agreement for Energy & Resources, the Fund retains 71.5% of securities lending income and this amount retained can never be less than 65% of the total of securities lending income plus the collateral investment expenses.

In addition, commencing the business day following the date that the aggregate securities lending income earned across certain funds in the Equity-Liquidity Complex in a calendar year exceeds a specified threshold, Energy & Resources, pursuant to the current securities lending agreement, will retain for the remainder of that calendar year securities lending income in an amount 75% of securities lending income, and this amount can never be less than 65% of the total of securities lending income plus the collateral investment expenses.

Prior to February 26, 2018, Energy & Resources had a different securities lending arrangement.

The share of securities lending income earned by each Fund is shown as securities lending income — affiliated — net in the Statements of Operations. For the year ended September 30, 2018, each Fund paid BIM the following amounts for securities lending agent services:

All-Cap Energy & Resources	\$ 313
Energy & Resources	10,397

**Interfund Lending:** In accordance with an exemptive order (the "Order") from the SEC, Emerging Markets Dividend may participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by the Fund's investment policies and restrictions. Emerging Markets Dividend is currently permitted to borrow and lend under the Interfund Lending Program.

A lending BlackRock fund may lend in aggregate up to 15% of its net assets, but may not lend more than 5% of its net assets to any one borrowing fund through the Interfund Lending Program. A borrowing BlackRock fund may not borrow through the Interfund Lending Program or from any other source more than 33 1/3% of its total assets (or any lower threshold provided for by the fund's investment restrictions). If a borrowing BlackRock fund's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interest rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending fund and the bank loan rate, as calculated according to a formula established by the Board.

During the year ended September 30, 2018, Emerging Markets Dividend did not participate in the Interfund Lending Program.

**Trustees and Officers:** Certain trustees and/or officers of the Trusts are trustees and/or officers of BlackRock or its affiliates. The Funds reimburse the Manager for a portion of the compensation paid to the Funds' Chief Compliance Officer, which is included in Trustees and Officer in the Statements of Operations.

## 7. PURCHASES AND SALES

For the year ended September 30, 2018, purchases and sales of investments, excluding short-term securities, were as follows:

	All-Cap Energy & Resources	Emerging Markets Dividend	Energy & Resources
Purchases	\$32,072,659	\$12,538,585	\$42,532,857
Sales	41,623,540	11,701,726	94,740,278

## 8. INCOME TAX INFORMATION

It is the Funds' policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute substantially all of its taxable income to its shareholders. Therefore, no U.S. federal income tax provision is required.

Each Fund files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on each Fund's U.S. federal tax returns generally remains open for each of the four years ended September 30, 2018. The statutes of limitations on each Fund's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

Management has analyzed tax laws and regulations and their application to the Funds as of September 30, 2018, inclusive of the open tax return years, and does not believe there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of period end, the following permanent differences attributable to foreign currency transactions, the sale of stock of passive foreign investment companies, the characterization of expenses and the expiration of capital loss carryforwards were reclassified to the following accounts:

	All-Cap Energy & Resources	Emerging Markets Dividend	Energy & Resources
Paid-in capital	\$(50,343,834)	\$(35,370)	\$ —
Undistributed (accumulated) net investment income (loss)	(7,297)	27,331	26,362
Accumulated net realized loss	50,351,131	8,039	(26,362)

## Notes to Financial Statements (continued)

The tax character of distributions paid during was as follows:

		<i>All-Cap Energy &amp; Resources</i>	<i>Emerging Markets Dividend</i>	<i>Energy &amp; Resources</i>
Ordinary income . . . . .	09/30/18	\$2,104,448	\$249,737	\$2,301,141
	09/30/17	2,200,006	75,966	—

As of period end, the tax components of accumulated net earnings (losses) were as follows:

	<i>All-Cap Energy &amp; Resources</i>	<i>Emerging Markets Dividend</i>	<i>Energy &amp; Resources</i>
Undistributed ordinary income . . . . .	\$ 1,341,306	\$ 187,912	\$ 322,570
Undistributed long-term capital gains . . . . .	—	56,143	—
Capital loss carryforwards . . . . .	(32,362,253)	—	(247,656,278)
Net unrealized gains (losses) <sup>(a)</sup> . . . . .	<u>14,526,671</u>	<u>(259,872)</u>	<u>27,040,571</u>
	<u>\$(16,494,276)</u>	<u>\$ (15,817)</u>	<u>\$(220,293,137)</u>

<sup>(a)</sup> The differences between book-basis and tax-basis net unrealized gains (losses) were attributable primarily to the tax deferral of losses on wash sales, the realization for tax purposes of unrealized gains/losses on certain futures contracts, the realization for tax purposes of unrealized gains on investments in passive foreign investment companies and the timing and recognition of partnership income.

As of September 30, 2018, the Funds had capital loss carryforwards, with no expiration dates, available to offset future realized capital gains as follows:

All-Cap Energy & Resources . . . . .	\$ 32,362,253
Energy & Resources . . . . .	247,656,278

During the year ended September 30, 2018, All-Cap Energy & Resources and Emerging Markets Dividend utilized \$3,629,014 and \$1,085,553 of their capital loss carryforward, respectively.

As of September 30, 2018, gross unrealized appreciation and depreciation for investments and derivatives based on cost for U.S. federal income tax purposes were as follows:

	<i>All-Cap Energy &amp; Resources</i>	<i>Emerging Markets Dividend</i>	<i>Energy &amp; Resources</i>
Tax cost . . . . .	<u>\$72,865,722</u>	<u>\$14,324,137</u>	<u>\$136,901,509</u>
Gross unrealized appreciation . . . . .	\$15,912,303	\$ 970,853	\$ 32,809,836
Gross unrealized depreciation . . . . .	(1,385,986)	(1,230,691)	(5,780,234)
Net unrealized appreciation (depreciation) . . . . .	<u>\$14,526,317</u>	<u>\$ (259,838)</u>	<u>\$ 27,029,602</u>

## 9. BANK BORROWINGS

The Trust, on behalf of the Funds, along with certain other funds managed by the Manager and its affiliates ("Participating Funds"), is a party to a 364-day, \$2.25 billion credit agreement with a group of lenders. Under this agreement, the Funds may borrow to fund shareholder redemptions. Excluding commitments designated for certain individual funds, the Participating Funds, including the Funds, can borrow up to an aggregate commitment amount of \$1.75 billion at any time outstanding, subject to asset coverage and other limitations as specified in the agreement. The credit agreement has the following terms: a fee of 0.10% per annum on unused commitment amounts and interest at a rate equal to the higher of (a) one-month LIBOR (but, in any event, not less than 0.00%) on the date the loan is made plus 0.80% per annum or (b) the Fed Funds rate (but, in any event, not less than 0.00%) in effect from time to time plus 0.80% per annum on amounts borrowed. The agreement expires in April 2019 unless extended or renewed. Prior to April 19, 2018, the aggregate commitment amount was \$2.1 billion and the fee was 0.12% per annum. Participating Funds paid an upfront commitment fee of 0.02% on the total commitment amounts, in addition to administration, legal and arrangement fees, which are included in miscellaneous expenses in the Statements of Operations. These fees were allocated among such funds based upon portions of the aggregate commitment available to them and relative net assets of Participating Funds. During the year ended September 30, 2018, the Funds did not borrow under the credit agreement.

## 10. PRINCIPAL RISKS

In the normal course of business, certain Funds invest in securities or other instruments and may enter into certain transactions, and such activities subject each Fund to various risks, including among others, fluctuations in the market (market risk) or failure of an issuer to meet all of its obligations. The value of securities or other instruments may also be affected by various factors, including, without limitation: (i) the general economy; (ii) the overall market as well as local, regional or global political and/or social instability; (iii) regulation, taxation or international tax treaties between various countries; or (iv) currency, interest rate and price fluctuations. Each Fund's prospectus provides details of the risks to which each Fund is subject.

Investments in the securities of issuers domiciled in countries with emerging capital markets involve certain additional risks that do not generally apply to investments in securities of issuers in more developed capital markets, such as (i) low or nonexistent trading volume, resulting in a lack of liquidity and increased volatility in prices for such securities; (ii) uncertain national policies and social, political and economic instability, increasing the potential for expropriation of assets, confiscatory taxation, high rates of inflation or unfavorable diplomatic developments; and (iii) possible fluctuations in exchange rates, differing legal systems and the existence or possible imposition of exchange controls, custodial restrictions or other foreign or U.S. governmental laws or restrictions applicable to such investments.

The Funds may be exposed to additional risks when reinvesting cash collateral in money market funds that do not seek to maintain a stable NAV per share of \$1.00, which may be subject to redemption gates or liquidity fees under certain circumstances.

**Valuation Risk:** The market values of equities, such as common stocks and preferred securities or equity related investments, such as futures and options may decline due to general market conditions which are not specifically related to a particular company. They may also decline due to factors which affect a particular industry or industries. A Fund may invest in illiquid investments and may experience difficulty in selling those investments in a timely manner at the price that they believe the investments are worth. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. This volatility may cause each Fund's NAV to experience significant increases or decreases over short periods of time. If there is a general decline in the securities and other markets, the NAV of a Fund may lose value, regardless of the individual results of the securities and other instruments in which the Fund invests.

The price a Fund could receive upon the sale of any particular portfolio investment may differ from a Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation technique or a price provided by an independent pricing service. Changes to significant unobservable inputs and assumptions (i.e., publicly traded company multiples, growth rate, time to exit) due to the lack of observable inputs may significantly impact the resulting fair value and therefore a Fund's results of operations. As a result, the price received upon the sale of an investment may be less than the value ascribed by a Fund, and a Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. A Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third party service providers.

**Counterparty Credit Risk:** The Funds may be exposed to counterparty credit risk, or the risk that an entity may fail to or be unable to perform on its commitments related to unsettled or open transactions. The Funds manage counterparty credit risk by entering into transactions only with counterparties that the Manager believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Funds' exposure to market, issuer and counterparty credit risks with respect to these financial assets is approximately their value recorded in the Statements of Assets and Liabilities, less any collateral held by the Funds.

A derivative contract may suffer a mark-to-market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

With futures, there is less counterparty credit risk to the Funds since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Funds do not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency). Additionally, credit risk exists in exchange-traded futures with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Funds.

**Concentration Risk:** As of period end, All-Cap Energy & Resources and Energy & Resources invested a significant portion of their assets in securities in the energy sector. Changes in economic conditions affecting such sector would have a greater impact on All-Cap Energy & Resources and Energy & Resources and could affect the value, income and/or liquidity of positions in such securities.

Emerging Markets Dividend invests a significant portion of its assets in securities of issuers located in Asia or with significant exposure to Asian issuers or countries. The Asian financial markets have recently experienced volatility and adverse trends due to concerns in several Asian countries regarding monetary policy, government intervention in the markets, rising government debt levels or economic downturns. These events may spread to other countries in Asia and may affect the value and liquidity of certain of the Fund's investments.

**11. CAPITAL SHARE TRANSACTIONS**

Transactions in capital shares for each class were as follows:

<i>All-Cap Energy &amp; Resources</i>	<i>Year Ended 09/30/18</i>		<i>Year Ended 09/30/17</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
<b>Institutional</b>				
Shares sold . . . . .	1,123,324	\$ 13,418,105	813,679	\$ 8,948,095
Shares issued in reinvestment of distributions . . . . .	43,017	477,056	39,973	476,452
Shares redeemed . . . . .	<u>(1,043,928)</u>	<u>(12,186,601)</u>	<u>(1,445,102)</u>	<u>(15,435,797)</u>
Net increase (decrease) . . . . .	<u>122,413</u>	<u>\$ 1,708,560</u>	<u>(591,450)</u>	<u>\$ (6,011,250)</u>
<b>Service</b>				
Shares sold . . . . .	1,313	\$ 15,222	19,454	\$ 210,941
Shares issued in reinvestment of distributions . . . . .	1,408	15,288	1,391	16,259
Shares redeemed . . . . .	<u>(10,737)</u>	<u>(122,612)</u>	<u>(35,881)</u>	<u>(381,311)</u>
Net decrease . . . . .	<u>(8,016)</u>	<u>\$ (92,102)</u>	<u>(15,036)</u>	<u>\$ (154,111)</u>
<b>Investor A</b>				
Shares issued from conversion <sup>(a)</sup> . . . . .	2,306	\$ 26,086	821,339	\$ 8,822,064
Shares sold and automatic conversion of shares . . . . .	538,501	6,103,310	—	—
Shares issued in reinvestment distributions . . . . .	101,381	1,095,931	99,138	1,153,056
Shares redeemed . . . . .	<u>(1,211,899)</u>	<u>(13,767,989)</u>	<u>(2,369,027)</u>	<u>(24,870,520)</u>
Net decrease . . . . .	<u>(569,711)</u>	<u>\$ (6,542,662)</u>	<u>(1,448,550)</u>	<u>\$ (14,895,400)</u>
<b>Investor B</b>				
Shares converted <sup>(a)</sup> . . . . .	(2,317)	\$(26,086)	—	\$ —
Shares redeemed and automatic conversion of shares . . . . .	<u>(209)</u>	<u>(2,227)</u>	<u>(49,689)</u>	<u>(514,232)</u>
Net decrease . . . . .	<u>(2,526)</u>	<u>\$(28,313)</u>	<u>(49,689)</u>	<u>\$(514,232)</u>
<b>Investor C</b>				
Shares sold . . . . .	131,415	\$ 1,424,430	301,812	\$ 3,152,017
Shares issued in reinvestment of distributions . . . . .	45,312	467,616	33,966	378,171
Shares redeemed . . . . .	<u>(584,248)</u>	<u>(6,251,164)</u>	<u>(1,118,561)</u>	<u>(11,223,436)</u>
Net decrease . . . . .	<u>(407,521)</u>	<u>\$(4,359,118)</u>	<u>(782,783)</u>	<u>\$ (7,693,248)</u>
<b>Total Net Decrease . . . . .</b>	<b><u>(865,361)</u></b>	<b><u>\$(9,313,635)</u></b>	<b><u>(2,887,508)</u></b>	<b><u>\$(29,268,241)</u></b>

# Notes to Financial Statements (continued)

<i>Emerging Markets Dividend</i>	<i>Year Ended 09/30/18</i>		<i>Year Ended 09/30/17</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
<b>Institutional</b>				
Shares sold . . . . .	264,926	\$ 2,641,442	683,477	\$5,941,792
Shares issued in reinvestment of distributions . . . . .	7,537	73,034	4,335	39,480
Shares redeemed . . . . .	(815,217)	(8,180,075)	(110,673)	(984,859)
Net increase (decrease) . . . . .	<u>(542,754)</u>	<u>\$(5,465,599)</u>	<u>577,139</u>	<u>\$4,996,413</u>
<b>Investor A</b>				
Shares sold . . . . .	395,668	\$ 3,937,442	341,067	\$2,970,715
Shares issued in reinvestment of distributions . . . . .	10,605	100,382	2,819	25,455
Shares redeemed . . . . .	(197,993)	(1,916,634)	(115,202)	(983,517)
Net increase . . . . .	<u>208,280</u>	<u>\$ 2,121,190</u>	<u>228,684</u>	<u>\$2,012,653</u>
<b>Investor C</b>				
Shares sold . . . . .	38,470	\$ 382,726	59,915	\$ 504,647
Shares issued in reinvestment of distributions . . . . .	1,167	10,763	315	2,909
Shares redeemed . . . . .	(22,155)	(210,534)	(17,829)	(139,273)
Net increase . . . . .	<u>17,482</u>	<u>\$ 182,955</u>	<u>42,401</u>	<u>\$ 368,283</u>
	<i>Period from 01/25/18<sup>(b)</sup> to 09/30/18</i>			
<b>Class K</b>				
Shares sold . . . . .	496,962	\$5,131,661	—	\$ —
Shares issued in reinvestment of distributions . . . . .	4,927	46,533	—	—
Shares redeemed . . . . .	(71,688)	(680,375)	—	—
Net increase . . . . .	<u>430,201</u>	<u>\$4,497,819</u>	<u>—</u>	<u>\$ —</u>
<b>Total Net Increase</b> . . . . .	<u>113,209</u>	<u>\$1,336,365</u>	<u>848,224</u>	<u>\$7,377,349</u>

## Notes to Financial Statements (continued)

<i>Energy &amp; Resources</i>	<i>Year Ended 09/30/18</i>		<i>Year Ended 09/30/17</i>	
	<i>Shares</i>	<i>Amount</i>	<i>Shares</i>	<i>Amount</i>
<b>Institutional</b>				
Shares sold . . . . .	457,282	\$ 9,910,528	747,546	\$ 15,795,735
Shares issued in reinvestment of distributions . . . . .	16,417	336,886	—	—
Shares redeemed . . . . .	(1,630,575)	(33,771,364)	(1,883,444)	(37,706,633)
Net decrease . . . . .	<u>(1,156,876)</u>	<u>\$(23,523,950)</u>	<u>(1,135,898)</u>	<u>\$(21,910,898)</u>
<b>Investor A</b>				
Shares issued from conversion <sup>(a)</sup> . . . . .	990	\$ 18,290	—	\$ —
Shares sold and automatic conversion of shares . . . . .	1,235,552	22,220,151	1,566,120	28,885,165
Shares issued in reinvestment of distributions . . . . .	82,922	1,460,289	—	—
Shares redeemed . . . . .	(2,480,220)	(45,278,199)	(3,348,688)	(60,315,777)
Net decrease . . . . .	<u>(1,160,756)</u>	<u>\$(21,579,469)</u>	<u>(1,782,568)</u>	<u>\$(31,430,612)</u>
<b>Investor B</b>				
Shares sold . . . . .	—	\$ —	8	\$ 117
Shares converted <sup>(a)</sup> . . . . .	(1,381)	(18,290)	—	—
Shares redeemed and automatic conversion of shares . . . . .	(164)	(2,126)	(28,536)	(381,232)
Net decrease . . . . .	<u>(1,545)</u>	<u>\$(20,416)</u>	<u>(28,528)</u>	<u>\$(381,115)</u>
<b>Investor C</b>				
Shares sold . . . . .	79,433	\$ 1,007,891	232,327	\$ 3,117,583
Shares issued in reinvestment of distributions . . . . .	18,621	230,908	—	—
Shares redeemed . . . . .	(580,492)	(7,369,595)	(1,046,318)	(13,223,860)
Net decrease . . . . .	<u>(482,438)</u>	<u>\$(6,130,796)</u>	<u>(813,991)</u>	<u>\$(10,106,277)</u>
Total Net Decrease . . . . .	<u>(2,801,615)</u>	<u>\$(51,254,631)</u>	<u>(3,760,985)</u>	<u>\$(63,828,902)</u>

<sup>(a)</sup> On December 27, 2017, the Funds' Investor B Shares converted to Investor A Shares.

<sup>(b)</sup> Commencement of operations.

As of September 30, 2018, shares of Emerging Markets Dividend owned by BlackRock HoldCo 2 and BlackRock Financial Management, Inc., affiliates of the Fund, were as follows:

<i>Institutional</i>	<i>Investor A</i>	<i>Investor C</i>	<i>Class K</i>
78,474	2,000	2,000	18,210

## 12. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were issued and has determined that there were no subsequent events requiring adjustment or additional disclosure in the financial statements.



# Report of Independent Registered Public Accounting Firm

To the Shareholders of BlackRock All-Cap Energy & Resources Portfolio, BlackRock Emerging Markets Dividend Fund and BlackRock Energy & Resources Portfolio and the Board of Trustees of BlackRock Funds<sup>SM</sup>:

## Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statements of assets and liabilities of BlackRock All-Cap Energy & Resources Portfolio, BlackRock Emerging Markets Dividend Fund and BlackRock Energy & Resources Portfolio of BlackRock Funds<sup>SM</sup> (the "Funds"), including the schedules of investments, as of September 30, 2018, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Funds as of September 30, 2018, and the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Funds are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of September 30, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP  
Boston, Massachusetts  
November 20, 2018

We have served as the auditor of one or more BlackRock investment companies since 1992.

## Important Tax Information (unaudited)

During the fiscal year ended September 30, 2018, the following information is provided with respect to the ordinary income distributions paid by the Funds:

	<i>Payable Date</i>	<i>Qualified Dividend Income for Individuals<sup>(a)</sup></i>	<i>Distributions Qualifying for the Dividend Received Deduction for Corporations<sup>(a)</sup></i>	<i>Foreign Source Income</i>	<i>Foreign Tax Paid Per Share<sup>(b)</sup></i>
All-Cap Energy & Resources Portfolio .....	12/12/17	100%	89.67%	—	—
Emerging Markets Dividend Fund .....	10/13/17	100 <sup>(c)</sup>	—	100% <sup>(c)</sup>	\$0.012052
	12/12/17	100 <sup>(c)</sup>	—	100 <sup>(c)</sup>	0.006442
	04/12/18	100 <sup>(c)</sup>	—	94.88 <sup>(c)</sup>	0.002155
	07/20/18	100 <sup>(c)</sup>	—	94.88 <sup>(c)</sup>	0.008362
Energy & Resources Portfolio .....	12/12/17	100	100	—	—

<sup>(a)</sup> The Funds hereby designate the percentage indicated above or the maximum allowable by law.

<sup>(b)</sup> The foreign taxes paid represent taxes incurred by the Funds on income received by the Funds from foreign sources. Foreign taxes paid may be included in taxable income with an offsetting deduction from gross income or may be taken as a credit for taxes paid to foreign governments. You should consult your tax advisor regarding the appropriate treatment of foreign taxes paid.

<sup>(c)</sup> Expressed as a percentage of the cash distribution grossed-up for foreign taxes.

# Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements

The Board of Trustees (the “Board,” the members of which are referred to as “Board Members”) of BlackRock Funds (the “Trust”) met in person on April 19, 2018 (the “April Meeting”) and May 17-18, 2018 (the “May Meeting”) to consider the approval of the investment advisory agreement (the “Advisory Agreement”) between the Trust, on behalf of BlackRock All-Cap Energy & Resources Portfolio (“All-Cap Energy & Resources Portfolio”), BlackRock Emerging Markets Dividend Fund (“Emerging Markets Dividend Fund”) and BlackRock Energy & Resources Portfolio (“Energy & Resources Portfolio,” and together with All-Cap Energy & Resources Portfolio and Emerging Markets Dividend Fund, the “Funds”), each a series of the Trust, and BlackRock Advisors, LLC (the “Manager”), the Trust’s investment advisor. The Board also considered the approval of the sub-advisory agreement between the Manager and BlackRock International Limited (“BIL”) with respect to All-Cap Energy & Resources Portfolio (the “All-Cap Energy & Resources Sub-Advisory Agreement”), the sub-advisory agreement between the Manager and BlackRock Asset Management North Asia Limited (“BAMNA,” and together with BIL, the “Sub-Advisors”) with respect to Emerging Markets Dividend Fund (the “Emerging Markets Dividend Sub-Advisory Agreement”) and the sub-advisory agreement between the Manager and BIL with respect to Energy & Resources Portfolio (the “Energy & Resources Sub-Advisory Agreement”). The Manager and the Sub-Advisor are referred to herein as “BlackRock.” The All-Cap Energy & Resources Sub-Advisory Agreement, the Emerging Markets Dividend Sub-Advisory Agreement and the Energy & Resources Sub-Advisory Agreement are referred to herein as the “Sub-Advisory Agreements.” The Advisory Agreement and the Sub-Advisory Agreements are referred to herein as the “Agreements.”

## **Activities and Composition of the Board**

On the date of the May Meeting, the Board consisted of thirteen individuals, eleven of whom were not “interested persons” of the Trust as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Board Members”). The Board Members are responsible for the oversight of the operations of the Trust and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Board Members have retained independent legal counsel to assist them in connection with their duties. The Chair of the Board is an Independent Board Member. The Board has established five standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee, a Performance Oversight and Contract Committee and an Executive Committee, each of which is chaired by an Independent Board Member and composed of Independent Board Members (except for the Executive Committee, which also has one interested Board Member).

## **The Agreements**

Pursuant to the 1940 Act, the Board is required to consider the continuation of the Agreements on an annual basis. The Board has four quarterly meetings per year, each typically extending for two days, and additional in-person and telephonic meetings throughout the year, as needed. The Board also has a fifth one-day meeting to consider specific information surrounding the consideration of renewing the Agreements. The Board’s consideration of the Agreements is a year-long deliberative process, during which the Board assessed, among other things, the nature, extent and quality of the services provided to the Funds by BlackRock, BlackRock’s personnel and affiliates, including (as applicable): investment management; accounting, administrative and shareholder services; oversight of Fund service providers; marketing and promotional services; risk management and oversight; legal and compliance services; and ability to meet applicable legal and regulatory requirements.

The Board, acting directly and through its committees, considers at each of its meetings, and from time to time as appropriate, factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by BlackRock to the Funds and their shareholders. BlackRock also furnished additional information to the Board in response to specific questions from the Board. This additional information is discussed further below in the section titled “Board Considerations in Approving the Agreements.” Among the matters the Board considered were: (a) investment performance for one-year, three-year, five-year, ten-year, and/or since inception periods, as applicable, against peer funds, applicable benchmark, and performance metrics, as applicable, as well as senior management’s and portfolio managers’ analysis of the reasons for any over-performance or underperformance relative to its peers, benchmarks, and other performance metrics, as applicable; (b) fees, including advisory, administration, if applicable, and other amounts paid to BlackRock and its affiliates by the Funds for services; (c) Fund operating expenses and how BlackRock allocates expenses to the Funds; (d) the resources devoted to, risk oversight of, and compliance reports relating to, implementation of each Fund’s investment objective(s), policies and restrictions, and meeting regulatory requirements; (e) the Trust’s adherence to its compliance policies and procedures; (f) the nature, character and scope of non-investment management services provided by BlackRock and its affiliates and the estimated cost of such services; (g) BlackRock’s and other service providers’ internal controls and risk and compliance oversight mechanisms; (h) BlackRock’s implementation of the proxy voting policies approved by the Board; (i) the use of brokerage commissions and execution quality of portfolio transactions; (j) BlackRock’s implementation of the Trust’s valuation and liquidity procedures; (k) an analysis of management fees for products with similar investment mandates across the open-end fund, exchange-traded fund (“ETF”), closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable, and the similarities and differences between these products and the services provided as compared to the Funds; (l) BlackRock’s compensation methodology for its investment professionals and the incentives and accountability it creates, along with investment professionals’ investments in the fund(s) they manage; and (m) periodic updates on BlackRock’s business.

## **Board Considerations in Approving the Agreements**

**The Approval Process:** At the April Meeting, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the April Meeting, and as a culmination of the Board’s year-long deliberative process, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written information in advance of the May Meeting.

At the May Meeting, the Board considered, among other things: (a) the nature, extent and quality of the services provided by BlackRock; (b) the investment performance of each Fund as compared with its Performance Peers and other metrics, as applicable; (c) the advisory fee and the estimated cost of the services and estimated profits realized by BlackRock and its affiliates from their relationship with the Funds; (d) each Fund’s fees and expenses compared to its Expense Peers; (e) the sharing of potential economies of scale; (f) fall-out benefits to BlackRock and its affiliates as a result of BlackRock’s relationship with the Funds; and (g) other factors deemed relevant by the Board Members.

The Board also considered other matters it deemed important to the approval process, such as other payments made to BlackRock or its affiliates, securities lending and cash management, services related to the valuation and pricing of the portfolio holdings of each Fund, and advice from independent legal counsel with respect to the

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

review process and materials submitted for the Board's review. The Board noted the willingness of BlackRock personnel to engage in open, candid discussions with the Board. The Board did not identify any particular information as determinative, and each Board Member may have attributed different weights to the various items considered.

**A. Nature, Extent and Quality of the Services Provided by BlackRock:** The Board, including the Independent Board Members, reviewed the nature, extent and quality of services provided by BlackRock, including the investment advisory services and the resulting performance of each Fund. Throughout the year, the Board compared each Fund's performance to the performance of a comparable group of mutual funds, relevant benchmark, and performance metrics, as applicable. The Board met with BlackRock's senior management personnel responsible for investment activities, including the senior investment officers. The Board also reviewed the materials provided by each Fund's portfolio management team discussing the Fund's performance and the Fund's investment objective(s), strategies and outlook.

The Board considered, among other factors, with respect to BlackRock: the number, education and experience of investment personnel generally and each Fund's portfolio management team; BlackRock's research capabilities; investments by portfolio managers in the funds they manage; portfolio trading capabilities; use of technology; commitment to compliance; credit analysis capabilities; risk analysis and oversight capabilities; and the approach to training and retaining portfolio managers and other research, advisory and management personnel. The Board also considered BlackRock's overall risk management program, including the continued efforts of BlackRock and its affiliates to address cybersecurity risks and the role of BlackRock's Risk & Quantitative Analysis Group. The Board engaged in a review of BlackRock's compensation structure with respect to each Fund's portfolio management team and BlackRock's ability to attract and retain high-quality talent and create performance incentives.

In addition to investment advisory services, the Board considered the quality of the administrative and other non-investment advisory services provided to each Fund. BlackRock and its affiliates provide the Funds with certain administrative, shareholder and other services (in addition to any such services provided to the Funds by third parties) and officers and other personnel as are necessary for the operations of the Funds. In particular, BlackRock and its affiliates provide the Funds with administrative services including, among others: (i) responsibility for disclosure documents, such as the prospectus, the summary prospectus (as applicable), the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) responsibility for periodic filings with regulators; (iv) overseeing and coordinating the activities of other service providers, including, among others, each Fund's custodian, fund accountant, transfer agent, and auditor; (v) organizing Board meetings and preparing the materials for such Board meetings; (vi) providing legal and compliance support; (vii) furnishing analytical and other support to assist the Board in its consideration of strategic issues such as the merger, consolidation or repurposing of certain open-end funds; and (viii) performing administrative functions necessary for the operation of the Funds, such as tax reporting, expense management, fulfilling regulatory filing requirements, overseeing each Fund's distribution partners, and shareholder call center and other services. The Board reviewed the structure and duties of BlackRock's fund administration, shareholder services, and legal & compliance departments and considered BlackRock's policies and procedures for assuring compliance with applicable laws and regulations.

**B. The Investment Performance of the Funds and BlackRock:** The Board, including the Independent Board Members, also reviewed and considered the performance history of each Fund. In preparation for the April Meeting, the Board was provided with reports independently prepared by Broadridge, which included a comprehensive analysis of each Fund's performance as of December 31, 2017. Broadridge ranks funds in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable. In connection with its review, the Board received and reviewed information regarding the investment performance of each Fund as compared to its Performance Peers and, with respect to All-Cap Energy & Resources Portfolio and Energy & Resources Portfolio, the pertinent Customized Group and, with respect to Emerging Markets Dividend Fund, certain performance metrics. The Board and its Performance Oversight and Contract Committee regularly review, and meet with Fund management to discuss, the performance of each Fund throughout the year.

In evaluating performance, the Board recognized that the performance data reflects a snapshot of a period as of a particular date and that selecting a different performance period could produce significantly different results. Further, the Board recognized that it is possible that long-term performance can be impacted by even one period of significant outperformance or underperformance, so that a single investment theme has the ability to affect long-term performance disproportionately.

The Board noted that for the one-, three- and five-year periods reported, Emerging Markets Dividend Fund ranked in the first, first, and third quartiles, respectively, against its Performance Peers. The Board noted the Fund's underperformance for the applicable period reported as compared to the Performance Peers.

In light of Emerging Markets Dividend Fund's outcome oriented objective, BlackRock believes that certain other performance metrics may be more appropriate than the Performance Peers, and the Board was provided with a comparison of Fund performance relative to these metrics. Under these metrics, for the one-year, three-year, and since strategy inception periods, the Fund underperformed its benchmark return. For the one-year, three-year, and since strategy inception periods, the Fund outperformed its competitor average return. The Fund's gross yield was higher than its benchmark target yield. The overall risk of the Fund, as measured by the standard deviation of returns, was below its benchmark target risk for the one-year, three-year and since strategy inception periods.

The Board noted that for the one-, three- and five-year periods reported, All-Cap Energy & Resources Portfolio ranked in the second, third and third quartiles, respectively, against its Customized Peer Group. BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods.

The Board noted that for each of the one-, three- and five-year periods reported, Energy & Resources Portfolio ranked in the fourth quartile against its Customized Peer Group. BlackRock believes that the Customized Peer Group is an appropriate performance metric for the Fund. The Board and BlackRock reviewed the Fund's underperformance during the applicable periods. The Board was informed that, among other things, the Fund's underweight allocations to the refining and marketing sub-sector and to integrated oil companies hindered performance and was the primary detractor over these periods. The Board and BlackRock discussed BlackRock's strategy for improving the Fund's investment performance. Discussions covered topics such as performance attribution, the Fund's investment personnel, and the resources appropriate to support the Fund's investment processes.

**C. Consideration of the Advisory/Management Fees and the Estimated Cost of the Services and Estimated Profits Realized by BlackRock and its Affiliates from their Relationship with the Funds:** The Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with those of its Expense Peers. The contractual management fee rate represents a combination of the advisory fee and any administrative fees, before taking into account any reimbursements or fee waivers. The Board also compared each Fund's total expense ratio, as well as its actual management fee rate, to those of its Expense Peers. The total

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

expense ratio represents a fund's total net operating expenses, including any 12b-1 or non 12b-1 service fees. The total expense ratio gives effect to any expense reimbursements or fee waivers that benefit a fund, and the actual management fee rate gives effect to any management fee reimbursements or waivers that benefit a fund. The Board considered the services provided and the fees charged by BlackRock and its affiliates to other types of clients with similar investment mandates, as applicable, including institutional accounts and sub-advised mutual funds (including mutual funds sponsored by third parties).

The Board received and reviewed statements relating to BlackRock's financial condition. The Board reviewed BlackRock's profitability methodology and was also provided with an estimated profitability analysis that detailed the revenues earned and the expenses incurred by BlackRock for services provided to each Fund. The Board reviewed BlackRock's estimated profitability with respect to each Fund and other funds the Board currently oversees for the year ended December 31, 2017 compared to available aggregate estimated profitability data provided for the prior two years. The Board reviewed BlackRock's estimated profitability with respect to certain other U.S. fund complexes managed by the Manager and/or its affiliates. The Board reviewed BlackRock's assumptions and methodology of allocating expenses in the estimated profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Manager, the types of funds managed, precision of expense allocations and business mix. As a result, calculating and comparing profitability at individual fund levels is difficult.

The Board noted that, in general, individual fund or product line profitability of other advisors is not publicly available. The Board reviewed BlackRock's overall operating margin, in general, compared to that of certain other publicly-traded asset management firms. The Board considered the differences between BlackRock and these other firms, including the contribution of technology at BlackRock, BlackRock's expense management, and the relative product mix.

In addition, the Board considered the estimated cost of the services provided to the Funds by BlackRock, and BlackRock's and its affiliates' estimated profits relating to the management and distribution of the Funds and the other funds advised by BlackRock and its affiliates. As part of its analysis, the Board reviewed BlackRock's methodology in allocating its costs of managing each Fund, to each respective Fund. The Board considered whether BlackRock has the financial resources necessary to attract and retain high quality investment management personnel to perform its obligations under the Agreements and to continue to provide the high quality of services that is expected by the Board. The Board further considered factors including but not limited to BlackRock's commitment of time, assumption of risk, and liability profile in servicing the Funds in contrast to what is required of BlackRock with respect to other products with similar investment mandates across the open-end fund, ETF, closed-end fund, sub-advised mutual fund, separately managed account, collective investment trust, and institutional separate account product channels, as applicable.

The Board noted that All-Cap Energy & Resources Portfolio's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio ranked in the second and third quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. In addition, the Board noted that BlackRock has voluntarily agreed to a cap to further limit the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. After discussions between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to a continuation of the voluntary expense cap.

The Board noted that Energy & Resources Portfolio's contractual management fee rate ranked in the third quartile, and that the actual management fee rate and total expense ratio each ranked in the third quartile, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. In addition, the Board noted that BlackRock has voluntarily agreed to a cap to further limit the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis. After discussions between the Board, including the Independent Board Members, and BlackRock, the Board and BlackRock agreed to a lower voluntary expense cap, on a class-by-class basis. The voluntary expense cap reduction was implemented on June 1, 2018.

The Board noted that Emerging Markets Dividend Fund's contractual management fee rate ranked in the fourth quartile, and that the actual management fee rate and total expense ratio ranked in the first and fourth quartiles, respectively, relative to the Fund's Expense Peers. The Board also noted that the Fund has an advisory fee arrangement that includes breakpoints that adjust the fee rate downward as the size of the Fund increases above certain contractually specified levels. The Board further noted that BlackRock and the Board have contractually agreed to a cap on the Fund's total expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

**D. Economies of Scale:** The Board, including the Independent Board Members, considered the extent to which economies of scale might be realized as the assets of the Funds increase, including the existence of fee waivers and/or expense caps, as applicable, noting that any contractual fee waivers and expense caps had been approved by the Board. The Board also considered the extent to which the Funds benefit from such economies in a variety of ways and whether there should be changes in the advisory fee rate or breakpoint structure in order to enable the Funds to more fully participate in these economies of scale. The Board considered each Fund's asset levels and whether the current fee schedule was appropriate. In their consideration, the Board Members took into account the existence of any expense caps and further considered the continuation and/or implementation, as applicable, of such caps.

**E. Other Factors Deemed Relevant by the Board Members:** The Board, including the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from BlackRock's respective relationships with the Funds, both tangible and intangible, such as BlackRock's ability to leverage its investment professionals who manage other portfolios and risk management personnel, an increase in BlackRock's profile in the investment advisory community, and the engagement of BlackRock's affiliates as service providers to the Funds, including for administrative, distribution, securities lending and cash management services. The Board also considered BlackRock's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. The Board also noted that, subject to applicable law, BlackRock may use and benefit from third party research obtained by soft dollars generated by certain registered fund transactions to assist in managing all or a number of its other client accounts.

In connection with its consideration of the Agreements, the Board also received information regarding BlackRock's brokerage and soft dollar practices. The Board received

## Disclosure of Investment Advisory Agreement and Sub-Advisory Agreements (continued)

reports from BlackRock which included information on brokerage commissions and trade execution practices throughout the year.

The Board noted the competitive nature of the open-end fund marketplace, and that shareholders are able to redeem their Fund shares if they believe that the pertinent Fund's fees and expenses are too high or if they are dissatisfied with the performance of the Fund.

### **Conclusion**

The Board, including the Independent Board Members, approved the continuation of (i) the Advisory Agreement between the Manager and the Trust on behalf of each Fund, (ii) the All-Cap Energy & Resources Sub-Advisory Agreement between the Manager and BIL with respect to All-Cap Energy & Resources Portfolio, (iii) the Emerging Markets Dividend Sub-Advisory Agreement between the Manager and BAMNA with respect to Emerging Markets Dividend Fund and (iv) the Energy & Resources Sub-Advisory Agreement between the Manager and BIL with respect to Energy & Resources Portfolio, each for a one-year term ending June 30, 2019. Based upon its evaluation of all of the aforementioned factors in their totality, as well as other information, the Board, including the Independent Board Members, was satisfied that the terms of the Agreements were fair and reasonable and, as applicable, in the best interest of each Fund and its shareholders. In arriving at its decision to approve the Agreements, the Board did not identify any single factor or group of factors as all-important or controlling, but considered all factors together, and different Board Members may have attributed different weights to the various factors considered. The Independent Board Members were also assisted by the advice of independent legal counsel in making this determination.

## Trustee and Officer Information

### Independent Trustees<sup>(a)</sup>

Name Year of Birth <sup>(b)</sup>	Position(s) Held (Length of Service) <sup>(c)</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
<b>Rodney D. Johnson</b> 1941	Chair of the Board <sup>(d)</sup> and Trustee (Since 2007)	President, Fairmount Capital Advisors, Inc. from 1987 to 2013; Member of the Archdiocesan Investment Committee of the Archdiocese of Philadelphia from 2004 to 2012; Director, The Committee of Seventy (civic) from 2006 to 2012; Director, Fox Chase Cancer Center from 2004 to 2011; Director, The Mainstay (non-profit) since 2016.	28 RICs consisting of 140 Portfolios	None
<b>Mark Stalnecker</b> 1951	Chair Elect of the Board <sup>(d)</sup> (Since 2018) and Trustee (Since 2015)	Chief Investment Officer, University of Delaware from 1999 to 2013; Trustee and Chair of the Finance and Investment Committees, Winterthur Museum and Country Estate from 2005 to 2016; Member of the Investment Committee, Delaware Public Employees' Retirement System since 2002; Member of the Investment Committee, Christiana Care Health System from 2009 to 2017; Member of the Investment Committee, Delaware Community Foundation from 2013 to 2014; Director and Chair of the Audit Committee, SEI Private Trust Co. from 2001 to 2014.	28 RICs consisting of 140 Portfolios	None
<b>Susan J. Carter</b> 1956	Trustee (Since 2016)	Director, Pacific Pension Institute from 2014 to 2018; Advisory Board Member, Center for Private Equity and Entrepreneurship at Tuck School of Business since 1997; Senior Advisor, Commonfund Capital, Inc. ("CCI") (investment adviser) in 2015; Chief Executive Officer, CCI from 2013 to 2014; President & Chief Executive Officer, CCI from 1997 to 2013; Advisory Board Member, Girls Who Invest from 2015 to 2018 and Board Member thereof since 2018; Advisory Board Member, Bridges Fund Management since 2016; Trustee, Financial Accounting Foundation since 2017; Practitioner Advisory Board Member, Private Capital Research Institute (PCRI) since 2017.	28 RICs consisting of 140 Portfolios	None
<b>Collette Chilton</b> 1958	Trustee (Since 2015)	Chief Investment Officer, Williams College since 2006; Chief Investment Officer, Lucent Asset Management Corporation from 1998 to 2006.	28 RICs consisting of 140 Portfolios	None
<b>Neil A. Cotty</b> 1954	Trustee (Since 2016)	Bank of America Corporation from 1996 to 2015, serving in various senior finance leadership roles, including Chief Accounting Officer, from 2009 to 2015, Chief Financial Officer of Global Banking, Markets and Wealth Management from 2008 to 2009, Chief Accounting Officer from 2004 to 2008, Chief Financial Officer of Consumer Bank from 2003 to 2004, Chief Financial Officer of Global Corporate Investment Bank from 1999 to 2002.	28 RICs consisting of 140 Portfolios	None
<b>Cynthia A. Montgomery</b> 1952	Trustee (Since 2007)	Professor, Harvard Business School since 1989; Director, McLean Hospital from 2005 to 2012.	28 RICs consisting of 140 Portfolios	Newell Rubbermaid, Inc. (manufacturing)
<b>Joseph P. Platt</b> 1947	Trustee (Since 2007)	General Partner, Thorn Partners, LP (private investments) since 1998; Director, WQED Multi-Media (public broadcasting not-for-profit) since 2001; Chair, Basic Health International (non-profit) since 2015.	28 RICs consisting of 140 Portfolios	Greenlight Capital Re, Ltd. (reinsurance company); Consol Energy Inc.
<b>Robert C. Robb, Jr.</b> 1945	Trustee (Since 2007)	Partner, Lewis, Eckert, Robb and Company (management and financial consulting firm) since 1981 and Principal since 2010.	28 RICs consisting of 140 Portfolios	None

Independent Trustees<sup>(a)</sup>

Name Year of Birth <sup>(b)</sup>	Position(s) Held (Length of Service) <sup>(c)</sup>	Principal Occupation(s) During Past Five Years	Number of BlackRock-Advised Registered Investment Companies ("RICs") Consisting of Investment Portfolios ("Portfolios") Overseen	Public Company and Other Investment Company Directorships Held During Past Five Years
<b>Kenneth L. Urish</b> 1951	Trustee (Since 2007)	Managing Partner, Urish Popeck & Co., LLC (certified public accountants and consultants) since 1976; Past-Chairman of the Professional Ethics Committee of the Pennsylvania Institute of Certified Public Accountants and Committee Member thereof since 2007; Member of External Advisory Board, The Pennsylvania State University Accounting Department since founding in 2001; Principal, UP Strategic Wealth Investment Advisors, LLC since 2013; Trustee, The Holy Family Institute from 2001 to 2010; President and Trustee, Pittsburgh Catholic Publishing Associates from 2003 to 2008; Director, Inter-Tel from 2006 to 2007.	28 RICs consisting of 140 Portfolios	None
<b>Claire A. Walton</b> 1957	Trustee (Since 2016)	Chief Operating Officer and Chief Financial Officer of Liberty Square Asset Management, LP from 1998 to 2015; General Partner of Neon Liberty Capital Management, LLC since 2003; Director, Boston Hedge Fund Group from 2009 to 2018; Director, Woodstock Ski Runners since 2013; Director, Massachusetts Council on Economic Education from 2013 to 2015.	28 RICs consisting of 140 Portfolios	None
<b>Frederick W. Winter</b> 1945	Trustee (Since 2007)	Director, Alkon Corporation since 1992; Dean Emeritus of the Joseph M. Katz School of Business, University of Pittsburgh, Dean and Professor from 1997 to 2005, Professor until 2013.	28 RICs consisting of 140 Portfolios	None

Interested Trustees<sup>(a),(e)</sup>

<b>Robert Fairbairn</b> 1965	Trustee (Since 2018)	Senior Managing Director of BlackRock, Inc. since 2010; oversees BlackRock's Strategic Partner Program and Strategic Product Management Group; Member of BlackRock's Global Executive and Global Operating Committees; Co-Chair of BlackRock's Human Capital Committee; Global Head of BlackRock's Retail and iShares® businesses from 2012 to 2016.	133 RICs consisting of 308 Portfolios	None
<b>John M. Perlowski</b> 1964	Trustee (Since 2015) and President and Chief Executive Officer (Since 2010)	Managing Director of BlackRock, Inc. since 2009; Head of BlackRock Global Accounting and Product Services since 2009; Advisory Director of Family Resource Network (charitable foundation) since 2009.	133 RICs consisting of 308 Portfolios	None

<sup>(a)</sup> The address of each Trustee is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>(b)</sup> Independent Trustees serve until their resignation, retirement, removal or death, or until December 31 of the year in which they turn 75. The Board may determine to extend the terms of Independent Trustees on a case-by-case basis, as appropriate. The Board has approved extending the mandatory retirement age for Rodney D. Johnson until December 31, 2018.

<sup>(c)</sup> Following the combination of Merrill Lynch Investment Managers, L.P. ("MLIM") and BlackRock, Inc. ("BlackRock") in September 2006, the various legacy MLIM and legacy BlackRock fund boards were realigned and consolidated into three new fund boards in 2007. As a result, although the chart shows certain Independent Trustees as joining the Board in 2007, those Independent Trustees first became members of the boards of other legacy MLIM or legacy BlackRock funds as follows: Rodney D. Johnson, 1995; Cynthia A. Montgomery, 1994; Joseph P. Platt, 1999; Robert C. Robb, Jr., 1999; Kenneth L. Urish, 1999; and Frederick W. Winter, 1999.

<sup>(d)</sup> Mr. Stalnecker was approved as Chair Elect of the Board effective January 1, 2018. It is expected that, effective January 1, 2019, Mr. Stalnecker will assume the position of Chair of the Board and Mr. Johnson will retire as Chair of the Board.

<sup>(e)</sup> Mr. Fairbairn and Mr. Perlowski are both "interested persons," as defined in the 1940 Act, of the Trust based on their positions with BlackRock and its affiliates. Mr. Fairbairn and Mr. Perlowski are also board members of the BlackRock Equity-Bond Complex and the BlackRock Closed-End Complex.

Officers Who Are Not Trustees<sup>(a)</sup>

Name Year of Birth <sup>(b)</sup>	Position(s) Held (Length of Service)	Principal Occupation(s) During Past Five Years
<b>Thomas Callahan</b> 1968	Vice President (Since 2016)	Managing Director of BlackRock, Inc. since 2013; Head of BlackRock's Global Cash Management Business since 2016; Co-Head of the Global Cash Management Business from 2014 to 2016; Deputy Head of the Global Cash Management Business from 2013 to 2014; Member of the Cash Management Group Executive Committee since 2013; Chief Executive Officer of NYSE Liffe U.S. from 2008 to 2013.
<b>Jennifer McGovern</b> 1977	Vice President (Since 2014)	Managing Director of BlackRock, Inc. since 2016; Director of BlackRock, Inc. from 2011 to 2015; Head of Product Structure and Oversight for BlackRock's U.S. Wealth Advisory Group since 2013.
<b>Neal J. Andrews</b> 1966	Chief Financial Officer (Since 2007)	Managing Director of BlackRock, Inc. since 2006.
<b>Jay M. Fife</b> 1970	Treasurer (Since 2007)	Managing Director of BlackRock, Inc. since 2007.
<b>Charles Park</b> 1967	Chief Compliance Officer (Since 2014)	Anti-Money Laundering Compliance Officer for the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex from 2014 to 2015; Chief Compliance Officer of BlackRock Advisors, LLC and the BlackRock-advised Funds in the Equity-Bond Complex, the Equity-Liquidity Complex and the Closed-End Complex since 2014; Principal of and Chief Compliance Officer for iShares® Delaware Trust Sponsor LLC since 2012 and BlackRock Fund Advisors ("BFA") since 2006; Chief Compliance Officer for the BFA-advised iShares® exchange traded funds since 2006; Chief Compliance Officer for BlackRock Asset Management International Inc. since 2012.
<b>John MacKessy</b> 1972	Anti-Money Laundering Compliance Officer (Since 2018)	Director of BlackRock, Inc. since 2017; Global Head of Anti-Money Laundering at BlackRock, Inc. since 2017; Director of AML Monitoring and Investigations Group of Citibank from 2015 to 2017; Global Anti-Money Laundering and Economic Sanctions Officer for MasterCard from 2011 to 2015.
<b>Benjamin Archibald</b> 1975	Secretary (Since 2012)	Managing Director of BlackRock, Inc. since 2014; Director of BlackRock, Inc. from 2010 to 2013; Secretary of the iShares® exchange traded funds since 2015; Secretary of the BlackRock-advised mutual funds since 2012.

<sup>(a)</sup> The address of each Officer is c/o BlackRock, Inc., 55 East 52nd Street, New York, NY 10055.

<sup>(b)</sup> Officers of the Trust serve at the pleasure of the Board.

Further information about the Trust's Officers and Trustees is available in the Fund's Statement of Additional Information, which can be obtained without charge by calling 1-(800) 441-7762.

**Investment Adviser and Administrator**

BlackRock Advisors, LLC  
Wilmington, DE 19809

**Sub-Adviser**

BlackRock International Limited<sup>(a)</sup>  
Edinburgh, EH3 8BL  
United Kingdom

BlackRock Asset Management  
North Asia Limited<sup>(b)</sup>  
Cheung Kong Center  
Hong Kong

**Accounting Agent and Transfer Agent**

BNY Mellon Investment Servicing (US) Inc.  
Wilmington, DE 19809

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Boston, MA 02116

**Custodian**

The Bank of New York Mellon  
New York, NY 10286

**Distributor**

BlackRock Investments, LLC  
New York, NY 10022

**Legal Counsel**

Sidley Austin LLP  
New York, NY 10019

**Address of the Trust**

100 Bellevue Parkway  
Wilmington, DE 19809

<sup>(a)</sup> For BlackRock All-Cap Energy & Resources Portfolio and BlackRock Energy & Resources Portfolio.

<sup>(b)</sup> For BlackRock Emerging Markets Dividend Fund.



## Additional Information

### General Information

#### Householding

The Funds will mail only one copy of shareholder documents, including prospectuses, annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called "householding" and is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be househanded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please call the Funds at (800) 441-7762.

#### Availability of Quarterly Schedule of Investments

The Funds file their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room or how to access documents on the SEC's website without charge may be obtained by calling (800) SEC-0330. The Funds' Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

#### Availability of Proxy Voting Policies and Procedures

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available upon request and without charge (1) by calling (800) 441-7762; (2) at <http://www.blackrock.com>; and (3) on the SEC's website at <http://www.sec.gov>.

#### Availability of Proxy Voting Record

Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available upon request and without charge (1) at <http://www.blackrock.com> or by calling (800) 441-7762 and (2) on the SEC's website at <http://www.sec.gov>.

#### BlackRock's Mutual Fund Family

BlackRock offers a diverse lineup of open-end mutual funds crossing all investment styles and managed by experts in equity, fixed-income and tax-exempt investing. Visit <http://www.blackrock.com> for more information.

### Shareholder Privileges

#### Account Information

Call us at (800) 441-7762 from 8:00 AM to 6:00 PM ET on any business day to get information about your account balances, recent transactions and share prices. You can also reach us on the Web at <http://www.blackrock.com>.

#### Automatic Investment Plans

Investor Class shareholders who want to invest regularly can arrange to have \$50 or more automatically deducted from their checking or savings account and invested in any of the BlackRock funds.

#### Systematic Withdrawal Plans

Investor Class shareholders can establish a systematic withdrawal plan and receive periodic payments of \$50 or more from their BlackRock funds, as long as their account balance is at least \$10,000.

#### Retirement Plans

Shareholders may make investments in conjunction with Traditional, Rollover, Roth, Coverdell, Simple IRAs, SEP IRAs and 403(b) Plans.

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, “Clients”) and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

## Glossary of Terms Used in this Report

### Currency

USD	US Dollar
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### Portfolio Abbreviations

ADR	American Depositary Receipts
GDR	Global Depositary Receipt
NVDR	Non-Voting Depositary Receipt

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This report is intended for current holders. It is not authorized for use as an offer of sale or a solicitation of an offer to buy shares of a Fund unless preceded or accompanied by that Fund's current prospectus. Past performance results shown in this report should not be considered a representation of future performance. Investment returns and principal value of shares will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Statements and other information herein are as dated and are subject to change.

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