

Global Allocation Fund

BlackRock®

INST: MALOX • A: MDLOX • C: MCLOX • K: MKLOX

★★★★★ Morningstar Overall Rating™ (Inst)  Bronze

Performance: The fund posted a gain and outperformed its reference benchmark in August. Stocks were supported by favorable U.S. economic data, moderating COVID infection rates in the U.S., and accommodative Fed policy.

▲ **Contributors:** Security selection in real estate, financials and IT; underweight in developed government bonds.

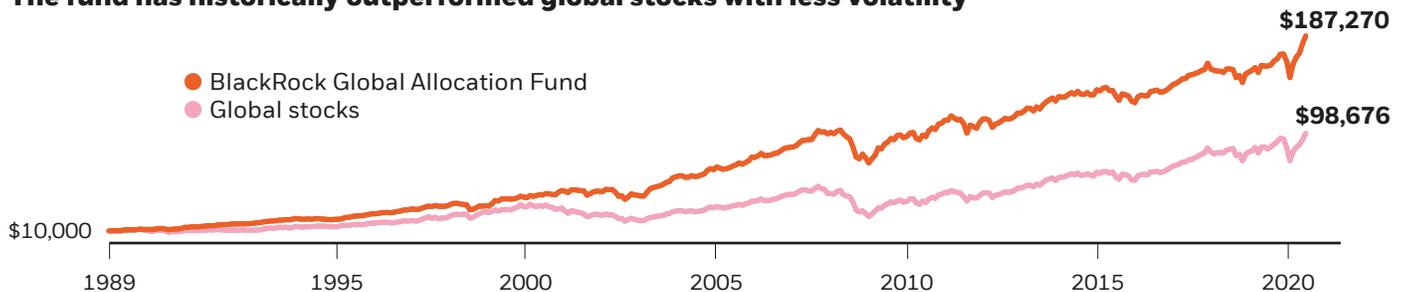
▼ **Detractors:** Security selection in communication services; yield curve positioning; exposure to gold and cash.

Positioning: While the fund's equity exposure is focused on secular growth themes, we marginally added to high quality cyclicals at the expense of select mega-tech positions. We maintain exposure to credit for income and diversified portfolio hedges to manage the overall risk profile.

▲ **Increased:** U.S. and European stocks; industrials; cash.

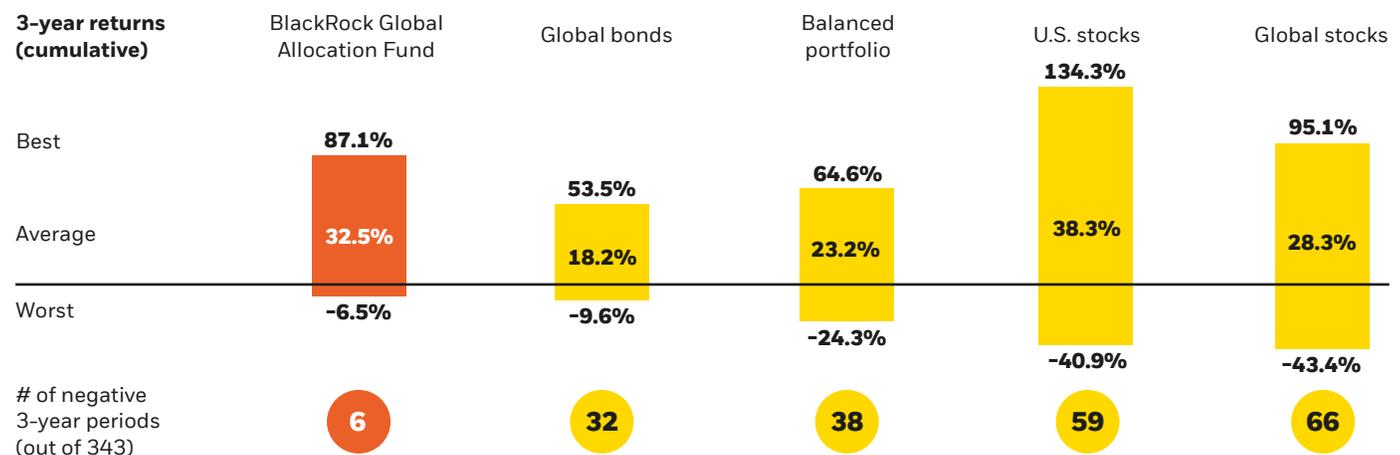
▼ **Decreased:** Securitized bonds; corporates; yen; U.S. dollar.

The fund has historically outperformed global stocks with less volatility



Source: BlackRock, Bloomberg. Based on a hypothetical investment of \$10,000 in the fund and FTSE World Index made first month post inception (2/3/89). Volatility is represented by annualized standard deviation. Standard deviation for the fund: 9.70% and global stocks: 15.20%.

A history of competitive performance and limited drawdowns



Source: BlackRock, Bloomberg, Morningstar. Cumulative 3-year returns from first month after fund inception (2/3/89). Asset classes represented by FTSE Non-U.S. Dollar World Gov't Bond Index, S&P 500 Index, FTSE World Index. Balanced portfolio is 60% Morningstar World Large Stock category and 40% Morningstar World Bond category, rebalanced quarterly.

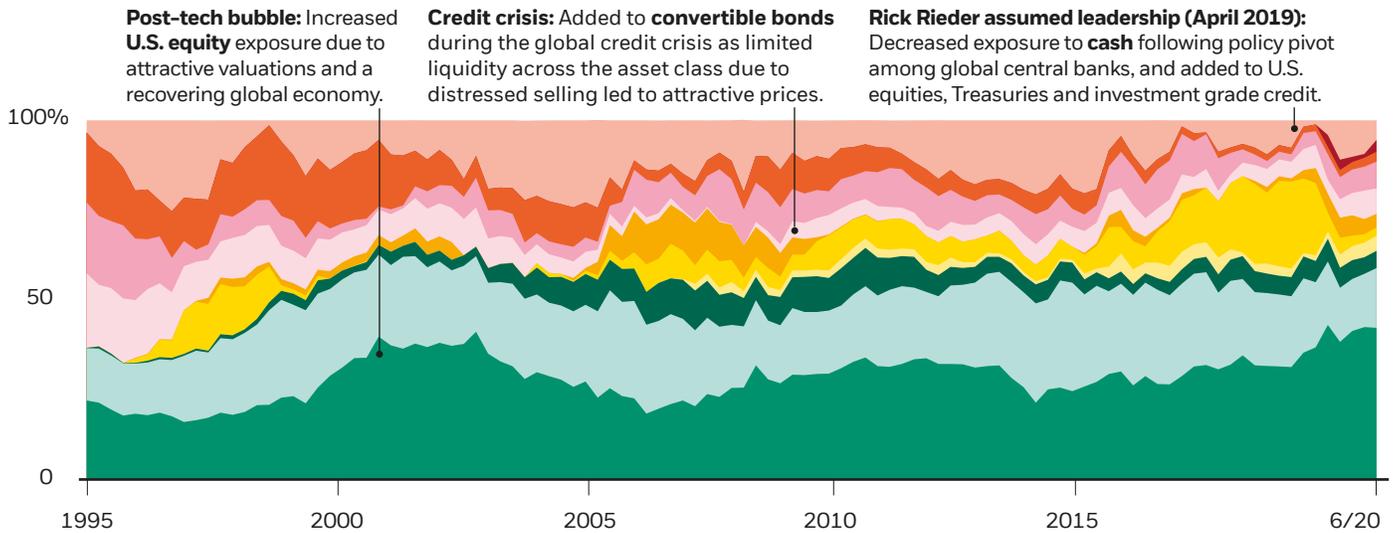
All data as of 8/31/20. Fund data based on Institutional shares, which may not be available to all investors; other share classes will vary. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividends and capital gains. Current performance may be lower or higher than that shown.

Morningstar has awarded the fund's Institutional share class a Bronze medal. Fewer than 10% of U.S. open-end funds hold medalist ratings. (Last rating 4/6/20.)¹

The overall Morningstar rating of 5 stars pertains to the fund's Institutional shares, rated against 390 funds in the World Allocation category as of 8/31/20. Ratings are based on a risk-adjusted total return and a weighted average of performance figures associated with 3-, 5- and 10-year Morningstar rating metrics. Ratings are determined monthly and subject to change.²

Flexibility in practice: adapting as markets change

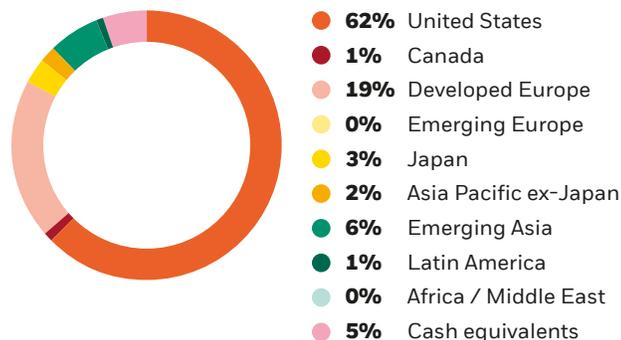


	As of 8/31	Over/under	Historical range		As of 8/31	Over/under	Historical range
U.S. equities	42.9%	▲	15 - 45%	U.S. TIPS	4.0%	▲	0 - 15%
Developed equities ex-U.S.	18.1%	▼	10 - 35%	U.S. credit	7.2%	▲	0 - 25%
Emerging market equities	5.4%	▲	0 - 15%	Non-U.S. sovereign debt	9.1%	▼	0 - 25%
Precious metals	3.7%	▲	0 - 5%	Non-U.S. credit	2.4%	▲	0 - 25%
U.S. Treasuries & agencies	1.1%	▼	0 - 25%	Securitized debt	1.3%	▲	0 - 5%
				Cash equivalents	4.9%	▲	0 - 30%

Prior to 2015, the fund's exposure was based on market value and adjusted for the economic value of futures and swaps. From 2015, the fund's exposure is based on the economic value of securities and is adjusted for futures, options and swaps, except with respect to fixed income securities and convertible bonds. Commodity-related is comprised of precious metals ETFs. Prior to 2006, commodity-related exposure was included in equities. Prior to October 2019, exposure to securitized debt was included within fixed income. Historical ranges represent actual exposures, not minimum or maximum prospectus limits. Subject to change. Over/under indications are relative to the fund's reference benchmark, which is 36% S&P 500 Index, 24% FTSE World (ex-U.S.) Index, 24% ICE BofAML Current 5-Year U.S. Treasury Index and 1.6% FTSE Non-U.S. Dollar World Government Bond Index.

Geographic allocation

% of net assets

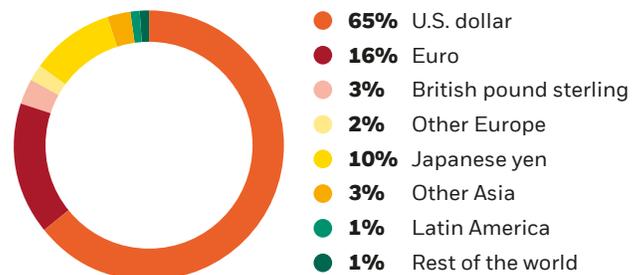


Largest change this month:

United States ▼ from 63% to 62% of assets.

Currency allocation

% of net assets



Largest change this month:

Japanese Yen ▼ from 10.2% to 9.6% of assets.

All data as of 8/31/20.

Cyclicals come around

During both the pandemic-driven selloff and subsequent rebound, cyclical stocks (i.e., those that tend to perform well during economic expansions and lag in recessions) were trounced by secular growth stocks (i.e., those driven by longer-term trends), notably technology companies. But against a backdrop of better-than-expected economic data in August, cyclical sectors beat the broader market over the month.

U.S. economic data released in August generally exceeded consensus forecasts in the realms of both manufacturing and services, with surprising strength in job gains. Housing data was also strong last month, with both new and existing home sales coming in above consensus expectations.

It may seem fair to say the recent improvement in the U.S. and global economy looks “stellar” only because it follows the most violent contraction since the Great Depression. But the pace of economic gains is beating even the most optimistic forecasts. The vigor of this recovery provides a catalyst for cyclical stocks to start closing their historically wide performance gap with growth. Year-to-date through August 31, global industrial stocks are still down by -2% while the MSCI World Index has risen by 5.3% and the S&P 500 Index is up 9.7%. Financials have fallen by -17% and energy stocks are still down more than -30%, even after a significant rally from their recent lows.

While the current economic recovery supports cyclicals, this is not the time to take broad strokes across all cyclical sectors. Investors seeking to capture these opportunities must be highly discerning and avoid low quality and secularly impaired value stocks. We favor segments that provide niche services with long-term pricing power as well as companies that exhibit earnings consistency and stable profitability. Another tactic is to look for opportunities at the intersection of cyclical and secular growth, such as semiconductor companies.

The BlackRock Global Allocation Fund remains overweight in equities, largely focused on secular growth themes across healthcare, consumer discretionary, communication services and technology. However, we recently increased the fund’s cyclical exposure by adding to tactical positions within industrials at the expense of select mega-tech positions after a long stretch of outperformance.

Our positioning within industrials is focused on rails, manufacturing and specialty chemical companies as we believe these niche areas of the market could benefit from a stabilizing economy without requiring a sharp cyclical upturn as a catalyst. We remain cautious on deep value sectors facing longer-term secular challenges, such as energy.



Russ Koesterich shares the team’s outlook on the markets.

One of the world’s most well-resourced investment teams

Rick Rieder, Portfolio Manager,
32 years of experience

Russ Koesterich, CFA, JD, Portfolio Manager,
25 years of experience

David Clayton, CFA, JD, Portfolio Manager,
26 years of experience

Kate Moore, Head of Thematic Strategy,
21 years of experience

Backed by a roster of experienced and dedicated analysts

Average annual total returns (%) as of 8/31/20

	1 Month (not annualized)	YTD (not annualized)	1 Year	3 Years	5 Years	10 Years	Since inception ³
Institutional	3.88	9.84	17.20	7.23	7.16	6.94	9.70
Investor A (Without Sales Charge) ⁴	3.86	9.64	16.87	6.92	6.86	6.65	9.42
Investor A (With Sales Charge) ⁴	-1.59	3.89	10.73	5.01	5.72	6.08	9.23
FTSE World Index ⁵	6.35	4.70	16.79	9.65	10.79	10.73	-
Morningstar World Allocation Avg.	2.60	-2.23	3.64	2.91	5.01	5.79	-
Reference Benchmark ⁶	3.57	5.71	12.35	7.75	8.24	7.94	-

Total returns (annualized) as of 6/30/20 for Institutional shares: 1 Yr, 6.85%; 5 Yrs, 4.49%; 10 Yrs, 6.34%; Since Inception, 9.45%; for Investor A shares without/with maximum sales charge: 1 Yr, 6.55%/0.96%; 5 Yrs, 4.20%/3.09%; 10 Yrs, 6.04%/5.47%; Since Inception, 9.16%/8.98%.

Data represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of dividends and capital gains. Current performance may be lower or higher than that shown. Share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load, limited availability and may be purchased at various minimums. See prospectus for details. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Expenses, as stated in the fund's most recent prospectus, for Institutional/Investor A shares: Total, **0.85%/1.13%**; Net, Including Investment-Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses): **0.80%/1.08%**. Institutional and Investor A have contractual waivers with an end date of 2/29/21, terminable upon 90 days' notice. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Net Expenses, Excluding Investment Related Expenses for Institutional/Investor A shares: 0.79%/1.07%.

Important risks: The fund is actively managed and its characteristics will vary. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities. Asset allocation strategies do not assure profit and do not protect against loss. Short selling entails special risks. If the fund makes short sales in securities that increase in value, the fund will lose value. Any loss on short positions may or may not be offset by investing short-sale proceeds in other investments. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

The opinions expressed are those of the fund's portfolio management team as of August 31, 2020, and may change as subsequent conditions vary. Information and opinions are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy.

1 The Morningstar Analyst Rating™ is not a credit or risk rating. It is an evaluation performed by Morningstar's Manager Research Group based on five pillars: process, performance, people, parent, and price. This evaluation determines how they believe funds are likely to perform relative to a benchmark over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors. For active funds, an Analyst Rating of Gold, Silver or Bronze reflects the expectation that the fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The Analyst Ratings are overseen by an Analyst Rating Committee and are monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <https://www.morningstar.com/content/dam/marketing/shared/pdfs/Research/962834.pdf>. **The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.** **2 The Morningstar Rating™** for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. With respect to U.S.-domiciled funds in the World Allocation category, the fund received a Morningstar Rating of 5 stars for the 3-year period, rated against 390 funds; 5 stars for the 5-year period, rated against 337 funds; and 4 stars for the 10-year period, rated against 207 funds. Ratings are for Institutional share class. Other classes may have different performance characteristics. **3 Fund Inception:** 2/3/89. **4 The performance information** for periods prior to the inception date of the Investor A share class (10/21/94) is based on the fund's Institutional shares, adjusted to reflect the fees and expenses applicable to the Investor A share class. See the fund's prospectus for more details. **5 The FTSE World Index** is comprised of world equities, including the U.S. **6 The Reference Benchmark** is 36% S&P 500 Index, 24% FTSE World (ex-US) Index, 24% ICE BofAML Current 5-Year U.S. Treasury Index and 16% FTSE Non-US Dollar World Government Bond Index. S&P 500 Index comprises large-capitalization U.S. equities. FTSE World (ex-US) Index comprises world equities, ex-US. ICE BofAML 5-year U.S. Treasury Bond Index tracks the 5-year U.S. Treasury bond. FTSE Non-US Dollar World Government Bond Index tracks government bond indices, ex-US.

You should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and, if available, the summary prospectus contain this and other information about the fund and are available, along with information on other BlackRock funds, by calling 800-882-0052 or from your financial professional. The prospectus should be read carefully before investing.

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Lit No. GA-EXP-COM-0820 OE32003T-0920

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