

SEMI-ANNUAL REPORT (UNAUDITED)

**BLACKROCK®**

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

- ▶ BlackRock USA Momentum Factor Index Fund
- ▶ BlackRock USA Quality Factor Index Fund
- ▶ BlackRock USA Size Factor Index Fund
- ▶ BlackRock USA Value Factor Index Fund

## The Markets in Review

Dear Shareholder,

The 12 months ended January 31, 2017 was an exceptionally strong period for risk assets (such as stocks and high yield bonds), while higher-quality assets generated muted returns after struggling in the latter part of 2016. As the period began, worries about slowing growth in China and the instability of oil prices had global equity prices sliding. However, the broad market momentum shifted in the second half of 2016 as reflationary expectations in the United States helped drive a pick-up in global growth.

Markets were remarkably resilient during the period. Big surprises such as the United Kingdom's vote to leave the European Union and the outcome of the U.S. presidential election brought spikes in equity market volatility, but they were ultimately short-lived. Instead, investors used the sell-offs to seize upon buying opportunities, allowing markets to quickly rebound. We believe this reinforces the case for taking the long view rather than reacting to short-term market noise.

The global reflationary theme — rising nominal growth, wages and inflation — was the dominant driver of asset returns during the period, outweighing significant political upheavals and uncertainty. This trend accelerated after the U.S. election and continued into the beginning of 2017, stoked by expectations for an extra boost to U.S. growth via fiscal policy.

Although economic momentum is gaining traction, the capacity for rapid global growth is restrained by structural factors including an aging population, low productivity growth and excess savings. A tempered economic growth trend and high valuations across most assets have set the stage for muted investment returns going forward.

Equity markets still have room to move, although the disparity between winners and losers is widening, making stock selection increasingly important. Fixed income investors are also facing challenges as bond markets recalibrate to accommodate rising rates and higher inflation expectations. And in a world where political risk and policy uncertainty abound, there is no lack of potential catalysts for higher volatility.

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 January 31, 2017

	6-month	12-month
U.S. large cap equities (S&P 500® Index)	5.96%	20.04%
U.S. small cap equities (Russell 2000® Index)	12.43	33.53
International equities (MSCI Europe, Australasia, Far East Index)	3.49	12.03
Emerging market equities (MSCI Emerging Markets Index)	4.92	25.41
3-month Treasury bills (BofA Merrill Lynch 3-Month U.S. Treasury Bill Index)	0.20	0.37
U.S. Treasury securities (BofA Merrill Lynch 10-Year U.S. Treasury Index)	(7.87)	(3.26)
U.S. investment grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index)	(2.95)	1.45
Tax-exempt municipal bonds (S&P Municipal Bond Index)	(2.94)	0.24
U.S. high yield bonds (Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index)	6.09	20.77

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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## Go Paperless...

It's Easy, Economical and Green!



Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual shareholder reports and prospectuses by enrolling in the electronic delivery program. Electronic copies of shareholder reports and prospectuses are also available on BlackRock's website.

### **TO ENROLL IN ELECTRONIC DELIVERY:**

**Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:**  
Please contact your financial advisor. Please note that not all investment advisors, banks or brokerages may offer this service.

### **Shareholders Who Hold Accounts Directly with BlackRock:**

1. Access the BlackRock website at [blackrock.com](http://blackrock.com)
2. Select "Access Your Account"
3. Next, select "eDelivery" in the "Related Resources" box and follow the sign-up instructions

**Investment Objective**

BlackRock USA Momentum Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks exhibiting relatively higher momentum characteristics.

On February 24, 2017, the Board of Trustees of BlackRock Funds approved a name change from "BlackRock USA Momentum Factor Index Fund" to "iShares Edge MSCI USA Momentum Factor Index Fund." The change is expected to be effective during the second quarter of 2017.

**Portfolio Information**

Ten Largest Holdings	Percent of Net Assets	Sector Allocation	Percent of Net Assets
Facebook, Inc., Class A	5%	Information Technology	39%
Amazon.com, Inc.	5	Health Care	14
Procter & Gamble Co.	5	Consumer Staples	10
Microsoft Corp.	5	Consumer Discretionary	9
Johnson & Johnson	5	Industrials	8
UnitedHealth Group, Inc.	4	Utilities	7
NVIDIA Corp.	3	Real Estate	4
Alphabet, Inc.	3	Financials	4
Texas Instruments, Inc.	2	Energy	2
QUALCOMM, Inc.	2	Materials	2
		Telecommunication Services	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, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

**Expense Example**

	Actual			Hypothetical <sup>3</sup>			
	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Annualized Expense Ratio
Institutional	\$1,000.00	\$1,020.40	\$0.23	\$1,000.00	\$1,005.52	\$0.23	0.20%
Class K	\$1,000.00	\$1,020.40	\$0.17	\$1,000.00	\$1,005.58	\$0.17	0.15%

<sup>1</sup> Commencement of operations.

<sup>2</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 43/365 (to reflect the period from December 20, 2016, the commencement of operations, to January 31, 2017).

<sup>3</sup> Hypothetical 5% 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 8 for further information on how expenses were calculated.

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.

## Investment Objective

BlackRock USA Quality Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks as identified through three fundamental variables: return on equity, earnings variability and debt-to-equity.

On February 24, 2017, the Board of Trustees of BlackRock Funds approved a name change from "BlackRock USA Quality Factor Index Fund" to "iShares Edge MSCI USA Quality Factor Index Fund." The change is expected to be effective during the second quarter of 2017.

## Portfolio Information

Ten Largest Holdings	Percent of Net Assets	Sector Allocation	Percent of Net Assets
Apple, Inc. . . . .	5%	Information Technology . . . . .	37%
Microsoft Corp. . . . .	5	Consumer Discretionary . . . . .	22
Johnson & Johnson . . . . .	5	Industrials . . . . .	16
International Business Machines Corp. . . . .	3	Health Care . . . . .	12
Home Depot, Inc. . . . .	3	Consumer Staples . . . . .	8
Walt Disney Co. . . . .	3	Materials . . . . .	2
Intel Corp. . . . .	3	Financials . . . . .	2
Mastercard, Inc. . . . .	3	Real Estate . . . . .	1
Visa, Inc. . . . .	3		
PepsiCo, Inc. . . . .	3		

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, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

## Expense Example

	Actual			Hypothetical <sup>3</sup>			
	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Annualized Expense Ratio
Institutional . . . . .	\$1,000.00	\$1,001.10	\$0.23	\$1,000.00	\$1,005.52	\$0.23	0.20%
Class K . . . . .	\$1,000.00	\$1,001.10	\$0.17	\$1,000.00	\$1,005.58	\$0.17	0.15%

<sup>1</sup> Commencement of operations.

<sup>2</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 43/365 (to reflect the period from December 20, 2016, the commencement of operations, to January 31, 2017).

<sup>3</sup> Hypothetical 5% 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 8 for further information on how expenses were calculated.

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**Investment Objective**

BlackRock USA Size Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index composed of U.S. large- and mid-capitalization stocks with relatively smaller average market capitalization.

On February 24, 2017, the Board of Trustees of BlackRock Funds approved a name change from "BlackRock USA Size Factor Index Fund" to "iShares Edge MSCI USA Size Factor Index Fund." The change is expected to be effective during the second quarter of 2017.

**Portfolio Information**

Ten Largest Holdings*	Percent of Net Assets	Sector Allocation	Percent of Net Assets
Arch Capital Group Ltd. . . . .	1%	Financials . . . . .	17%
Mid-America Apartment Communities, Inc. . . . .	1	Consumer Discretionary . . . . .	13
Clorox Co. . . . .	1	Industrials . . . . .	13
		Information Technology . . . . .	11
		Health Care . . . . .	11
		Consumer Staples . . . . .	10
		Real Estate . . . . .	8
		Utilities . . . . .	8
		Materials . . . . .	5
		Energy . . . . .	3
		Telecommunication Services . . . . .	1

\* Fund does not hold any other positions in excess of 1% of Net Assets.

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, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

**Expense Example**

	Actual			Hypothetical <sup>3</sup>			
	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>1</sup>	Annualized Expense Ratio
Institutional . . . . .	\$1,000.00	\$1,007.90	\$0.23	\$1,000.00	\$1,005.52	\$0.23	0.20%
Class K . . . . .	\$1,000.00	\$1,007.90	\$0.17	\$1,000.00	\$1,005.58	\$0.17	0.15%

<sup>1</sup> Commencement of operations.

<sup>2</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 43/365 (to reflect the period from December 20, 2016, the commencement of operations, to January 31, 2017).

<sup>3</sup> Hypothetical 5% 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 8 for further information on how expenses were calculated.

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.

**Investment Objective**

BlackRock USA Value Factor Index Fund's (the "Fund") investment objective is to seek to track the investment results of an index that measures the performance of U.S. large- and mid-capitalization stocks with value characteristics and relatively lower valuations.

On February 24, 2017, the Board of Trustees of BlackRock Funds approved a name change from "BlackRock USA Value Factor Index Fund" to "iShares Edge MSCI USA Value Factor Index Fund." The change is expected to be effective during the second quarter of 2017.

**Portfolio Information**

Ten Largest Holdings	Percent of Net Assets	Sector Allocation	Percent of Net Assets
Apple, Inc. . . . .	8%	Information Technology . . . . .	22%
Intel Corp. . . . .	4	Financials . . . . .	14
Chevron Corp. . . . .	4	Health Care . . . . .	14
General Motors Co. . . . .	3	Consumer Discretionary . . . . .	12
Cosco Systems, Inc. . . . .	3	Industrials . . . . .	10
Pfizer, Inc. . . . .	3	Consumer Staples . . . . .	9
Wal-Mart Stores, Inc. . . . .	3	Energy . . . . .	7
Bank of America Corp. . . . .	3	Utilities . . . . .	3
Gilead Sciences, Inc. . . . .	3	Materials . . . . .	3
AT&T, Inc. . . . .	3	Real Estate . . . . .	3
		Telecommunication Services . . . . .	3

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, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector sub-classifications for reporting ease.

**Expense Example**

	Actual			Hypothetical <sup>3</sup>			
	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Beginning Account Value December 20, 2016 <sup>1</sup>	Ending Account Value January 31, 2017	Expenses Paid During the Period <sup>2</sup>	Annualized Expense Ratio
Institutional . . . . .	\$1,000.00	\$995.30	\$0.23	\$1,000.00	\$1,005.52	\$0.23	0.20%
Class K . . . . .	\$1,000.00	\$995.40	\$0.17	\$1,000.00	\$1,005.58	\$0.17	0.15%

<sup>1</sup> Commencement of operations.

<sup>2</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 43/365 (to reflect the period from December 20, 2016, the commencement of operations, to January 31, 2017).

<sup>3</sup> Hypothetical 5% 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 8 for further information on how expenses were calculated.

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.

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## 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.

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/funds](http://www.blackrock.com/funds) 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. 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 Fund Advisors (the “Manager”), the Funds’ investment adviser, has contractually agreed to waive and/or reimburse a portion of each Fund’s expenses. Without such waiver and/or reimbursement, each Fund’s 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 4 of the Notes to Financial Statements for additional information on waivers and/or reimbursements.

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## 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 shown on previous pages, which are based on a hypothetical investment of \$1,000 invested on December 20, 2016 (commencement of operations) and held through January 31, 2017, 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 heading 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 the 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 any 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.



Schedule of Investments January 31, 2017 (Unaudited)

**BlackRock USA Momentum Factor Index Fund**  
(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
<b>Aerospace &amp; Defense – 4.4%</b>		
B/E Aerospace, Inc.	273	\$ 16,781
Huntington Ingalls Industries, Inc.	130	25,215
Lockheed Martin Corp.	544	136,723
Northrop Grumman Corp.	498	114,082
Raytheon Co.	693	99,903
TransDigm Group, Inc.	255	55,182
		447,886
<b>Banks – 0.5%</b>		
Fifth Third Bancorp	2,037	53,166
<b>Beverages – 1.0%</b>		
Constellation Brands, Inc., Class A	425	63,648
Molson Coors Brewing Co., Class B	396	38,222
		101,870
<b>Biotechnology – 0.1%</b>		
Seattle Genetics, Inc. (a)	256	15,421
<b>Building Products – 0.2%</b>		
AO Smith Corp.	369	17,989
<b>Chemicals – 0.4%</b>		
Albemarle Corp.	413	38,260
<b>Commercial Services &amp; Supplies – 2.3%</b>		
Cintas Corp.	266	30,885
Republic Services, Inc.	854	49,003
Waste Connections, Inc.	609	48,903
Waste Management, Inc.	1,487	103,346
		232,137
<b>Communications Equipment – 0.3%</b>		
F5 Networks, Inc. (a)	219	29,353
<b>Construction &amp; Engineering – 0.2%</b>		
Jacobs Engineering Group, Inc. (a)	310	18,150
<b>Construction Materials – 0.6%</b>		
Martin Marietta Materials, Inc.	116	26,634
Vulcan Materials Co.	250	32,082
		58,716
<b>Containers &amp; Packaging – 0.2%</b>		
Packaging Corp. of America	279	25,718
<b>Diversified Financial Services – 1.1%</b>		
MSCI, Inc.	193	15,971
S&P Global, Inc.	812	97,586
		113,557
<b>Diversified Telecommunication Services – 0.1%</b>		
Zayo Group Holdings, Inc. (a)	405	12,944
<b>Electric Utilities – 4.2%</b>		
Edison International	761	55,462
NextEra Energy, Inc.	1,402	173,455
Pinnacle West Capital Corp.	273	21,193
Southern Co.	2,004	99,058
Westar Energy, Inc.	583	31,884
Xcel Energy, Inc.	1,133	46,816
		427,868
<b>Electronic Equipment, Instruments &amp; Components – 1.7%</b>		
Amphenol Corp., Class A	987	66,613
Corning, Inc.	3,105	82,251
Flex Ltd. (a)	1,753	27,470
		176,334

Common Stocks	Shares	Value
<b>Food &amp; Staples Retailing – 0.6%</b>		
Sysco Corp.	1,154	\$ 60,539
<b>Food Products – 1.6%</b>		
Conagra Brands, Inc.	972	37,995
Ingredion, Inc.	267	34,227
Tyson Foods, Inc., Class A	982	61,660
WhiteWave Foods Co. (a)	629	34,633
		168,515
<b>Gas Utilities – 0.4%</b>		
Atmos Energy Corp.	229	17,445
UGI Corp.	587	27,219
		44,664
<b>Health Care Equipment &amp; Supplies – 3.9%</b>		
Align Technology, Inc. (a)	188	17,238
Baxter International, Inc.	1,389	66,547
Becton Dickinson & Co.	469	83,149
IDEXX Laboratories, Inc. (a)	367	44,895
Intuitive Surgical, Inc. (a)	94	65,113
Stryker Corp.	840	103,765
Varian Medical Systems, Inc. (a)	260	20,189
		400,896
<b>Health Care Providers &amp; Services – 3.6%</b>		
UnitedHealth Group, Inc.	2,286	370,561
<b>Hotels, Restaurants &amp; Leisure – 1.0%</b>		
Domino's Pizza, Inc.	249	43,460
Las Vegas Sands Corp.	1,126	59,205
		102,665
<b>Household Durables – 0.1%</b>		
Garmin Ltd.	304	14,680
<b>Household Products – 5.5%</b>		
Church & Dwight Co., Inc.	562	25,414
Procter & Gamble Co.	5,958	521,921
Spectrum Brands Holdings, Inc.	114	15,206
		562,541
<b>Industrial Conglomerates – 1.0%</b>		
Danaher Corp.	1,199	100,620
<b>Insurance – 2.1%</b>		
Aon PLC	657	74,044
Cincinnati Financial Corp.	405	28,585
Loews Corp.	763	35,541
Principal Financial Group, Inc.	848	48,412
Reinsurance Group of America, Inc.	200	25,094
		211,676
<b>Internet &amp; Direct Marketing Retail – 5.1%</b>		
Amazon.com, Inc. (a)	638	525,380
<b>Internet Software &amp; Services – 11.1%</b>		
Akamai Technologies, Inc. (a)	470	32,237
Alphabet, Inc., Class A (a)	318	260,821
Alphabet, Inc., Class C (a)	315	250,989
Facebook, Inc., Class A (a)	4,151	540,958
MercadoLibre, Inc.	147	27,252
Zillow Group, Inc., Class C (a)	423	14,966
		1,127,223
<b>IT Services – 0.6%</b>		
Computer Sciences Corp.	695	43,229
Vantiv, Inc., Class A (a)	321	19,979
		63,208

**Portfolio Abbreviations**

**REIT** Real Estate Investment Trust

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Momentum Factor Index Fund

Common Stocks	Shares	Value
<b>Life Sciences Tools &amp; Services – 0.4%</b>		
Mettler-Toledo International, Inc. (a)	86	\$ 36,690
<b>Machinery – 1.4%</b>		
Illinois Tool Works, Inc.	870	110,664
Xylem, Inc.	573	28,255
		138,919
<b>Media – 1.9%</b>		
Charter Communications, Inc., Class A (a)	525	170,073
Liberty Broadband Corp., Class C (a)	317	27,053
		197,126
<b>Metals &amp; Mining – 0.6%</b>		
Newmont Mining Corp.	1,597	57,939
<b>Multi-Utilities – 2.2%</b>		
Alliant Energy Corp.	656	24,699
Ameren Corp.	459	24,166
CenterPoint Energy, Inc.	982	25,738
CMS Energy Corp.	592	25,219
DTE Energy Co.	452	44,585
NiSource, Inc.	677	15,145
SCANA Corp.	373	25,625
WEC Energy Group, Inc.	619	36,552
		221,729
<b>Oil, Gas &amp; Consumable Fuels – 1.9%</b>		
Continental Resources, Inc. (a)	222	10,780
ONEOK, Inc.	604	33,286
Parsley Energy, Inc., Class A (a)	807	28,423
Spectra Energy Corp.	2,943	122,576
		195,065
<b>Pharmaceuticals – 4.7%</b>		
Johnson & Johnson	4,235	479,614
<b>Professional Services – 0.3%</b>		
Equifax, Inc.	247	28,968
<b>Real Estate Investment Trusts (REITs) – 4.2%</b>		
Alexandria Real Estate Equities, Inc.	249	27,594
American Tower Corp.	1,081	111,883
Digital Realty Trust, Inc.	416	44,774
Duke Realty Corp.	1,232	29,975
Equinix, Inc.	164	63,137
Liberty Property Trust	418	16,047
Prologis, Inc.	1,596	77,965
Ventas, Inc.	911	56,181
		427,556
<b>Semiconductors &amp; Semiconductor Equipment – 14.2%</b>		
Applied Materials, Inc.	5,388	184,539
Broadcom Ltd.	1,012	201,894
Lam Research Corp.	506	58,119
Linear Technology Corp.	962	60,731
Marvell Technology Group Ltd.	1,775	26,394

Common Stocks	Shares	Value
<b>Semiconductors &amp; Semiconductor Equipment (continued)</b>		
Microchip Technology, Inc.	676	\$ 45,529
Micron Technology, Inc. (a)	2,827	68,159
NVIDIA Corp.	2,671	291,620
QUALCOMM, Inc.	4,749	253,739
Texas Instruments, Inc.	3,365	254,192
		1,444,916
<b>Software – 9.0%</b>		
Activision Blizzard, Inc.	1,685	67,754
Adobe Systems, Inc. (a)	1,252	141,952
Autodesk, Inc. (a)	524	42,622
Microsoft Corp.	8,049	520,368
Symantec Corp.	3,081	84,882
Synopsys, Inc. (a)	580	36,476
VMware, Inc., Class A (a)	275	24,073
		918,127
<b>Specialty Retail – 0.6%</b>		
Dick's Sporting Goods, Inc.	251	12,951
Ulta Salon Cosmetics & Fragrance, Inc. (a)	163	44,382
		57,333
<b>Technology Hardware, Storage &amp; Peripherals – 2.2%</b>		
Hewlett Packard Enterprise Co.	7,077	160,506
NetApp, Inc.	780	29,890
Seagate Technology PLC	744	33,592
		223,988
<b>Tobacco – 1.1%</b>		
Reynolds American, Inc.	1,895	113,946
<b>Water Utilities – 0.4%</b>		
American Water Works Co., Inc.	497	36,500
<b>Wireless Telecommunication Services – 0.8%</b>		
Sprint Corp. (a)	2,565	23,675
T-Mobile U.S., Inc. (a)	910	56,666
		80,341
<b>Total Long-Term Investments</b>		
<b>(Cost – \$9,988,678) – 99.8%</b>		10,181,294
<b>Short-Term Securities</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.40% (b)(c)	8,869	8,869
<b>Total Short-Term Securities</b>		
<b>(Cost – \$8,869) – 0.1%</b>		8,869
<b>Total Investments (Cost – \$9,997,547) – 99.9%</b>		10,190,163
<b>Other Assets Less Liabilities – 0.1%</b>		8,548
<b>Net Assets – 100.0%</b>		\$ 10,198,711

## Notes to Schedule of Investments

- (a) Non-income producing security.
- (b) During the period ended January 31, 2017, 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	Net Activity	Shares Held at January 31, 2017	Value at January 31, 2017	Income	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class . . . . .	8,869 <sup>1</sup>	8,869	\$8,869	\$7	–	–

<sup>1</sup> Represents net shares purchased for the period December 20, 2016, the commencement of operations, to January 31, 2017.

See Notes to Financial Statements.

# Schedule of Investments (concluded)

(c) Current yield as of period end.

- For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector subclassifications 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>				
Investments:				
Common Stocks <sup>1</sup> .....	\$10,181,294	–	–	\$10,181,294
Short-Term Securities .....	8,869	–	–	8,869
<b>Total</b>	<b>\$10,190,163</b>	<b>–</b>	<b>–</b>	<b>\$10,190,163</b>

<sup>1</sup> See above Schedule of Investments for values in each sector.

Schedule of Investments January 31, 2017 (Unaudited)

**BlackRock USA Quality Factor Index Fund**  
(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
<b>Aerospace &amp; Defense – 5.3%</b>		
Boeing Co.	1,443	\$ 235,815
Core Laboratories NV	136	15,889
General Dynamics Corp.	493	89,273
Huntington Ingalls Industries, Inc.	82	15,905
Northrop Grumman Corp.	329	75,367
Raytheon Co.	521	75,107
Rockwell Collins, Inc.	250	22,690
		530,046
<b>Air Freight &amp; Logistics – 0.4%</b>		
C.H. Robinson Worldwide, Inc.	301	22,894
Expeditors International of Washington, Inc.	361	18,801
		41,695
<b>Airlines – 0.2%</b>		
Southwest Airlines Co.	303	15,850
<b>Auto Components – 0.4%</b>		
Delphi Automotive PLC	575	40,284
<b>Beverages – 3.4%</b>		
Brown-Forman Corp., Class B	503	22,937
Dr. Pepper Snapple Group, Inc.	351	32,011
Monster Beverage Corp. (a)	705	30,033
PepsiCo, Inc.	2,509	260,384
		345,365
<b>Biotechnology – 3.5%</b>		
Biogen, Inc. (a)	438	121,431
Gilead Sciences, Inc.	2,856	206,917
United Therapeutics Corp. (a)	111	18,163
		346,511
<b>Building Products – 0.1%</b>		
AO Smith Corp.	277	13,504
<b>Capital Markets – 1.0%</b>		
Eaton Vance Corp.	209	8,763
Franklin Resources, Inc.	630	25,036
SEI Investments Co.	272	13,195
T. Rowe Price Group, Inc.	484	32,641
TD Ameritrade Holding Corp.	456	21,045
		100,680
<b>Chemicals – 2.0%</b>		
International Flavors & Fragrances, Inc.	143	16,761
LyondellBasell Industries NV, Class A	905	84,409
PPG Industries, Inc.	473	47,305
Sherwin-Williams Co.	175	53,167
		201,642
<b>Commercial Services &amp; Supplies – 0.2%</b>		
Cintas Corp.	149	17,300
<b>Communications Equipment – 0.2%</b>		
F5 Networks, Inc. (a)	133	17,826
<b>Containers &amp; Packaging – 0.1%</b>		
Avery Dennison Corp.	159	11,610
<b>Distributors – 0.3%</b>		
Genuine Parts Co.	282	27,300
<b>Diversified Financial Services – 0.1%</b>		
MSCI, Inc.	174	14,399
<b>Electrical Equipment – 1.2%</b>		
Acuity Brands, Inc.	77	15,957
Emerson Electric Co.	1,082	63,470
Rockwell Automation, Inc.	268	39,661
		119,088
<b>Electronic Equipment, Instruments &amp; Components – 0.8%</b>		
Amphenol Corp., Class A	525	35,432

Common Stocks	Shares	Value
<b>Electronic Equipment, Instruments &amp; Components (continued)</b>		
TE Connectivity Ltd.	667	\$ 49,592
		85,024
<b>Food &amp; Staples Retailing – 1.4%</b>		
Costco Wholesale Corp.	769	126,078
Whole Foods Market, Inc.	555	16,772
		142,850
<b>Food Products – 1.6%</b>		
Campbell Soup Co.	376	23,398
General Mills, Inc.	1,081	67,541
Hershey Co.	316	33,329
Hormel Foods Corp.	547	19,856
McCormick & Co., Inc.	207	19,779
		163,903
<b>Health Care Equipment &amp; Supplies – 0.8%</b>		
Align Technology, Inc. (a)	132	12,103
Edwards Lifesciences Corp. (a)	401	38,592
ResMed, Inc.	242	16,345
Varex Imaging Corp. (a)	–	12
Varian Medical Systems, Inc. (a)	176	13,666
		80,718
<b>Health Care Providers &amp; Services – 0.8%</b>		
Henry Schein, Inc. (a)	146	23,339
McKesson Corp.	398	55,382
		78,721
<b>Hotels, Restaurants &amp; Leisure – 4.2%</b>		
Chipotle Mexican Grill, Inc. (a)	51	21,494
McDonald's Corp.	1,609	197,215
Starbucks Corp.	3,609	199,289
		417,998
<b>Household Durables – 0.1%</b>		
Leggett & Platt, Inc.	253	12,073
<b>Household Products – 1.6%</b>		
Church & Dwight Co., Inc.	467	21,118
Kimberly-Clark Corp.	1,129	136,756
		157,874
<b>Industrial Conglomerates – 3.8%</b>		
3M Co.	1,299	227,091
Honeywell International, Inc.	1,310	154,999
		382,090
<b>Insurance – 0.6%</b>		
Marsh & McLennan Cos., Inc.	950	64,619
<b>Internet &amp; Direct Marketing Retail – 1.5%</b>		
Priceline Group, Inc. (a)	94	148,062
<b>Internet Software &amp; Services – 5.2%</b>		
Alphabet, Inc., Class A (a)	307	251,798
Alphabet, Inc., Class C (a)	322	256,566
MercadoLibre, Inc.	86	15,944
		524,308
<b>IT Services – 13.1%</b>		
Accenture PLC, Class A	1,685	191,871
Automatic Data Processing, Inc.	958	96,748
Broadridge Financial Solutions, Inc.	218	14,504
Fiserv, Inc. (a)	386	41,468
International Business Machines Corp.	1,874	327,051
Mastercard, Inc., Class A	2,701	287,197
Paychex, Inc.	770	46,423
Visa, Inc., Class A	3,409	281,958
Western Union Co.	1,082	21,186
		1,308,406

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Quality Factor Index Fund

Common Stocks	Shares	Value
<b>Leisure Products – 0.3%</b>		
Hasbro, Inc.	201	\$ 16,584
Polaris Industries, Inc.	137	11,518
		28,102
<b>Life Sciences Tools &amp; Services – 0.5%</b>		
Mettler-Toledo International, Inc. (a)	70	29,864
Waters Corp. (a)	140	19,831
		49,695
<b>Machinery – 2.0%</b>		
Cummins, Inc.	290	42,633
Fortive Corp.	744	41,150
Illinois Tool Works, Inc.	599	76,193
Snap-on, Inc.	105	19,061
WABCO Holdings, Inc. (a)	93	10,140
Wabtec Corp.	163	14,122
		203,299
<b>Media – 4.0%</b>		
CBS Corp., Class B	751	48,432
Omnicom Group, Inc.	479	41,027
Walt Disney Co.	2,808	310,705
		400,164
<b>Multiline Retail – 0.4%</b>		
Dollar General Corp.	508	37,501
<b>Personal Products – 0.4%</b>		
Estee Lauder Cos., Inc., Class A	450	36,544
<b>Pharmaceuticals – 6.2%</b>		
Bristol-Myers Squibb Co.	2,941	144,580
Johnson & Johnson	4,194	474,970
		619,550
<b>Professional Services – 0.4%</b>		
Equifax, Inc.	206	24,160
Robert Half International, Inc.	293	13,788
		37,948
<b>Real Estate Investment Trusts (REITs) – 0.6%</b>		
Public Storage	287	61,705
<b>Real Estate Management &amp; Development – 0.1%</b>		
Jones Lang LaSalle, Inc.	78	8,036
<b>Road &amp; Rail – 1.7%</b>		
JB Hunt Transport Services, Inc.	177	17,537
Union Pacific Corp.	1,429	152,303
		169,840
<b>Semiconductors &amp; Semiconductor Equipment – 6.7%</b>		
Intel Corp.	8,082	297,579
Linear Technology Corp.	501	31,628
QUALCOMM, Inc.	2,471	132,026
Skyworks Solutions, Inc.	375	34,402
Texas Instruments, Inc.	2,023	152,817
Xilinx, Inc.	438	25,492
		673,944

Common Stocks	Shares	Value
<b>Software – 6.1%</b>		
CDK Global, Inc.	240	\$ 15,012
Intuit, Inc.	630	74,705
Microsoft Corp.	8,050	520,433
		610,150
<b>Specialty Retail – 8.2%</b>		
Advance Auto Parts, Inc.	123	20,202
Bed Bath & Beyond, Inc.	304	12,266
Dick's Sporting Goods, Inc.	162	8,359
Foot Locker, Inc.	257	17,615
Gap, Inc.	436	10,041
Home Depot, Inc.	2,351	323,451
Lowe's Cos., Inc.	1,655	120,947
O'Reilly Automotive, Inc. (a)	249	65,305
Ross Stores, Inc.	949	62,738
TJX Cos., Inc.	1,681	125,941
Tractor Supply Co.	279	20,554
Ulta Salon Cosmetics & Fragrance, Inc. (a)	121	32,946
		820,365
<b>Technology Hardware, Storage &amp; Peripherals – 5.4%</b>		
Apple, Inc.	4,414	535,639
<b>Textiles, Apparel &amp; Luxury Goods – 2.3%</b>		
Hanesbrands, Inc.	695	16,478
lululemon athletica, Inc. (a)	211	14,245
Michael Kors Holdings Ltd. (a)	389	16,653
NIKE, Inc., Class B	2,897	153,251
VF Corp.	662	34,080
		234,707
<b>Trading Companies &amp; Distributors – 0.6%</b>		
Fastenal Co.	589	29,262
W.W. Grainger, Inc.	111	28,035
		57,297
<b>Total Long-Term Investments</b>		
<b>(Cost – \$9,992,156) – 99.8%</b>		9,994,232
<b>Short-Term Securities</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.40% (b)(c)	6,389	6,389
<b>Total Short-Term Securities</b>		
<b>(Cost – 6,389) – 0.1%</b>		6,389
<b>Total Investments (Cost – \$9,998,545) – 99.9%</b>		10,000,621
<b>Other Assets Less Liabilities – 0.1%</b>		6,259
<b>Net Assets – 100.0%</b>		\$ 10,006,880

See Notes to Financial Statements.

**Notes to Schedule of Investments**

- (a) Non-income producing security.
- (b) During the period ended January 31, 2017, 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	Net Activity	Shares Held at January 31, 2017	Value at January 31, 2017	Income	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class . . . . .	6,389 <sup>1</sup>	\$6,389	\$6,389	\$3	—	—

<sup>1</sup> Represents net shares purchased for the period December 20, 2016, the commencement of operations, to January 31, 2017.

- (c) Current yield as of period end.
  - For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector subclassifications 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>				
Investments:				
Common Stocks <sup>1</sup> . . . . .	\$ 9,994,232	—	—	\$ 9,994,232
Short-Term Securities . . . . .	6,389	—	—	6,389
<b>Total</b>	<b>\$10,000,621</b>	<b>—</b>	<b>—</b>	<b>\$10,000,621</b>

<sup>1</sup> See above Schedule of Investments for values in each sector.

# Schedule of Investments January 31, 2017 (Unaudited)

**BlackRock USA Size Factor Index Fund**  
(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
<b>Aerospace &amp; Defense – 2.5%</b>		
Arconic, Inc.	246	\$ 5,606
Autoliv, Inc.	148	17,118
B/E Aerospace, Inc.	158	9,712
Boeing Co.	99	16,178
Core Laboratories NV	82	9,580
General Dynamics Corp.	135	24,446
Huntington Ingalls Industries, Inc.	60	11,638
L3 Technologies, Inc.	113	17,932
Lockheed Martin Corp.	97	24,379
Northrop Grumman Corp.	93	21,304
Raytheon Co.	149	21,480
Rockwell Collins, Inc.	243	22,055
Textron, Inc.	195	9,237
TransDigm Group, Inc.	84	18,178
United Technologies Corp.	183	20,070
		248,913
<b>Air Freight &amp; Logistics – 0.9%</b>		
C.H. Robinson Worldwide, Inc.	243	18,482
Expeditors International of Washington, Inc.	479	24,946
FedEx Corp.	89	16,831
United Parcel Service, Inc., Class B	282	30,775
		91,034
<b>Airlines – 0.2%</b>		
American Airlines Group, Inc.	85	3,761
Delta Air Lines, Inc.	162	7,653
Southwest Airlines Co.	156	8,160
United Continental Holdings, Inc. (a)	76	5,356
		24,930
<b>Auto Components – 0.6%</b>		
BorgWarner, Inc.	241	9,840
Delphi Automotive PLC	152	10,649
Goodyear Tire & Rubber Co.	230	7,450
Johnson Controls International PLC	372	16,360
Lear Corp.	110	15,630
		59,929
<b>Automobiles – 0.4%</b>		
Ford Motor Co.	1,178	14,560
General Motors Co.	358	13,106
Harley-Davidson, Inc.	137	7,814
Tesla Motors, Inc. (a)	21	5,291
		40,771
<b>Banks – 2.8%</b>		
Bank of America Corp.	479	10,845
BB&T Corp.	448	20,693
CIT Group, Inc.	292	12,027
Citigroup, Inc.	209	11,668
Citizens Financial Group, Inc.	347	12,551
Comerica, Inc.	167	11,278
Fifth Third Bancorp	448	11,693
First Republic Bank	181	17,074
Huntington Bancshares, Inc.	1,011	13,679
JPMorgan Chase & Co.	211	17,857
KeyCorp	689	12,381
M&T Bank Corp.	144	23,410
PNC Financial Services Group, Inc.	179	21,562
Regions Financial Corp.	698	10,058
Signature Bank (a)	72	11,341
SunTrust Banks, Inc.	291	16,535
U.S. Bancorp	523	27,536
Wells Fargo & Co.	375	21,124
		283,312

Common Stocks	Shares	Value
<b>Beverages – 1.7%</b>		
Brown-Forman Corp., Class B	523	\$ 23,849
Coca-Cola Co.	817	33,963
Constellation Brands, Inc., Class A	110	16,473
Dr. Pepper Snapple Group, Inc.	333	30,369
Molson Coors Brewing Co., Class B	138	13,320
Monster Beverage Corp. (a)	135	5,751
PepsiCo, Inc.	429	44,522
		168,247
<b>Biotechnology – 0.8%</b>		
AbbVie, Inc.	145	8,861
Alexion Pharmaceuticals, Inc. (a)	44	5,750
Alkermes PLC (a)	58	3,138
Amgen, Inc.	84	13,161
Biogen, Inc. (a)	20	5,545
BioMarin Pharmaceutical, Inc. (a)	49	4,294
Celgene Corp. (a)	64	7,434
Gilead Sciences, Inc.	136	9,853
Incyte Corp. (a)	30	3,636
Regeneron Pharmaceuticals, Inc. (a)	15	5,389
Seattle Genetics, Inc. (a)	42	2,530
United Therapeutics Corp. (a)	38	6,218
Vertex Pharmaceuticals, Inc. (a)	32	2,748
		78,557
<b>Building Products – 0.4%</b>		
AO Smith Corp.	307	14,966
Fortune Brands Home & Security, Inc.	238	13,121
Masco Corp.	386	12,719
		40,806
<b>Capital Markets – 2.1%</b>		
Affiliated Managers Group, Inc. (a)	68	10,361
Ameriprise Financial, Inc.	83	9,318
Bank of New York Mellon Corp.	357	15,969
BlackRock, Inc.	44	16,455
Charles Schwab Corp.	206	8,495
E*Trade Financial Corp. (a)	201	7,527
Eaton Vance Corp.	275	11,531
Franklin Resources, Inc.	328	13,035
Goldman Sachs Group, Inc.	71	16,282
Invesco Ltd.	375	10,845
Morgan Stanley	230	9,773
Northern Trust Corp.	197	16,343
Raymond James Financial, Inc.	166	12,438
SEI Investments Co.	285	13,825
State Street Corp.	161	12,268
T. Rowe Price Group, Inc.	279	18,816
TD Ameritrade Holding Corp.	238	10,984
		214,265
<b>Chemicals – 3.2%</b>		
Air Products & Chemicals, Inc.	130	18,169
Albemarle Corp.	98	9,079
Ashland Global Holdings, Inc.	216	25,710
Axalta Coating Systems Ltd. (a)	370	10,730
Celanese Corp., Series A	142	11,985
CF Industries Holdings, Inc.	149	5,258
Dow Chemical Co.	248	14,788
E.I. du Pont de Nemours & Co.	174	13,137
Eastman Chemical Co.	170	13,175
Ecolab, Inc.	220	26,429
FMC Corp.	190	11,430
International Flavors & Fragrances, Inc.	186	21,801
LyondellBasell Industries NV, Class A	106	9,887
Monsanto Co.	185	20,037
Mosaic Co.	282	8,846
PPG Industries, Inc.	199	19,902

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Size Factor Index Fund

Common Stocks	Shares	Value
<b>Chemicals (continued)</b>		
Praxair, Inc.	242	\$ 28,663
Sherwin-Williams Co.	72	21,874
Valspar Corp.	167	18,482
WR Grace & Co.	237	16,434
		325,816
<b>Commercial Services &amp; Supplies – 1.5%</b>		
Cintas Corp.	223	25,893
Iron Mountain, Inc.	315	11,277
Republic Services, Inc.	749	42,978
Stericycle, Inc. (a)	149	11,494
Waste Connections, Inc.	344	27,623
Waste Management, Inc.	507	35,236
		154,501
<b>Communications Equipment – 0.7%</b>		
Cisco Systems, Inc.	488	14,991
F5 Networks, Inc. (a)	75	10,052
Harris Corp.	150	15,407
Juniper Networks, Inc.	345	9,239
Motorola Solutions, Inc.	222	17,918
Palo Alto Networks, Inc. (a)	29	4,279
		71,886
<b>Construction &amp; Engineering – 0.2%</b>		
Fluor Corp.	196	10,878
Jacobs Engineering Group, Inc. (a)	163	9,544
		20,422
<b>Construction Materials – 0.2%</b>		
Martin Marietta Materials, Inc.	34	7,806
Vulcan Materials Co.	103	13,218
		21,024
<b>Consumer Finance – 0.8%</b>		
Ally Financial, Inc.	613	12,947
American Express Co.	231	17,644
Capital One Financial Corp.	175	15,293
Discover Financial Services	251	17,389
Navient Corp.	338	5,084
Synchrony Financial	343	12,286
		80,643
<b>Containers &amp; Packaging – 0.9%</b>		
Avery Dennison Corp.	269	19,642
Ball Corp.	253	19,294
Crown Holdings, Inc. (a)	340	18,418
Packaging Corp. of America	124	11,430
Sealed Air Corp.	287	13,920
WestRock Co.	176	9,391
		92,095
<b>Distributors – 0.3%</b>		
Genuine Parts Co.	220	21,298
LKQ Corp. (a)	350	11,169
		32,467
<b>Diversified Consumer Services – 0.1%</b>		
H&R Block, Inc.	401	8,605
<b>Diversified Financial Services – 1.7%</b>		
Berkshire Hathaway, Inc., Class B (a)	260	42,677
CME Group, Inc.	152	18,404
Intercontinental Exchange, Inc.	318	18,559
Leucadia National Corp.	612	14,596
Moody's Corp.	145	15,032
MSCI, Inc.	220	18,205
Nasdaq, Inc.	295	20,809
S&P Global, Inc.	133	15,984

Common Stocks	Shares	Value
<b>Diversified Financial Services (continued)</b>		
Voya Financial, Inc.	283	\$ 11,382
		175,648
<b>Diversified Telecommunication Services – 1.2%</b>		
AT&T, Inc.	884	37,269
CenturyLink, Inc.	409	10,577
Frontier Communications Corp.	1,214	4,237
Level 3 Communications, Inc. (a)	169	10,049
SBA Communications Corp. (a)	154	16,210
Verizon Communications, Inc.	646	31,660
Zayo Group Holdings, Inc. (a)	184	5,881
		115,883
<b>Electric Utilities – 3.8%</b>		
American Electric Power Co., Inc.	453	29,019
Duke Energy Corp.	406	31,887
Edison International	397	28,933
Entergy Corp.	365	26,149
Eversource Energy	527	29,154
Exelon Corp.	446	16,002
FirstEnergy Corp.	510	15,463
NextEra Energy, Inc.	248	30,683
OGE Energy Corp.	615	20,627
Pinnacle West Capital Corp.	369	28,645
PPL Corp.	697	24,284
Southern Co.	747	36,924
Westar Energy, Inc.	453	24,775
Xcel Energy, Inc.	854	35,287
		377,832
<b>Electrical Equipment – 0.8%</b>		
Acuty Brands, Inc.	30	6,217
AMETEK, Inc.	395	20,184
Eaton Corp. PLC	159	11,254
Emerson Electric Co.	250	14,665
Rockwell Automation, Inc.	104	15,391
Sensata Technologies Holding NV (a)	403	16,906
		84,617
<b>Electronic Equipment, Instruments &amp; Components – 1.3%</b>		
Amphenol Corp., Class A	325	21,934
Arrow Electronics, Inc. (a)	186	13,675
Avnet, Inc.	340	15,790
CDW Corp.	248	12,774
Coming, Inc.	602	15,947
Flex Ltd. (a)	1,127	17,660
FLIR Systems, Inc.	293	10,352
TE Connectivity Ltd.	253	18,811
Trimble, Inc. (a)	207	6,131
		133,074
<b>Energy Equipment &amp; Services – 0.6%</b>		
Baker Hughes, Inc.	117	7,380
Halliburton Co.	155	8,768
Helmerich & Payne, Inc.	64	4,554
National Oilwell Varco, Inc.	161	6,088
Schlumberger Ltd.	163	13,645
TechnipFMC PLC (a)	401	13,482
Weatherford International PLC (a)	392	2,042
		55,959
<b>Equity Real Estate Investment Trusts (REITs) – 0.4%</b>		
Colony NorthStar, Inc., Class A	2,514	34,995
<b>Food &amp; Staples Retailing – 1.5%</b>		
Costco Wholesale Corp.	200	32,790
CVS Health Corp.	337	26,559
Kroger Co.	496	16,844
Rite Aid Corp. (a)	548	3,080

See Notes to Financial Statements.



# Schedule of Investments (continued)

BlackRock USA Size Factor Index Fund

Common Stocks	Shares	Value
<b>Food &amp; Staples Retailing (continued)</b>		
Sysco Corp.	477	\$ 25,024
Wal-Mart Stores, Inc.	360	24,026
Walgreens Boots Alliance, Inc.	163	13,356
Whole Foods Market, Inc.	249	7,525
		149,204
<b>Food Products — 3.1%</b>		
Archer-Daniels-Midland Co.	267	11,817
Bunge Ltd.	238	16,472
Campbell Soup Co.	410	25,514
Conagra Brands, Inc.	506	19,780
General Mills, Inc.	541	33,802
Hershey Co.	216	22,782
Hormel Foods Corp.	541	19,638
Ingredion, Inc.	155	19,870
J.M. Smucker Co.	176	23,910
Kellogg Co.	461	33,519
Kraft Heinz Co.	87	7,768
McCormick & Co., Inc.	278	26,563
Mead Johnson Nutrition Co.	256	18,038
Mondelez International, Inc., Class A	379	16,782
Tyson Foods, Inc., Class A	170	10,674
WhiteWave Foods Co. (a)	173	9,525
		316,454
<b>Gas Utilities — 0.6%</b>		
Atmos Energy Corp.	392	29,863
UGI Corp.	563	26,106
		55,969
<b>Health Care Equipment &amp; Supplies — 3.5%</b>		
Abbott Laboratories	622	25,981
Align Technology, Inc. (a)	84	7,702
Baxter International, Inc.	530	25,392
Becton Dickinson & Co.	156	27,657
Boston Scientific Corp. (a)	593	14,268
C.R. Bard, Inc.	115	27,293
Cooper Cos., Inc.	98	18,092
Dentsply Sirona, Inc.	320	18,144
DexCom, Inc. (a)	59	4,670
Edwards Lifesciences Corp. (a)	94	9,047
Hologic, Inc. (a)	398	16,131
IDEXX Laboratories, Inc. (a)	91	11,132
Intuitive Surgical, Inc. (a)	16	11,083
Medtronic PLC	296	22,502
ResMed, Inc.	231	15,602
Stryker Corp.	240	29,647
Teleflex, Inc.	149	24,992
Varex Imaging Corp. (a)	1	17
Varian Medical Systems, Inc. (a)	314	24,382
Zimmer Biomet Holdings, Inc.	156	18,459
		352,193
<b>Health Care Providers &amp; Services — 3.2%</b>		
Aetna, Inc.	115	13,640
AmerisourceBergen Corp.	200	17,456
Anthem, Inc.	116	17,880
Cardinal Health, Inc.	270	20,239
Centene Corp. (a)	116	7,339
Cigna Corp.	90	13,160
DaVita, Inc. (a)	353	22,504
Envision Healthcare Corp. (a)	196	13,328
Express Scripts Holding Co. (a)	235	16,187
HCA Holdings, Inc. (a)	171	13,728
Henry Schein, Inc. (a)	182	29,095
Humana, Inc.	45	8,933
Laboratory Corp. of America Holdings (a)	160	21,474
McKesson Corp.	79	10,993

Common Stocks	Shares	Value
<b>Health Care Providers &amp; Services (continued)</b>		
MEDNAX, Inc. (a)	266	\$ 18,181
Patterson Cos., Inc.	504	20,971
Quest Diagnostics, Inc.	237	21,785
UnitedHealth Group, Inc.	144	23,342
Universal Health Services, Inc., Class B	110	12,389
		322,624
<b>Health Care Technology — 0.1%</b>		
Cerner Corp. (a)	253	13,589
<b>Hotels, Restaurants &amp; Leisure — 2.1%</b>		
Aramark	212	7,174
Carnival Corp.	283	15,673
Chipotle Mexican Grill, Inc. (a)	19	8,007
Darden Restaurants, Inc.	271	19,859
Domino's Pizza, Inc.	80	13,963
Hilton Worldwide Holdings, Inc.	89	5,124
Las Vegas Sands Corp.	121	6,362
Marriott International, Inc., Class A	193	16,328
McDonald's Corp.	275	33,707
MGM Resorts International (a)	254	7,315
Norwegian Cruise Line Holdings Ltd. (a)	220	10,340
Royal Caribbean Cruises Ltd.	85	7,959
Starbucks Corp.	353	19,493
Wyndham Worldwide Corp.	227	17,947
Wynn Resorts Ltd.	43	4,361
Yum! Brands, Inc.	250	16,382
		209,994
<b>Household Durables — 1.3%</b>		
D.R. Horton, Inc.	334	9,990
Garmin Ltd.	186	8,982
Harman International Industries, Inc.	42	4,669
Leggett & Platt, Inc.	471	22,476
Lennar Corp., Class A	271	12,100
Mohawk Industries, Inc. (a)	93	20,073
Newell Brands, Inc.	383	18,128
PulteGroup, Inc.	608	13,078
Toll Brothers, Inc. (a)	425	13,328
Whirlpool Corp.	61	10,668
		133,492
<b>Household Products — 2.3%</b>		
Church & Dwight Co., Inc.	883	39,929
Clorox Co.	383	45,960
Colgate-Palmolive Co.	668	43,140
Kimberly-Clark Corp.	307	37,187
Procter & Gamble Co.	499	43,712
Spectrum Brands Holdings, Inc.	159	21,209
		231,137
<b>Independent Power and Renewable Electricity Producers — 0.2%</b>		
AES Corp.	872	9,975
Calpine Corp. (a)	556	6,561
		16,536
<b>Industrial Conglomerates — 1.3%</b>		
3M Co.	161	28,146
Danaher Corp.	384	32,225
General Electric Co.	582	17,285
Honeywell International, Inc.	206	24,374
Roper Technologies, Inc.	129	24,749
		126,779
<b>Insurance — 8.2%</b>		
Aflac, Inc.	420	29,396
Alleghany Corp. (a)	17	10,397
Allstate Corp.	561	42,193
American International Group, Inc.	367	23,583

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Size Factor Index Fund

Common Stocks	Shares	Value
<b>Insurance (continued)</b>		
Aon PLC	236	\$ 26,597
Arch Capital Group Ltd. (a)	563	49,741
Arthur J. Gallagher & Co.	654	35,205
Assurant, Inc.	245	23,797
Axis Capital Holdings Ltd.	678	43,399
Chubb Ltd.	343	45,101
Cincinnati Financial Corp.	504	35,572
FNF Group	713	25,212
Hartford Financial Services Group, Inc.	502	24,452
Lincoln National Corp.	152	10,261
Loews Corp.	771	35,913
Markel Corp. (a)	46	42,550
Marsh & McLennan Cos., Inc.	508	34,554
MetLife, Inc.	177	9,631
Principal Financial Group, Inc.	246	14,044
Progressive Corp.	1,007	37,702
Prudential Financial, Inc.	132	13,874
Reinsurance Group of America, Inc.	240	30,113
Torchmark Corp.	463	34,049
Travelers Cos., Inc.	338	39,810
Unum Group	292	13,266
W.R. Berkley Corp.	627	42,141
Willis Towers Watson PLC	203	25,401
XL Group Ltd.	752	28,253
		826,207
<b>Internet &amp; Direct Marketing Retail – 0.4%</b>		
Amazon.com, Inc. (a)	10	8,235
Expedia, Inc.	64	7,781
Liberty Interactive Corp. QVC Group, Series A (a)	499	9,571
Netflix, Inc. (a)	21	2,955
Priceline Group, Inc. (a)	6	9,451
TripAdvisor, Inc. (a)	69	3,650
		41,643
<b>Internet Software &amp; Services – 1.0%</b>		
Akamai Technologies, Inc. (a)	100	6,859
Alphabet, Inc., Class A (a)	16	13,123
Alphabet, Inc., Class C (a)	8	6,374
CoStar Group, Inc. (a)	46	9,297
eBay, Inc. (a)	391	12,446
Facebook, Inc., Class A (a)	87	11,338
MercadoLibre, Inc.	34	6,303
Twitter, Inc. (a)	104	1,832
VeriSign, Inc. (a)	161	12,914
Yahoo!, Inc. (a)	202	8,902
Zillow Group, Inc., Class C (a)	206	7,288
		96,676
<b>IT Services – 3.6%</b>		
Accenture PLC, Class A	170	19,358
Alliance Data Systems Corp.	45	10,277
Automatic Data Processing, Inc.	283	28,580
Broadridge Financial Solutions, Inc.	347	23,086
Cognizant Technology Solutions Corp., Class A (a)	208	10,939
Computer Sciences Corp.	105	6,531
Fidelity National Information Services, Inc.	299	23,747
First Data Corp., Class A (a)	341	5,231
Fiserv, Inc. (a)	244	26,213
FleetCor Technologies, Inc. (a)	65	9,587
Gartner, Inc. (a)	143	14,208
Global Payments, Inc.	221	17,079
International Business Machines Corp.	128	22,339
Mastercard, Inc., Class A	188	19,990
Paychex, Inc.	459	27,673
PayPal Holdings, Inc. (a)	146	5,808
Sabre Corp.	240	5,880

Common Stocks	Shares	Value
<b>IT Services (continued)</b>		
Total System Services, Inc.	339	\$ 17,180
Vantiv, Inc., Class A (a)	292	18,174
Visa, Inc., Class A	282	23,324
Western Union Co.	788	15,429
Xerox Corp.	1,212	8,399
		359,032
<b>Leisure Products – 0.3%</b>		
Hasbro, Inc.	187	15,429
Mattel, Inc.	265	6,946
Polaris Industries, Inc.	93	7,818
		30,193
<b>Life Sciences Tools &amp; Services – 1.1%</b>		
Agilent Technologies, Inc.	382	18,707
Illumina, Inc. (a)	32	5,123
Mettler-Toledo International, Inc. (a)	55	23,465
Quintiles IMS Holdings, Inc. (a)	211	16,561
Thermo Fisher Scientific, Inc.	149	22,706
Waters Corp. (a)	141	19,973
		106,535
<b>Machinery – 2.6%</b>		
AGCO Corp.	234	14,695
Caterpillar, Inc.	126	12,053
Cummins, Inc.	95	13,966
Deere & Co.	185	19,804
Dover Corp.	181	14,073
Flowserve Corp.	174	8,554
Fortive Corp.	129	7,135
Illinois Tool Works, Inc.	179	22,769
Ingersoll-Rand PLC	193	15,315
Middleby Corp. (a)	65	8,722
PACCAR, Inc.	233	15,683
Parker Hannifin Corp.	91	13,389
Pentair PLC	167	9,791
Snap-on, Inc.	109	19,787
Stanley Black & Decker, Inc.	196	24,304
WABCO Holdings, Inc. (a)	106	11,557
Wabtec Corp.	131	11,350
Xylem, Inc.	295	14,546
		257,493
<b>Media – 3.6%</b>		
CBS Corp., Class B	223	14,381
Charter Communications, Inc., Class A (a)	61	19,761
Comcast Corp., Class A	284	21,419
Discovery Communications, Inc., Class A (a)	268	7,598
Discovery Communications, Inc., Class C (a)	475	13,162
DISH Network Corp., Class A (a)	183	10,828
IHS Markit Ltd. (a)	547	21,579
Interpublic Group of Cos., Inc.	822	19,342
Liberty Broadband Corp., Class C (a)	146	12,459
Liberty Global PLC, Class A (a)	362	13,206
Liberty Global PLC, Class C (a)	423	14,860
Liberty Global PLC LiLAC, Class C (a)	265	5,915
Liberty Media Corp. – Liberty SiriusXM, Class A (a)	513	18,591
Liberty Media Corp. – Liberty SiriusXM, Class C (a)	266	9,547
News Corp., Class A	937	11,516
Omnicom Group, Inc.	333	28,521
Scripps Networks Interactive, Inc., Class A	173	13,176
Sirius XM Holdings, Inc.	5,135	24,237
TEGNA, Inc.	348	7,973
Time Warner, Inc.	114	11,041
Twenty-First Century Fox, Inc., Class A	482	15,125
Twenty-First Century Fox, Inc., Class B	777	24,095
Viacom, Inc., Class B	148	6,237
Walt Disney Co.	197	21,798
		366,367

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Size Factor Index Fund

Common Stocks	Shares	Value
<b>Metals &amp; Mining – 0.2%</b>		
Freeport-McMoRan, Inc. (a)	89	\$ 1,482
Newmont Mining Corp.	122	4,426
Nucor Corp.	176	10,224
		16,132
<b>Multi-Utilities – 3.3%</b>		
Alliant Energy Corp.	695	26,167
Ameren Corp.	471	24,798
CenterPoint Energy, Inc.	975	25,555
CMS Energy Corp.	639	27,221
Consolidated Edison, Inc.	416	30,930
Dominion Resources, Inc.	365	27,842
DTE Energy Co.	307	30,282
NiSource, Inc.	831	18,589
PG&E Corp.	398	24,632
Public Service Enterprise Group, Inc.	479	21,196
SCANA Corp.	365	25,076
Sempra Energy	251	25,700
WEC Energy Group, Inc.	467	27,576
		335,564
<b>Multiline Retail – 0.6%</b>		
Dollar General Corp.	151	11,147
Dollar Tree, Inc. (a)	156	12,042
Kohl's Corp.	127	5,058
Macy's, Inc.	199	5,878
Nordstrom, Inc.	137	6,058
Target Corp.	243	15,669
		55,852
<b>Oil, Gas &amp; Consumable Fuels – 2.5%</b>		
Anadarko Petroleum Corp.	70	4,867
Antero Resources Corp. (a)	238	5,810
Apache Corp.	79	4,726
Cabot Oil & Gas Corp.	350	7,518
Cheniere Energy, Inc. (a)	108	5,146
Chevron Corp.	149	16,591
Cimarex Energy Co.	61	8,248
Concho Resources, Inc. (a)	51	7,111
ConocoPhillips	156	7,606
Continental Resources, Inc. (a)	53	2,574
Devon Energy Corp.	81	3,689
Diamondback Energy, Inc. (a)	66	6,941
EOG Resources, Inc.	103	10,463
EQT Corp.	164	9,943
Exxon Mobil Corp.	275	23,070
Hess Corp.	110	5,960
HollyFrontier Corp.	228	6,605
Kinder Morgan, Inc.	245	5,473
Marathon Oil Corp.	155	2,596
Marathon Petroleum Corp.	123	5,910
Murphy Oil Corp.	102	2,949
Newfield Exploration Co. (a)	91	3,647
Noble Energy, Inc.	160	6,362
Occidental Petroleum Corp.	218	14,774
ONEOK, Inc.	89	4,905
Parsley Energy, Inc., Class A (a)	109	3,839
Phillips 66	135	11,019
Pioneer Natural Resources Co.	47	8,471
Plains GP Holdings LP, Class A	79	2,563
Range Resources Corp.	100	3,234
Southwestern Energy Co. (a)	216	1,946
Spectra Energy Corp.	274	11,412
Targa Resources Corp.	45	2,593
Tesoro Corp.	91	7,357
Valero Energy Corp.	137	9,009
Williams Cos., Inc.	108	3,115
		248,042

Common Stocks	Shares	Value
<b>Paper &amp; Forest Products – 0.2%</b>		
International Paper Co.	361	\$ 20,433
<b>Personal Products – 0.4%</b>		
Coty, Inc., Class A	338	6,490
Edgewell Personal Care Co. (a)	185	14,585
Estee Lauder Cos., Inc., Class A	280	22,739
		43,814
<b>Pharmaceuticals – 1.7%</b>		
Allergan PLC (a)	44	9,631
Bristol-Myers Squibb Co.	219	10,766
Eli Lilly & Co.	234	18,025
Endo International PLC (a)	100	1,224
Jazz Pharmaceuticals PLC (a)	71	8,656
Johnson & Johnson	348	39,411
Mallinckrodt PLC (a)	57	2,778
Merck & Co., Inc.	365	22,626
Mylan NV (a)	143	5,441
Perrigo Co. PLC	83	6,321
Pfizer, Inc.	690	21,894
Zoetis, Inc.	410	22,525
		169,298
<b>Professional Services – 1.0%</b>		
Dun & Bradstreet Corp.	121	14,837
Equifax, Inc.	200	23,456
ManpowerGroup, Inc.	134	12,792
Nielsen Holdings PLC	386	15,791
Robert Half International, Inc.	255	12,000
Verisk Analytics, Inc. (a)	280	23,139
		102,015
<b>Real Estate Investment Trusts (REITs) – 8.3%</b>		
AGNC Investment Corp.	1,856	34,651
Alexandria Real Estate Equities, Inc.	219	24,270
American Tower Corp.	225	23,287
Annaly Capital Management, Inc.	3,293	33,654
AvalonBay Communities, Inc.	175	30,329
Boston Properties, Inc.	216	28,274
Brixmor Property Group, Inc.	853	20,583
Camden Property Trust	321	26,826
Crown Castle International Corp.	292	25,646
Digital Realty Trust, Inc.	222	23,894
Duke Realty Corp.	878	21,362
Equinix, Inc.	54	20,789
Equity Residential	447	27,164
Essex Property Trust, Inc.	116	26,019
Extra Space Storage, Inc.	241	17,364
Federal Realty Investment Trust	247	34,686
GGP, Inc.	731	18,158
HCP, Inc.	349	10,582
Host Hotels & Resorts, Inc.	756	13,661
Kimco Realty Corp.	847	21,082
Liberty Property Trust	538	20,654
Macerich Co.	243	16,692
Mid-America Apartment Communities, Inc.	517	49,089
National Retail Properties, Inc.	492	21,451
Prologis, Inc.	421	20,566
Public Storage	116	24,940
Realty Income Corp.	312	18,605
Regency Centers Corp.	404	28,171
Simon Property Group, Inc.	155	28,484
SL Green Realty Corp.	170	18,525
UDR, Inc.	728	25,444
Ventas, Inc.	259	15,972
VEREIT, Inc.	1,029	8,777
Vornado Realty Trust	235	24,983
Welltower, Inc.	242	16,045

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Size Factor Index Fund

Common Stocks	Shares	Value
<b>Real Estate Investment Trusts (REITs) (continued)</b>		
Weyerhaeuser Co.	421	\$ 13,190
		833,869
<b>Real Estate Management &amp; Development – 0.2%</b>		
CBRE Group, Inc., Class A (a)	384	11,658
Jones Lang LaSalle, Inc.	90	9,273
		20,931
<b>Road &amp; Rail – 0.8%</b>		
AMERCO, Inc.	42	15,820
CSX Corp.	311	14,427
JB Hunt Transport Services, Inc.	192	19,024
Kansas City Southern	101	8,677
Norfolk Southern Corp.	109	12,803
Union Pacific Corp.	129	13,749
		84,500
<b>Semiconductors &amp; Semiconductor Equipment – 1.7%</b>		
Analog Devices, Inc.	191	14,314
Applied Materials, Inc.	279	9,556
Broadcom Ltd.	37	7,381
Intel Corp.	372	13,697
KLA-Tencor Corp.	133	11,320
Lam Research Corp.	106	12,175
Linear Technology Corp.	206	13,005
Marvell Technology Group Ltd.	659	9,799
Maxim Integrated Products, Inc.	255	11,342
Microchip Technology, Inc.	196	13,201
Micron Technology, Inc. (a)	183	4,412
NVIDIA Corp.	53	5,787
Qorvo, Inc. (a)	49	3,146
QUALCOMM, Inc.	157	8,388
Skyworks Solutions, Inc.	65	5,963
Texas Instruments, Inc.	200	15,108
Xilinx, Inc.	213	12,397
		170,991
<b>Software – 2.7%</b>		
Activision Blizzard, Inc.	240	9,650
Adobe Systems, Inc. (a)	135	15,306
ANSYS, Inc. (a)	226	21,077
Autodesk, Inc. (a)	95	7,727
CA, Inc.	638	19,950
Cadence Design Systems, Inc. (a)	707	18,403
CDK Global, Inc.	119	7,444
Citrix Systems, Inc. (a)	158	14,408
Dell Technologies, Inc., Class V (a)	120	7,559
Electronic Arts, Inc. (a)	98	8,176
Fortinet, Inc. (a)	213	7,084
Intuit, Inc.	161	19,091
Microsoft Corp.	223	14,417
Nuance Communications, Inc. (a)	373	5,916
Oracle Corp.	439	17,608
Red Hat, Inc. (a)	130	9,864
salesforce.com, Inc. (a)	118	9,334
ServiceNow, Inc. (a)	62	5,619
Splunk, Inc. (a)	45	2,604
Symantec Corp.	485	13,362
Synopsys, Inc. (a)	422	26,540
VMware, Inc., Class A (a)	122	10,680
Workday, Inc., Class A (a)	53	4,404
		276,223
<b>Specialty Retail – 2.5%</b>		
Advance Auto Parts, Inc.	74	12,154
AutoNation, Inc. (a)	255	13,546
AutoZone, Inc. (a)	40	28,999
Bed Bath & Beyond, Inc.	326	13,154

Common Stocks	Shares	Value
<b>Specialty Retail (continued)</b>		
Best Buy Co., Inc.	105	\$ 4,675
CarMax, Inc. (a)	140	9,339
Dick's Sporting Goods, Inc.	192	9,907
Foot Locker, Inc.	180	12,337
Gap, Inc.	245	5,642
Home Depot, Inc.	188	25,865
L Brands, Inc.	161	9,694
Lowe's Cos., Inc.	287	20,974
O'Reilly Automotive, Inc. (a)	59	15,474
Ross Stores, Inc.	217	14,346
Signet Jewelers Ltd.	85	6,602
Staples, Inc.	589	5,419
Tiffany & Co.	142	11,178
TJX Cos., Inc.	257	19,254
Tractor Supply Co.	124	9,135
Ulta Salon Cosmetics & Fragrance, Inc. (a)	31	8,441
		256,135
<b>Technology Hardware, Storage &amp; Peripherals – 0.5%</b>		
Apple, Inc.	94	11,407
Hewlett Packard Enterprise Co.	272	6,169
HP, Inc.	560	8,428
NetApp, Inc.	206	7,894
Seagate Technology PLC	96	4,334
Western Digital Corp.	86	6,857
		45,089
<b>Textiles, Apparel &amp; Luxury Goods – 0.8%</b>		
Coach, Inc.	276	10,308
Hanesbrands, Inc.	391	9,271
lululemon athletica, Inc. (a)	90	6,076
Michael Kors Holdings Ltd. (a)	105	4,495
NIKE, Inc., Class B	330	17,457
PVH Corp.	88	8,255
Ralph Lauren Corp.	69	6,102
Under Armour, Inc., Class A (a)	183	3,933
Under Armour, Inc., Class C (a)	250	4,805
VF Corp.	267	13,745
		84,447
<b>Thriffs &amp; Mortgage Finance – 0.5%</b>		
New York Community Bancorp, Inc.	1,433	21,767
People's United Financial, Inc.	1,398	26,213
		47,980
<b>Tobacco – 0.8%</b>		
Altria Group, Inc.	445	31,675
Philip Morris International, Inc.	310	29,800
Reynolds American, Inc.	328	19,723
		81,198
<b>Trading Companies &amp; Distributors – 0.4%</b>		
Fastenal Co.	343	17,040
United Rentals, Inc. (a)	42	5,314
W.W. Grainger, Inc.	86	21,721
		44,075
<b>Transportation Infrastructure – 0.2%</b>		
Macquarie Infrastructure Corp.	223	16,723
<b>Water Utilities – 0.3%</b>		
American Water Works Co., Inc.	445	32,681
<b>Wireless Telecommunication Services – 0.1%</b>		
Sprint Corp. (a)	298	2,750
T-Mobile U.S., Inc. (a)	184	11,458
		14,208
<b>Total Long-Term Investments</b>		
<b>(Cost – \$9,989,148) – 99.8%</b>		10,048,548

See Notes to Financial Statements.

# Schedule of Investments (concluded)

BlackRock USA Size Factor Index Fund

Short-Term Securities	Shares	Value
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.40% (b)(c)	9,619	\$ 9,619
<b>Total Short-Term Securities (Cost – 9,619) – 0.1%</b>		9,619
<b>Total Investments (Cost – \$9,998,767) – 99.9%</b>		10,058,167
<b>Other Assets Less Liabilities – 0.1%</b>		9,135
<b>Net Assets – 100.0%</b>		<u>\$ 10,067,302</u>

## Notes to Schedule of Investments

- (a) Non-income producing security.
- (b) During the period ended January 31, 2017, 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	Net Activity	Shares Held at January 31, 2017	Value at January 31, 2017	Income	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class	9,619 <sup>1</sup>	\$9,619	\$9,619	\$8	–	–

<sup>1</sup> Represents net shares purchased for the period December 20, 2016, the commencement of operations, to January 31, 2017.

- (c) Current yield as of period end.

- For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector subclassifications 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>				
Investments:				
Common Stocks <sup>1</sup>	\$10,048,548	–	–	\$10,048,548
Short-Term Securities	9,619	–	–	9,619
<b>Total</b>	<u>\$10,058,167</u>	–	–	<u>\$10,058,167</u>

<sup>1</sup> See above Schedule of Investments for values in each sector.

Schedule of Investments January 31, 2017 (Unaudited)

**BlackRock USA Value Factor Index Fund**  
(Percentages shown are based on Net Assets)

Common Stocks	Shares	Value
<b>Aerospace &amp; Defense – 1.2%</b>		
Arconic, Inc.	1,215	\$ 27,690
L3 Technologies, Inc.	590	93,627
		121,317
<b>Airlines – 3.3%</b>		
American Airlines Group, Inc.	1,446	63,985
Delta Air Lines, Inc.	2,449	115,691
Southwest Airlines Co.	1,528	79,930
United Continental Holdings, Inc. (a)	1,035	72,936
		332,542
<b>Auto Components – 0.9%</b>		
BorgWarner, Inc.	391	15,965
Goodyear Tire & Rubber Co.	1,075	34,819
Lear Corp.	255	36,233
		87,017
<b>Automobiles – 5.7%</b>		
Ford Motor Co.	18,804	232,417
General Motors Co.	9,221	337,581
		569,998
<b>Banks – 8.6%</b>		
Bank of America Corp.	13,024	294,863
CIT Group, Inc.	255	10,503
Citigroup, Inc.	4,019	224,381
Citizens Financial Group, Inc.	601	21,738
JPMorgan Chase & Co.	2,887	244,327
KeyCorp	820	14,735
Regions Financial Corp.	1,349	19,439
SunTrust Banks, Inc.	403	22,899
		852,885
<b>Biotechnology – 2.9%</b>		
Gilead Sciences, Inc.	3,842	278,353
United Therapeutics Corp. (a)	73	11,945
		290,298
<b>Capital Markets – 1.4%</b>		
Goldman Sachs Group, Inc.	349	80,032
Morgan Stanley	1,379	58,594
		138,626
<b>Chemicals – 2.0%</b>		
Celanese Corp., Series A	172	14,517
CF Industries Holdings, Inc.	336	11,857
Dow Chemical Co.	860	51,282
Eastman Chemical Co.	250	19,375
LyondellBasell Industries NV, Class A	758	70,699
Mosaic Co.	845	26,507
		194,237
<b>Commercial Services &amp; Supplies – 0.3%</b>		
Iron Mountain, Inc.	949	33,974
<b>Communications Equipment – 3.6%</b>		
Cisco Systems, Inc.	10,978	337,244
Juniper Networks, Inc.	660	17,675
		354,919
<b>Construction &amp; Engineering – 1.0%</b>		
Fluor Corp.	601	33,356
Jacobs Engineering Group, Inc. (a)	1,206	70,611
		103,967
<b>Consumer Finance – 0.7%</b>		
Ally Financial, Inc.	728	15,375
Capital One Financial Corp.	609	53,221
Navient Corp.	379	5,700
		74,296

Common Stocks	Shares	Value
<b>Containers &amp; Packaging – 0.2%</b>		
WestRock Co.	441	\$ 23,532
<b>Diversified Financial Services – 0.1%</b>		
Voya Financial, Inc.	350	14,077
<b>Diversified Telecommunication Services – 2.7%</b>		
AT&T, Inc.	5,863	247,184
CenturyLink, Inc.	816	21,102
		268,286
<b>Electric Utilities – 2.4%</b>		
Entergy Corp.	648	46,423
Exelon Corp.	4,146	148,758
FirstEnergy Corp.	1,384	41,963
		237,144
<b>Electronic Equipment, Instruments &amp; Components – 1.4%</b>		
Arrow Electronics, Inc. (a)	273	20,071
Avnet, Inc.	340	15,790
Coming, Inc.	3,033	80,344
Flex Ltd. (a)	1,384	21,687
		137,892
<b>Energy Equipment &amp; Services – 0.4%</b>		
Helmerich & Payne, Inc.	223	15,869
National Oilwell Varco, Inc.	636	24,047
		39,916
<b>Food &amp; Staples Retailing – 5.4%</b>		
CVS Health Corp.	1,209	95,281
Kroger Co.	2,838	96,379
Wal-Mart Stores, Inc.	4,756	317,415
Whole Foods Market, Inc.	785	23,723
		532,798
<b>Food Products – 3.4%</b>		
Archer-Daniels-Midland Co.	3,586	158,716
Bunge Ltd.	750	51,908
Ingredion, Inc.	102	13,075
J.M. Smucker Co.	246	33,419
Tyson Foods, Inc., Class A	1,279	80,309
		337,427
<b>Health Care Providers &amp; Services – 5.2%</b>		
Aetna, Inc.	742	88,009
AmerisourceBergen Corp.	371	32,381
Anthem, Inc.	688	106,048
Cardinal Health, Inc.	593	44,451
Centene Corp. (a)	354	22,397
Cigna Corp.	436	63,752
Express Scripts Holding Co. (a)	1,203	82,863
McKesson Corp.	271	37,710
Quest Diagnostics, Inc.	226	20,774
Universal Health Services, Inc., Class B	131	14,754
		513,139
<b>Hotels, Restaurants &amp; Leisure – 0.7%</b>		
Carnival Corp.	1,220	67,564
<b>Household Durables – 0.6%</b>		
Toll Brothers, Inc. (a)	366	11,478
Whirlpool Corp.	253	44,247
		55,725
<b>Independent Power and Renewable Electricity Producers – 0.1%</b>		
AES Corp.	1,205	13,785
<b>Insurance – 3.3%</b>		
Aflac, Inc.	291	20,367
American International Group, Inc.	1,245	80,004
Assurant, Inc.	43	4,177

See Notes to Financial Statements.

# Schedule of Investments (continued)

BlackRock USA Value Factor Index Fund

Common Stocks	Shares	Value
<b>Insurance (continued)</b>		
Axis Capital Holdings Ltd.	72	\$ 4,609
Hartford Financial Services Group, Inc.	356	17,341
Lincoln National Corp.	363	24,506
Loews Corp.	268	12,483
MetLife, Inc.	1,411	76,772
Prudential Financial, Inc.	636	66,850
Unum Group	266	12,084
XL Group Ltd.	296	11,121
		330,314
<b>IT Services – 0.2%</b>		
Xerox Corp.	2,883	19,979
<b>Machinery – 1.4%</b>		
AGCO Corp.	810	50,868
Cummins, Inc.	631	92,763
		143,631
<b>Media – 0.7%</b>		
Liberty Global PLC LiLAC, Class C (a)	127	2,835
News Corp., Class A	2,234	27,456
TEGNA, Inc.	538	12,326
Viacom, Inc., Class B	632	26,632
		69,249
<b>Metals &amp; Mining – 0.6%</b>		
Newmont Mining Corp.	914	33,160
Nucor Corp.	407	23,643
		56,803
<b>Multi-Utilities – 0.6%</b>		
Public Service Enterprise Group, Inc.	1,441	63,764
<b>Multiline Retail – 1.8%</b>		
Kohl's Corp.	831	33,099
Macy's, Inc.	1,065	31,460
Nordstrom, Inc.	300	13,266
Target Corp.	1,504	96,978
		174,803
<b>Oil, Gas &amp; Consumable Fuels – 6.6%</b>		
Chevron Corp.	3,156	351,421
Devon Energy Corp.	760	34,611
HollyFrontier Corp.	405	11,733
Marathon Oil Corp.	1,799	30,133
Marathon Petroleum Corp.	821	39,449
Murphy Oil Corp.	401	11,593
Phillips 66	715	58,358
Plains GP Holdings LP, Class A	112	3,634
Southwestern Energy Co. (a)	889	8,010
Tesoro Corp.	195	15,766
Valero Energy Corp.	1,370	90,091
		654,799
<b>Paper &amp; Forest Products – 0.3%</b>		
International Paper Co.	573	32,432
<b>Pharmaceuticals – 5.5%</b>		
Allergan PLC (a)	596	130,458
Endo International PLC (a)	693	8,482
Mallinckrodt PLC (a)	324	15,789
Mylan NV (a)	1,124	42,768
Perrigo Co. PLC	230	17,515
Pfizer, Inc.	10,419	330,595
		545,607
<b>Professional Services – 0.1%</b>		
ManpowerGroup, Inc.	92	8,782
<b>Real Estate Investment Trusts (REITs) – 2.6%</b>		
AGNC Investment Corp.	395	7,375

Common Stocks	Shares	Value
<b>Real Estate Investment Trusts (REITs) (continued)</b>		
Annaly Capital Management, Inc.	1,165	\$ 11,906
Host Hotels & Resorts, Inc.	4,974	89,880
Liberty Property Trust	508	19,502
VEREIT, Inc.	4,375	37,319
Weyerhaeuser Co.	3,083	96,590
		262,572
<b>Real Estate Management &amp; Development – 0.2%</b>		
Jones Lang LaSalle, Inc.	153	15,764
<b>Road &amp; Rail – 2.1%</b>		
AMERCO, Inc.	10	3,767
Norfolk Southern Corp.	1,721	202,148
		205,915
<b>Semiconductors &amp; Semiconductor Equipment – 4.9%</b>		
Intel Corp.	9,841	362,346
Lam Research Corp.	160	18,378
Marvell Technology Group Ltd.	1,023	15,212
Micron Technology, Inc. (a)	3,246	78,261
Qorvo, Inc. (a)	268	17,208
		491,405
<b>Software – 0.5%</b>		
CA, Inc.	615	19,231
Nuance Communications, Inc. (a)	283	4,488
Symantec Corp.	1,079	29,727
		53,446
<b>Specialty Retail – 1.7%</b>		
Bed Bath & Beyond, Inc.	566	22,838
Best Buy Co., Inc.	1,449	64,509
Dick's Sporting Goods, Inc.	220	11,352
Foot Locker, Inc.	330	22,618
Gap, Inc.	870	20,036
Staples, Inc.	3,483	32,044
		173,397
<b>Technology Hardware, Storage &amp; Peripherals – 11.1%</b>		
Apple, Inc.	6,879	834,766
Hewlett Packard Enterprise Co.	3,510	79,607
HP, Inc.	4,334	65,227
NetApp, Inc.	870	33,338
Seagate Technology PLC	832	37,565
Western Digital Corp.	656	52,303
		1,102,806
<b>Textiles, Apparel &amp; Luxury Goods – 0.3%</b>		
Michael Kors Holdings Ltd. (a)	196	8,391
PVH Corp.	197	18,480
		26,871
<b>Trading Companies &amp; Distributors – 1.0%</b>		
United Rentals, Inc. (a)	754	95,389
<b>Total Long-Term Investments</b>		9,923,089
<b>(Cost – \$9,985,696) – 99.7%</b>		
<b>Short-Term Securities</b>		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 0.40% (b)(c)	18,887	18,887
<b>Total Short-Term Securities</b>		18,887
<b>(Cost – 18,887) – 0.2%</b>		
<b>Total Investments (Cost – \$10,004,583) – 99.9%</b>		9,941,976
<b>Other Assets Less Liabilities – 0.1%</b>		6,688
<b>Net Assets – 100.0%</b>		\$ 9,948,664

See Notes to Financial Statements.

# Schedule of Investments (concluded)

BlackRock USA Value Factor Index Fund

## Notes to Schedule of Investments

- (a) Non-income producing security.
- (b) During the period ended January 31, 2017, 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	Net Activity	Shares Held at January 31, 2017	Value at January 31, 2017	Income	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)
BlackRock Liquidity Funds, T-Fund, Institutional Class . . . . .	18,887 <sup>1</sup>	18,887	\$18,887	\$4	—	—

<sup>1</sup> Represents net shares purchased for the period December 20, 2016, the commencement of operations, to January 31, 2017.

- (c) Current yield as of period end.
- For Fund compliance purposes, the Fund's sector classifications refer to one or more of the sector sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by the investment adviser. These definitions may not apply for purposes of this report, which may combine such sector subclassifications 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>				
Investments:				
Common Stocks <sup>1</sup> . . . . .	\$9,923,089	—	—	\$9,923,089
Short-Term Securities . . . . .	18,887	—	—	18,887
<b>Total</b>	<b>\$9,941,976</b>	<b>—</b>	<b>—</b>	<b>\$9,941,976</b>

<sup>1</sup> See above Schedule of Investments for values in each sector.



# Statements of Assets and Liabilities

	<b>BlackRock USA Momentum Factor Index Fund</b>	<b>BlackRock USA Quality Factor Index Fund</b>	<b>BlackRock USA Size Factor Index Fund</b>	<b>BlackRock USA Value Factor Index Fund</b>
<b>January 31, 2017 (Unaudited)</b>				
<b>Assets</b>				
Investments at value – unaffiliated <sup>1</sup>	\$10,181,294	\$ 9,994,232	\$10,048,548	\$ 9,923,089
Investments at value – affiliated <sup>2</sup>	8,869	6,389	9,619	18,887
Receivables:				
Investment adviser	17,847	17,859	19,956	17,995
Dividends – unaffiliated	7,399	6,027	7,402	8,353
Investments sold	2,835	1,909	3,409	–
Dividends – affiliated	5	2	6	4
Defered offering costs	62,742	62,742	62,742	62,742
<b>Total assets</b>	<b>10,280,991</b>	<b>10,089,160</b>	<b>10,151,682</b>	<b>10,031,070</b>
<b>Liabilities</b>				
Payables:				
Offering costs	70,900	70,900	70,900	70,900
Officer's and Trustees' fees	1,083	1,083	1,083	1,083
Other accrued expenses	10,297	10,297	12,397	10,423
<b>Total liabilities</b>	<b>82,280</b>	<b>82,280</b>	<b>84,380</b>	<b>82,406</b>
<b>Net Assets</b>	<b>\$10,198,711</b>	<b>\$10,006,880</b>	<b>\$10,067,302</b>	<b>\$ 9,948,664</b>
<b>Net Assets Consist of</b>				
Paid-in capital	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Undistributed net investment income	5,973	4,694	7,909	11,680
Accumulated net realized gain (loss)	122	110	(7)	(409)
Net unrealized appreciation (depreciation)	192,616	2,076	59,400	(62,607)
<b>Net Assets</b>	<b>\$10,198,711</b>	<b>\$10,006,880</b>	<b>\$10,067,302</b>	<b>\$ 9,948,664</b>
<sup>1</sup> Investments at cost – unaffiliated	\$ 9,988,678	\$ 9,992,156	\$ 9,989,148	\$ 9,985,696
<sup>2</sup> Investments at cost – affiliated	\$ 8,869	\$ 6,389	\$ 9,619	\$ 18,887
<b>Net Assets</b>				
Institutional:				
Net assets	\$ 101,983	\$ 100,065	\$ 100,669	\$ 99,482
Shares outstanding	10,000	10,000	10,000	10,000
Net asset value	\$ 10.20	\$ 10.01	\$ 10.07	\$ 9.95
Shares authorized	Unlimited	Unlimited	Unlimited	Unlimited
Par value	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001
Class K:				
Net assets	\$10,096,728	\$ 9,906,815	\$ 9,966,633	\$ 9,849,182
Shares outstanding	990,000	990,000	990,000	990,000
Net asset value	\$ 10.20	\$ 10.01	\$ 10.07	\$ 9.95
Shares authorized	Unlimited	Unlimited	Unlimited	Unlimited
Par value	\$ 0.001	\$ 0.001	\$ 0.001	\$ 0.001

See Notes to Financial Statements.

# Statements of Operations

	<b>BlackRock USA Momentum Factor Index Fund</b>	<b>BlackRock USA Quality Factor Index Fund</b>	<b>BlackRock USA Size Factor Index Fund</b>	<b>BlackRock USA Value Factor Index Fund</b>
<b>Period December 20, 2016<sup>1</sup> to January 31, 2017 (Unaudited)</b>				
<b>Investment Income</b>				
Dividends — unaffiliated	\$ 11,818	\$ 7,433	\$ 18,140	\$ 17,022
Dividends — affiliated	7	3	8	4
Foreign taxes withheld	—	(11)	(7)	—
<b>Total Investment Income</b>	<b>11,825</b>	<b>7,425</b>	<b>18,141</b>	<b>17,026</b>
<b>Expenses</b>				
Organization and offering	18,159	18,159	18,159	18,159
Professional	6,888	6,888	6,888	6,888
Printing	1,470	1,470	1,470	1,470
Officer and Trustees	1,134	1,134	1,134	1,134
Custodian	1,050	1,050	3,150	1,176
Investment advisory	926	919	921	915
Registration	210	210	210	210
Transfer agent — class specific	122	122	122	122
Miscellaneous	670	671	668	670
<b>Total expenses</b>	<b>30,629</b>	<b>30,623</b>	<b>32,722</b>	<b>30,744</b>
Less:				
Fees waived by the Manager	(926)	(919)	(921)	(915)
Other expenses reimbursed by the Manager	(27,846)	(27,859)	(29,955)	(27,994)
Transfer agent fees waived and/or reimbursed — class specific	(115)	(115)	(115)	(115)
<b>Total expenses after fees waived and/or reimbursed</b>	<b>1,742</b>	<b>1,730</b>	<b>1,731</b>	<b>1,720</b>
<b>Net investment income</b>	<b>10,083</b>	<b>5,695</b>	<b>16,410</b>	<b>15,306</b>
<b>Realized and Unrealized Gain (Loss)</b>				
Net realized gain from (loss) investments — unaffiliated	122	110	(7)	(409)
Net change in unrealized appreciation (depreciation) on investments — unaffiliated	192,616	2,076	59,400	(62,607)
Net realized and unrealized gain (loss)	192,738	2,186	59,393	(63,016)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$202,821</b>	<b>\$ 7,881</b>	<b>\$ 75,803</b>	<b>\$(47,710)</b>

<sup>1</sup> Commencement of operations.

# Statement of Changes in Net Assets

	<b>BlackRock USA Momentum Factor Index Fund</b>	<b>BlackRock USA Quality Factor Index Fund</b>
	<b>Period December 20, 2016<sup>1</sup> to January 31, 2017 (Unaudited)</b>	<b>Period December 20, 2016<sup>1</sup> to January 31, 2017 (Unaudited)</b>
<b>Increase (Decrease) in Net Assets:</b>		
<b>Operations</b>		
Net investment income .....	\$ 10,083	\$ 5,695
Net realized gain .....	122	110
Net change in unrealized appreciation (depreciation) .....	192,616	2,076
Net increase in net assets resulting from operations .....	<u>202,821</u>	<u>7,881</u>
<b>Distributions to Shareholders<sup>2</sup></b>		
From net investment income:		
Institutional .....	(40)	(9)
Class K .....	(4,070)	(992)
Decrease in net assets resulting from distributions to shareholders .....	<u>(4,110)</u>	<u>(1,001)</u>
<b>Capital Share Transactions</b>		
Net increase in net assets derived from capital share transactions .....	<u>10,000,000</u>	<u>10,000,000</u>
<b>Net Assets</b>		
Total increase in net assets .....	10,198,711	10,006,880
Beginning of period .....	-	-
End of period .....	<u>\$10,198,711</u>	<u>\$10,006,880</u>
Undistributed net investment income, end of period .....	<u>\$ 5,973</u>	<u>\$ 4,694</u>

<sup>1</sup> Commencement of operations.

<sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

# Statement of Changes in Net Assets

	<b>BlackRock USA Size Factor Index Fund</b>	<b>BlackRock USA Value Factor Index Fund</b>
	<b>Period December 20, 2016<sup>1</sup> to January 31, 2017 (Unaudited)</b>	<b>Period December 20, 2016<sup>1</sup> to January 31, 2017 (Unaudited)</b>
<b>Increase (Decrease) in Net Assets:</b>		
<b>Operations</b>		
Net investment income . . . . .	\$ 16,410	\$ 15,306
Net realized loss . . . . .	(7)	(409)
Net change in unrealized appreciation (depreciation) . . . . .	59,400	(62,607)
Net increase (decrease) in net assets resulting from operations . . . . .	<u>75,803</u>	<u>(47,710)</u>
<b>Distributions to Shareholders<sup>2</sup></b>		
From net investment income:		
Institutional . . . . .	(84)	(35)
Class K . . . . .	(8,417)	(3,591)
Decrease in net assets resulting from distributions to shareholders . . . . .	<u>(8,501)</u>	<u>(3,626)</u>
<b>Capital Share Transactions</b>		
Net increase in net assets derived from capital share transactions . . . . .	<u>10,000,000</u>	<u>10,000,000</u>
<b>Net Assets</b>		
Total increase in net assets . . . . .	10,067,302	9,948,664
Beginning of period . . . . .	–	–
End of period . . . . .	<u>\$10,067,302</u>	<u>\$ 9,948,664</u>
Undistributed net investment income, end of period . . . . .	<u>\$ 7,909</u>	<u>\$ 11,680</u>

<sup>1</sup> Commencement of operations.

<sup>2</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

# Financial Highlights

## BlackRock USA Momentum Factor Index Fund

	Period December 20, 2016 <sup>1</sup> to January 31, 2017 (Unaudited)	
	Institutional	Class K
<b>Per Share Operating Performance</b>		
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income <sup>2</sup>	0.01	0.01
Net realized and unrealized gain	0.19	0.19
Net increase from investment operations	0.20	0.20
Distributions from net investment income <sup>3</sup>	(0.00) <sup>4</sup>	(0.00) <sup>4</sup>
Net asset value, end of period	\$ 10.20	\$ 10.20
<b>Total Return<sup>5,6</sup></b>		
Based on net asset value	2.04%	2.04%
<b>Ratios to Average Net Assets</b>		
Total expenses <sup>7,8</sup>	0.82%	0.76%
Total expenses after fees waived and/or reimbursed <sup>7</sup>	0.20%	0.15%
Net investment income <sup>7</sup>	0.82%	0.87%
<b>Supplemental Data</b>		
Net assets, end of period (000)	\$ 102	\$ 10,097
Portfolio turnover rate	0% <sup>9</sup>	0% <sup>9</sup>

<sup>1</sup> Commencement of operations.

<sup>2</sup> Based on average shares outstanding.

<sup>3</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

<sup>4</sup> Amount is greater than \$(0.005) per share.

<sup>5</sup> Where applicable, assumes the reinvestment of distributions.

<sup>6</sup> Aggregate total return.

<sup>7</sup> Annualized.

<sup>8</sup> Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses for Institutional and Class K Shares would have been 2.70% and 2.65%, respectively.

<sup>9</sup> Amount is less than 0.50%.

See Notes to Financial Statements.

# Financial Highlights

BlackRock USA Quality Factor Index Fund

	Period December 20, 2016 <sup>1</sup> to January 31, 2017 (Unaudited)	
	Institutional	Class K
<b>Per Share Operating Performance</b>		
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income <sup>2</sup>	0.01	0.01
Net realized and unrealized gain	0.00 <sup>3</sup>	0.00 <sup>3</sup>
Net increase from investment operations	0.01	0.01
Distributions from net investment income <sup>4</sup>	(0.00) <sup>5</sup>	(0.00) <sup>5</sup>
Net asset value, end of period	<u>\$ 10.01</u>	<u>\$ 10.01</u>
<b>Total Return<sup>6,7</sup></b>		
Based on net asset value	<u>0.11%</u>	<u>0.11%</u>
<b>Ratios to Average Net Assets</b>		
Total expenses <sup>8,9</sup>	<u>0.83%</u>	<u>0.77%</u>
Total expenses after fees waived and/or reimbursed <sup>8</sup>	<u>0.20%</u>	<u>0.15%</u>
Net investment income <sup>8</sup>	<u>0.44%</u>	<u>0.50%</u>
<b>Supplemental Data</b>		
Net assets, end of period (000)	<u>\$ 100</u>	<u>\$ 9,907</u>
Portfolio turnover rate	<u>0%<sup>10</sup></u>	<u>0%<sup>10</sup></u>

<sup>1</sup> Commencement of operations.

<sup>2</sup> Based on average shares outstanding.

<sup>3</sup> Amount is less than \$0.005 per share.

<sup>4</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

<sup>5</sup> Amount is greater than \$(0.005) per share.

<sup>6</sup> Where applicable, assumes the reinvestment of distributions.

<sup>7</sup> Aggregate total return.

<sup>8</sup> Annualized.

<sup>9</sup> Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses for Institutional and Class K Shares would have been 2.72% and 2.67%, respectively.

<sup>10</sup> Amount is less than 0.50%.

See Notes to Financial Statements.

# Financial Highlights

BlackRock USA Size Factor Index Fund

	Period December 20, 2016 <sup>1</sup> to January 31, 2017 (Unaudited)	
	Institutional	Class K
<b>Per Share Operating Performance</b>		
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income <sup>2</sup>	0.02	0.02
Net realized and unrealized gain	0.06	0.06
Net increase from investment operations	0.08	0.08
Distributions from net investment income <sup>3</sup>	(0.01)	(0.01)
Net asset value, end of period	<u>\$ 10.07</u>	<u>\$ 10.07</u>
<b>Total Return<sup>4,5</sup></b>		
Based on net asset value	<u>0.79%</u>	<u>0.79%</u>
<b>Ratios to Average Net Assets</b>		
Total expenses <sup>6,7</sup>	1.00%	0.95%
Total expenses after fees waived and/or reimbursed <sup>6</sup>	0.20%	0.15%
Net investment income <sup>6</sup>	1.38%	1.43%
<b>Supplemental Data</b>		
Net assets, end of period (000)	\$ 101	\$ 9,967
Portfolio turnover rate	1%	1%

<sup>1</sup> Commencement of operations.

<sup>2</sup> Based on average shares outstanding.

<sup>3</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

<sup>4</sup> Where applicable, assumes the reinvestment of distributions.

<sup>5</sup> Aggregate total return.

<sup>6</sup> Annualized.

<sup>7</sup> Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses for Institutional and Class K Shares would have been 2.90% and 2.85%, respectively.

See Notes to Financial Statements.

# Financial Highlights

BlackRock USA Value Factor Index Fund

	Period December 20, 2016 <sup>1</sup> to January 31, 2017 (Unaudited)	
	Institutional	Class K
<b>Per Share Operating Performance</b>		
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income <sup>2</sup>	0.02	0.02
Net realized and unrealized loss	(0.07)	(0.07)
Net decrease from investment operations	(0.05)	(0.05)
Distributions from net investment income <sup>3</sup>	(0.00) <sup>4</sup>	(0.00) <sup>4</sup>
Net asset value, end of period	<u>\$ 9.95</u>	<u>\$ 9.95</u>
<b>Total Return<sup>5,6</sup></b>		
Based on net asset value	<u>(0.47)%</u>	<u>(0.46)%</u>
<b>Ratios to Average Net Assets</b>		
Total expenses <sup>7,8</sup>	0.84%	0.78%
Total expenses after fees waived and/or reimbursed <sup>7</sup>	0.20%	0.15%
Net investment income <sup>7</sup>	1.28%	1.34%
<b>Supplemental Data</b>		
Net assets, end of period (000)	\$ 99	\$ 9,849
Portfolio turnover rate	0% <sup>9</sup>	0% <sup>9</sup>

<sup>1</sup> Commencement of operations.

<sup>2</sup> Based on average shares outstanding.

<sup>3</sup> Distributions for annual periods determined in accordance with federal income tax regulations.

<sup>4</sup> Amount is greater than \$(0.005) per share.

<sup>5</sup> Where applicable, assumes the reinvestment of distributions.

<sup>6</sup> Aggregate total return.

<sup>7</sup> Annualized.

<sup>8</sup> Audit, offering and organization costs were not annualized in the calculation of the expense ratios. If these expenses were annualized, the total expenses for Institutional and Class K Shares would have been 2.75% and 2.69%, respectively.

<sup>9</sup> Amount is less than 0.50%.

See Notes to Financial Statements.



# Notes to Financial Statements (Unaudited)

## 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”:

Fund Name	Herein Referred To As	Diversification Classification
BlackRock USA Momentum Factor Index Fund	Momentum Factor Index Fund	Diversified
BlackRock USA Quality Factor Index Fund	Quality Factor Index Fund	Non-diversified
BlackRock USA Size Factor Index Fund	Size Factor Index Fund	Diversified
BlackRock USA Value Factor Index Fund	Value Factor Index Fund	Diversified

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. Institutional and Class K shares are sold without a sales charge and only to certain eligible investors.

Share Class	Initial Sales Charge	CDSC	Conversion Privilege
Institutional Shares	No	No	None
Class K Shares	No	No	None

The Funds, together with certain other registered investment companies advised by BlackRock Fund Advisors (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 Investment Income:** 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 is recorded on the ex-dividend date. Upon notification from issuers, some of the dividend income received from a real estate investment trust may be redesignated as a reduction of cost of the related investment and/or realized gain. Income, expenses and realized and unrealized gains and losses are allocated daily to each class based on its relative net assets.

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

**Organization and Offering Costs:** Upon commencement of operations, organization costs associated with the establishment of the Funds were expensed by the Funds and reimbursed by the Manager. The Manager reimbursed the Funds \$10,000, which is included in expenses reimbursed by the Manager in the Statements of Operations. Offering costs are amortized over a 12-month period beginning with the commencement of operations.

**Recent Accounting Standard:** In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update “Restricted Cash” which will require entities to include the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the beginning and ending cash balances in the Statements of Cash Flows. The guidance will be applied retrospectively and is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. Management is evaluating the impact, if any, of this guidance on the Funds’ presentation in the Statements of Cash Flows.

**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 the 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 their relative net assets or other appropriate methods.

The Funds may incur charges on 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 New York Stock Exchange (“NYSE”). U.S. GAAP defines fair value as the price the Funds would receive to sell an asset or pay to

## Notes to Financial Statements (continued)

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.
- Investments in open-end U.S. mutual funds are valued at net asset value (“NAV”) each business day.

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 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. The pricing of all Fair Valued Investments is subsequently reported to the Board or a committee thereof on a quarterly basis.

**Fair Value Hierarchy:** Various inputs are used in determining the fair value of investments. 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)

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 is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

#### 4. 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, an indirect, wholly-owned subsidiary of BlackRock, to provide investment advisory and administration 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 pays the Manager a monthly fee at an annual rate equal to 0.08%, respectively, of the average daily value of each Fund’s net assets.

## Notes to Financial Statements (continued)

**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.

BRIL and broker-dealers, pursuant to sub-agreements with BRIL, provide shareholder servicing and distribution services to the Funds.

**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 six months ended January 31, 2017, the following table shows the class specific transfer agent fees borne directly by each class of each Fund:

	Institutional	Class K	Total
Momentum Factor Index Fund	\$8	\$114	\$122
Quality Factor Index Fund	\$8	\$114	\$122
Size Factor Index Fund	\$8	\$114	\$122
Value Factor Index Fund	\$8	\$114	\$122

**Expense Limitations, Waivers, Reimbursements and Recoupments:** With respect to each Fund, the Manager contractually 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 expense limitations as a percentage of average daily net assets are as follows:

	Institutional	Class K
Momentum Factor Index Fund	0.20%	0.15%
Quality Factor Index Fund	0.20%	0.15%
Size Factor Index Fund	0.20%	0.15%
Value Factor Index Fund	0.20%	0.15%

The Manager has agreed not to reduce or discontinue these contractual expense limitations prior to November 30, 2027, unless approved by the Board, including a majority of the Independent 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 Funds.

These amounts waived and/or reimbursed are included in fees waived by the Manager and other expenses reimbursed by the Manager, and shown as transfer agent fees waived and/or reimbursed – class specific, respectively, in the Statements of Operations. For the period ended January 31, 2017, the amounts included in fees waived by the Manager and shown as other expenses reimbursed by the Manager were as follows:

	Fees Waived by the Manager	Other Expenses Reimbursed by the Manager
Momentum Factor Index Fund	\$925	\$17,846
Quality Factor Index Fund	\$919	\$17,859
Size Factor Index Fund	\$920	\$19,955
Value Factor Index Fund	\$914	\$17,994

For the period ended January 31, 2017, class specific expense waivers and/or reimbursements were as follows:

Transfer agent fees waived and/or reimbursed

	Institutional	Class K	Total
Momentum Factor Index Fund	\$2	\$113	\$115
Quality Factor Index Fund	\$2	\$113	\$115
Size Factor Index Fund	\$2	\$113	\$115
Value Factor Index Fund	\$2	\$113	\$115

With respect to the Funds, 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”). These amounts are included in fees waived by the Manager in the Statements of Operations. The amount of waivers and/or reimbursements of fees and expenses made pursuant to the expense limitation caps, as applicable, will be reduced by the amount of the affiliated money market fund waiver included in fees waived by the Manager in the Statements of Operations. For the period ended January 31, 2017, the amounts waived were as follows.

	Amount Waived
Momentum Factor Index Fund	\$ 1
Quality Factor Index Fund	—
Size Factor Index Fund	\$ 1
Value Factor Index Fund	\$ 1

## Notes to Financial Statements (continued)

The Manager has contractually agreed to waive its investment advisory fee with respect to any portion of the Fund's assets invested in affiliated equity or fixed-income mutual funds or affiliated exchange-traded funds that have a contractual management fee, through November 30, 2018. The contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of the Trust or by a vote of a majority of the outstanding voting securities of the Funds.

With respect to the contractual expense caps, 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 expense cap for that share class, the Manager is entitled to be reimbursed by such share class up to the lesser of the following expenses:

- (a) The amount of fees waived and/or expenses reimbursed during those prior two fiscal years under the agreement.
- (b) The amount by which the expense cap for that share class exceeds the operating expenses of the share class for the current fiscal year, provided that:
  - Each Fund, of which the share class is a part, has more than \$50 million in assets for the fiscal year; and
  - The Manager or an affiliate continues to serve as a Fund's investment adviser or administrator.

In the event the expense cap for a share class is changed subsequent to a fiscal year in which the Manager becomes entitled to reimbursement for fees waived and/or reimbursed, the amount available to reimburse the Manager shall be calculated by reference to the expense cap for that share class in effect at the time the Manager became entitled to receive such reimbursement, rather than the subsequently changed expense cap for that share class.

On January 31, 2017, the fund level and class specific waivers and/or reimbursements subject to possible future recoupment under the expense limitation agreement are as follows:

	Momentum Factor Index Fund	Quality Factor Index Fund	Size Factor Index Fund	Value Factor Index Fund
Fund Level .....	\$18,771	\$18,778	\$20,875	\$18,908
Institutional .....	\$ 2	\$ 2	\$ 2	\$ 2
Class K .....	\$ 113	\$ 113	\$ 113	\$ 113

**Interfund Lending:** In accordance with an exemptive order (the "Order") from the U.S. Securities and Exchange Commission, each Fund 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 each Fund's investment policies and restrictions. Each Fund is currently permitted to borrow and lend under the Interfund Lending Program.

A 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 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 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 period ended January 31, 2017, the Funds did not participate in the Interfund Lending Program.

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

### 5. Purchases and Sales:

For the six months ended January 31, 2017, purchases and sales of investments excluding short-term securities, were as follows:

	Momentum Factor Index Fund	Quality Factor Index Fund	Size Factor Index Fund	Value Factor Index Fund
Purchases .....	\$10,006,032	\$9,993,955	\$10,060,467	\$9,997,761
Sales .....	\$ 17,476	\$ 1,909	\$ 64,066	\$ 11,656

### 6. 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 their taxable income to their shareholders. Therefore, no 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.

## Notes to Financial Statements (continued)

Management has analyzed tax laws and regulations and their application to the Funds as of January 31, 2017, inclusive of the open tax return years, and does not believe that there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

As of January 31, 2017, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

	Momentum Factor Index Fund	Quality Factor Index Fund	Size Factor Index Fund	Value Factor Index Fund
Tax cost	\$9,997,547	\$9,998,545	\$9,998,767	\$10,004,583
Gross unrealized appreciation	337,421	176,197	225,729	200,348
Gross unrealized depreciation	(144,805)	(174,121)	(166,329)	(262,955)
Net unrealized appreciation (depreciation)	\$ 192,616	\$ 2,076	\$ 59,400	\$ (62,607)

### 7. 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, \$2.1 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 \$1.6 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 0.12% 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 2017 unless extended or renewed. Participating Funds paid administration, legal and arrangement fees, which, if applicable, 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 period ended January 31, 2017, the Funds did not borrow under the credit agreement.

### 8. Principal Risks:

In the normal course of business, the Funds invest in securities and enter into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer to meet all its obligations, including the ability to pay principal and interest when due (issuer credit risk). The value of securities held by the Funds may decline in response to certain events, including those directly involving the issuers of securities owned by the Funds. Changes arising from the general economy, the overall market and local, regional or global political and/or social instability, as well as currency, interest rate and price fluctuations, may also affect the securities' value.

**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.

**Counterparty Credit Risk:** Similar to issuer 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.

**Concentration Risk:** As of period end, Momentum Factor Index Fund and Quality Factor Index Fund invested a significant portion of their assets in securities in the Information Technology sector. Changes in economic conditions affecting such sector would have a greater impact on the Funds and could affect the value, income and/or liquidity of positions in such securities.

## Notes to Financial Statements (continued)

### 9. Capital Share Transactions:

Transactions in capital shares for each class were as follows:

	Period December 20, 2016 <sup>1</sup> to January 31, 2017	
	Shares	Amount
<b>Momentum Factor Index Fund</b>		
<b>Institutional</b>		
Shares sold	10,000	\$ 100,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	10,000	\$ 100,000
<b>Class K</b>		
Shares sold	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	990,000	\$ 9,900,000
<b>Total Increase</b>	<b>1,000,000</b>	<b>\$10,000,000</b>
<b>Quality Factor Index Fund</b>		
<b>Institutional</b>		
Shares sold	10,000	\$ 100,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	10,000	\$ 100,000
<b>Class K</b>		
Shares sold	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	990,000	\$ 9,900,000
<b>Total Increase</b>	<b>1,000,000</b>	<b>\$10,000,000</b>
<b>Size Factor Index Fund</b>		
<b>Institutional</b>		
Shares sold	10,000	\$ 100,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	10,000	\$ 100,000
<b>Class K</b>		
Shares sold	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	990,000	\$ 9,900,000
<b>Total Increase</b>	<b>1,000,000</b>	<b>\$10,000,000</b>

## Notes to Financial Statements (concluded)

	Period December 20, 2016 <sup>1</sup> to January 31, 2017	
	Shares	Amount
<b>Value Factor Index Fund</b>		
<b>Institutional</b>		
Shares sold	10,000	\$ 100,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	10,000	\$ 100,000
<b>Class K</b>		
Shares sold	990,000	\$ 9,900,000
Shares issued in reinvestment of distributions	—	—
Shares redeemed	—	—
Net increase	990,000	\$ 9,900,000
<b>Total Increase</b>	<b>1,000,000</b>	<b>\$10,000,000</b>

<sup>1</sup> Commencement of operations.

At January 31, 2017, shares owned by BlackRock HoldCo 2, Inc., an affiliate of the Funds, were as follows:

	Institutional	Class K
Momentum Factor Index Fund	10,000	990,000
Quality Factor Index Fund	10,000	990,000
Size Factor Index Fund	10,000	990,000
Value Factor Index Fund	10,000	990,000

### 10. Subsequent Events:

Management's evaluation of the impact of all subsequent events on the Funds' financial statements was completed through the date the financial statements were issued and the following items were noted:

On February 24, 2017, the Board of Trustees of BlackRock Funds approved a name change from "BlackRock USA Momentum Factor Index Fund," "BlackRock USA Quality Factor Index Fund," "BlackRock USA Size Factor Index Fund" and "BlackRock USA Value Factor Index Fund" to "iShares Edge MSCI USA Momentum Factor Index Fund," "iShares Edge MSCI USA Quality Factor Index Fund," "iShares Edge MSCI USA Size Factor Index Fund" and "iShares Edge MSCI USA Value Factor Index Fund," respectively. The change is expected to be effective during the second quarter of 2017.

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## Disclosure of Investment Advisory Agreement

The Board of Trustees (the “Board,” and the members of which are referred to as “Board Members”) of BlackRock Funds<sup>SM</sup> (the “Trust”) met in person on September 21-23, 2016 (the “September Meeting”) to consider the approval of the Trust’s proposed investment advisory agreement (the “BAL Agreement”) with BlackRock Advisors, LLC (“BAL”), the Trust’s investment advisor, on behalf of BlackRock USA Momentum Factor Index Fund (“Momentum Factor Index Fund”), BlackRock USA Quality Factor Index Fund (“Quality Factor Index Fund”), BlackRock USA Size Factor Index Fund (“Size Factor Index Fund”) and BlackRock USA Value Factor Index Fund (“Value Factor Index Fund”), each a portfolio of the Trust. Momentum Factor Index Fund, Quality Factor Index Fund, Size Factor Index Fund and Value Factor Index Fund are referred to herein individually as a “Fund” or collectively as the “Funds.” The BAL Agreement was the same agreement that had been previously approved by the Board with respect to certain other portfolios of the Trust.

The Board also met in person on November 16-18, 2016 (the “November Meeting,” and together with the September Meeting, the “Meetings”) to consider the approval of the Trust’s proposed investment advisory agreement (the “BFA Agreement”) with BlackRock Fund Advisors (“BFA”) on behalf of each of the Funds, which would replace the BAL Agreement prior to the commencement of operations of the Funds. The Board was informed that the BFA Agreement was substantially the same as the BAL Agreement. The materials reviewed and the factors considered by the Board at the November Meeting in connection with the approval of the BFA Agreement were substantially the same as the materials reviewed and the factors the Board considered at the September meeting with respect to consideration of the approval of the BAL Agreement.

BAL and BFA are referred to herein as “BlackRock.” The BAL Agreement and the BFA Agreement are referred to herein individually as an “Agreement” or collectively as the “Agreements.” Each of the Funds commenced operations in December 2016.

### Activities and Composition of the Board

On the date of each of the Meetings, the Board consisted of fifteen individuals, thirteen 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 Funds 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 initial approval of each of the Agreements. In connection with this process, the Board assessed, among other things, the nature, extent and quality of the services to be provided to the Funds by BlackRock, BlackRock’s personnel and affiliates, including (as applicable): investment management; administrative and shareholder services; the oversight of fund service providers; marketing; risk oversight; compliance; and ability to meet applicable legal and regulatory requirements.

### Board Considerations in Approving the Agreements

**The Approval Process:** At the September Meeting, the Board reviewed materials relating to its consideration of the BAL Agreement. The Board considered all factors it believed relevant with respect to the Trust and the Funds, including, among other factors: (a) the nature, extent and quality of the services to be provided by BlackRock; (b) the investment performance of BlackRock portfolio management; (c) the advisory fee and the cost of the services and profits to be realized by BlackRock and its affiliates from their relationship with the Funds; (d) the sharing of potential economies of scale; (e) fall out benefits to BlackRock and its affiliates from their relationship with the Funds; (f) possible alternatives to the proposed BAL Agreement; (g) the policies and practices of BlackRock with respect to portfolio transactions for the Funds; (h) BlackRock’s portfolio compliance systems and capabilities; and (i) other factors deemed relevant by the Board Members.

In considering approval of the BAL Agreement, the Board met with the relevant investment advisory personnel from BlackRock and considered all information it deemed reasonably necessary to evaluate the terms of the BAL Agreement. The Board received materials in advance of the September Meeting relating to its consideration of the BAL Agreement, including, with respect to each Fund, fees and estimated expense ratios of each class of the Fund, and for a representative class of the Fund, as compared with the fees and expense ratios of a peer group of funds as determined by Broadridge Financial Solutions, Inc. (“Broadridge”)<sup>1</sup>. The Board also received (a) information regarding BlackRock’s economic outlook for each Fund and its general investment outlook for the markets; (b) information regarding fees paid to service providers that are affiliates of BlackRock; and (c) information outlining the legal duties of the Board under the 1940 Act with respect to the consideration and approval of the BAL Agreement. The Board also noted information received at prior Board meetings concerning compliance records and regulatory matters relating to BlackRock.

The Board also considered other matters it deemed important to the approval process, such as payments made to BlackRock or its affiliates relating to the distribution of Fund shares, securities lending and cash management, services related to the valuation and pricing of Fund portfolio holdings, direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds and advice from independent legal counsel with respect to the review

<sup>1</sup> Funds are ranked by Broadridge in quartiles, ranging from first to fourth, where first is the most desirable quartile position and fourth is the least desirable.



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## Disclosure of Investment Advisory Agreement (continued)

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:** At the September Meeting, the Board, including the Independent Board Members, reviewed the nature, extent and quality of services to be provided by BlackRock, including the investment advisory services to be provided to the Funds. The Board received information concerning the investment philosophy and investment process to be used by BlackRock in managing the Funds, as well as a description of the capabilities, personnel and services of BlackRock. In connection with this review, the Board considered BlackRock's in-house research capabilities as well as other resources available to its personnel. The Board considered the scope of the services provided by BlackRock to the Funds under the Agreement relative to services typically provided by third parties to other funds. The Board noted that the standard of care applicable under the BAL Agreement was comparable to that found generally in investment company advisory agreements. The Board concluded that the scope of BlackRock's services to be provided to the Funds was consistent with each Fund's operational requirements, including, in addition to seeking to meet its investment objective(s), compliance with investment restrictions, tax and reporting requirements and related shareholder services.

The Board, including the Independent Board Members, also considered the quality of the administrative and other non-investment advisory services to be provided by BlackRock and its affiliates to the Funds. The Board evaluated the procedures of BlackRock designed to fulfill its fiduciary duty to the Funds with respect to possible conflicts of interest, including BlackRock's code of ethics (regulating the personal trading of BlackRock's officers and employees), the procedures by which BlackRock allocates trades among its various investment advisory clients, the integrity of the systems in place to ensure compliance with the foregoing and the record of BlackRock in these matters. The Board also noted information received at prior Board meetings concerning standards of BlackRock with respect to the execution of portfolio transactions.

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 reviewed 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. The Board also considered the business reputation of BlackRock and its financial resources and concluded that BlackRock would be able to meet any reasonably foreseeable obligation under the BAL Agreement.

In addition to investment advisory services, the Board considered the quality of the administrative and other non-investment advisory services to be provided to the Funds. The Board noted that BlackRock and its affiliates will 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 will provide the Funds with administrative services, including, among others: (i) preparing disclosure documents, such as the prospectus, the summary prospectus, the statement of additional information and periodic shareholder reports; (ii) oversight of daily accounting and pricing; (iii) preparing periodic filings with regulators; (iv) overseeing and coordinating the activities of other service providers; (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 other administrative functions necessary for the operation of the Funds, such as tax reporting, fulfilling regulatory filing requirements and call center 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:** With respect to the September Meeting, the Board, including the Independent Board Members, previously received and considered information about BlackRock's investment performance for other funds. The Board, however, did not consider the performance history of the Funds because each Fund was newly organized and had not yet commenced operations as of the date of the Meeting.

**C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds:** At the September Meeting, in connection with the initial approval of the BAL Agreement, the Board, including the Independent Board Members, reviewed each Fund's contractual management fee rate compared with the other funds in the Fund's Broadridge category. 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 estimated total expense ratio, as well as its estimated actual management fee rate, to those of other funds in its Broadridge category. The total 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. Additionally, the Board noted information received at prior Board meetings concerning 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).

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## Disclosure of Investment Advisory Agreement (concluded)

The Board noted that with respect to each of Momentum Factor Index Fund, Quality Factor Index Fund and Size Factor Index Fund, the Fund's contractual management fee rate and estimated actual management fee rate each ranked in the first quartile, and that the estimated total expense ratio ranked in the second quartile, relative to the Fund's Expense Peers.

The Board noted that Value Factor Index Fund's contractual management fee rate ranked in the first quartile, and that the estimated actual management fee rate and the estimated total expense ratio each ranked in the second quartile, relative to the Fund's Expense Peers.

The Board also noted that, with respect to each Fund, BlackRock has contractually agreed to a cap on the Fund's total net operating expenses as a percentage of the Fund's average daily net assets on a class-by-class basis.

Following consideration of this information, as pertinent, the Board, including the independent Board Members, concluded that, with respect to each Fund, the fees to be paid pursuant to the BAL Agreement were fair and reasonable in light of the services provided.

As each Fund had not commenced operations as of the date of the September Meeting, BlackRock was not able to provide the Board with specific information concerning the expected profits to be realized by BlackRock and its affiliates from their relationships with the Funds. BlackRock, however, will provide the Board with such information at future meetings.

**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. The Board also noted the existence of expense caps.

**E. Other Factors Deemed Relevant by the Board Members:** At the September Meeting, the Board, including a majority of the Independent Board Members, also took into account other ancillary or "fall-out" benefits that BlackRock or its affiliates may derive from their 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 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. The Board further noted that it had considered the investment by BlackRock's funds in affiliated ETFs without any offset against the management fees payable by the funds to BlackRock.

The Board, including the Independent Board Members, concluded that these ancillary benefits that BlackRock and its affiliates could receive with regard to providing investment advisory and other services to the Funds were consistent with those generally available to other mutual fund sponsors.

### Conclusion

At the September Meeting, the Board, including a majority of the Independent Board Members, approved the BAL Agreement between BAL and the Trust, on behalf of each Fund, for a two-year term beginning on the effective date of the BAL Agreement. At the November Meeting, the Board, including a majority of the Independent Board Members, approved the BFA Agreement between BFA and the Trust, on behalf of each Fund, for a two-year term beginning on the effective date of the BFA Agreement, which replaced the BAL Agreement prior to commencement of operations of the Funds.

Based upon its evaluation of all of the aforementioned factors in their totality, the Board, including a majority of the Independent Board Members, was satisfied that the terms of each respective Agreement were fair and reasonable and in the best interest of each Fund and its shareholders. In arriving at a decision to approve each respective Agreement, 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 these determinations.

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## Officers and Trustees

Rodney D. Johnson, Chair of the Board and Trustee  
Susan J. Carter, Trustee  
Collette Chilton, Trustee  
Neil A. Cotty, Trustee  
Cynthia A. Montgomery, Trustee  
Joseph P. Platt, Trustee  
Robert C. Robb, Jr., Trustee  
Mark Stalnecker, Trustee  
Kenneth L. Urish, Trustee  
Claire A. Walton, Trustee  
Frederick W. Winter, Trustee  
Barbara G. Novick, Trustee  
John M. Perlowski, Trustee, President and Chief Executive Officer  
Thomas Callahan, Vice President  
Jennifer McGovern, Vice President  
Neal J. Andrews, Chief Financial Officer  
Jay M. Fife, Treasurer  
Charles Park, Chief Compliance Officer  
Fernanda Piedra, Anti-Money Laundering Compliance Officer  
Benjamin Archibald, Secretary

Effective December 31, 2016, David O. Beim and Dr. Matina S. Horner resigned as Trustees of the Trust.

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### Investment Adviser

BlackRock Fund Advisors  
San Francisco, CA 94105

### Accounting Agent and Custodian

State Street Bank and  
Trust Company  
Boston, MA 02110

### Distributor

BlackRock Investments, LLC  
New York, NY 10022

### Legal Counsel

Sidley Austin LLP  
New York, NY 10019

### Transfer Agent

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

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
Philadelphia, PA 19103

### Address of the Trust

100 Bellevue Parkway  
Wilmington, DE 19809

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## Additional Information

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### General Information

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#### 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) 537-4942.

#### 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) 537-4942.

#### 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) 537-4942; (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) 537-4942 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.

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## Additional Information (concluded)

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### Shareholder Privileges

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#### Account Information

Call us at (800) 537-4942 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/funds>.

#### 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.

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### BlackRock Privacy Principles

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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.

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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 the Funds' 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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