

Total Return Fund



INST: MAHQX • A: MDHQX • C: MFHQX



Morningstar Overall Rating™ (Inst)



Performance: As markets remained volatile in February, the fund posted modestly negative performance for the month yet outperformed its benchmark index and its Morningstar category.

▲ **Contributors:** Duration positioning (sensitivity to interest rates), U.S. high yield credit and securitized assets.

▼ **Detractors:** Absolute return strategies, emerging market debt and currency positioning.

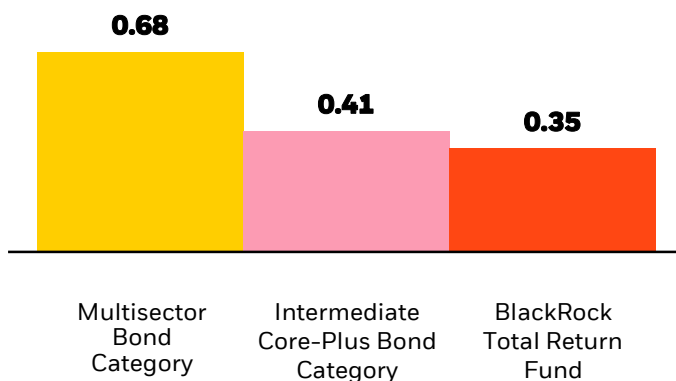
Positioning: We modestly increased duration over the month yet remain underweight relative to the benchmark index. We modestly trimmed non-U.S. credit and increased agency residential mortgage-backed securities (MBS).

▲ **Increased:** Agency MBS, Treasuries, collateralized loan obligations (CLOs) and asset-backed securities (ABS).

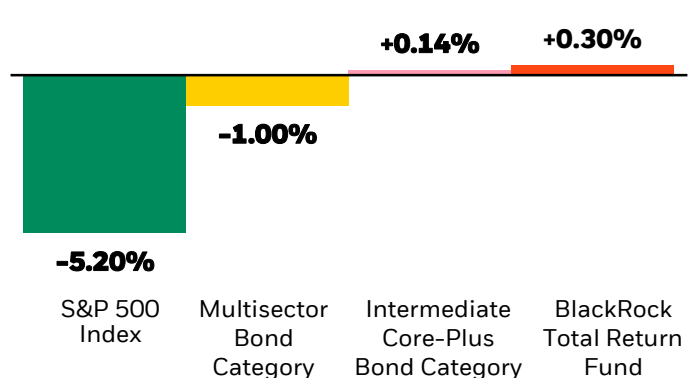
▼ **Decreased:** Non-U.S. credit, non-U.S. sovereigns and emerging market debt.

Diversify equity risk

Correlation to S&P 500 Index*



Returns during S&P 500 selloffs†



* Source: Morningstar. Based on the cumulative 5-year period ended 2/28/21. † Source: Morningstar. S&P 500 selloff is defined as a calendar month period in which the S&P 500 Index fell by 2 or more percent. Returns are the average of 19 monthly periods from 3/31/10–2/28/21. Diversification cannot assure profit or protect against a loss.

Strong performance

	BlackRock Total Return Fund (MAHQX)	Morningstar Intermediate Core-Plus Bond Category Average
5-year return	4.38	4.36
5-year Sharpe ratio	0.85	0.87

Source: Morningstar. Data as of 2/28/21. Sharpe ratio uses a fund's monthly standard deviation and excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk.

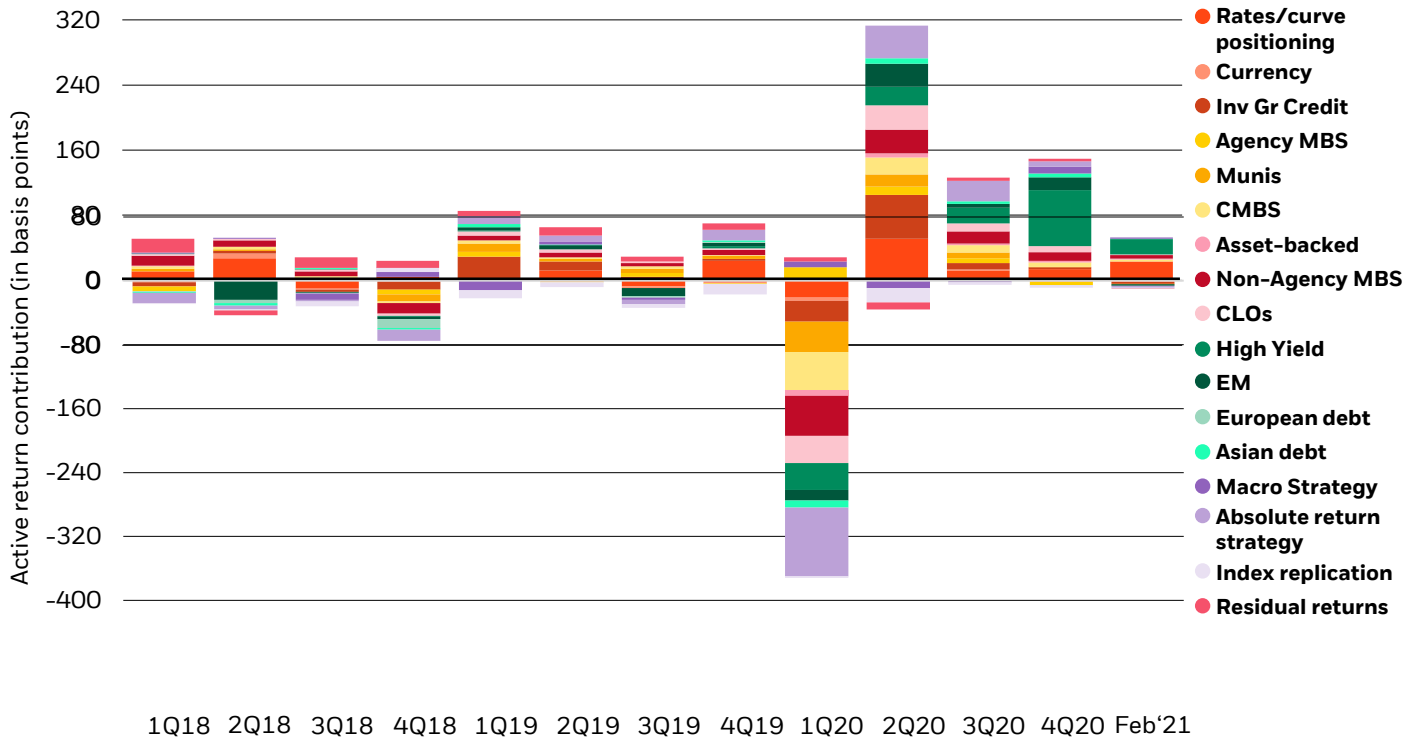
Fund data based on Institutional shares, which may not be available to all investors. Other share classes may vary. Performance data quoted represents past performance and is no guarantee of future results. Investment returns and principal values may fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. All returns assume reinvestment of all dividend and capital gain distributions. Current performance may be lower or higher than that shown. Refer to blackrock.com for recent performance.

Morningstar has awarded the fund's Institutional shares a Gold medal, its highest level of conviction, and Class A shares a Silver medal. (Last rating 11/23/20).¹ The Overall Morningstar Rating of 4 stars pertains to the fund's Institutional shares, rated against 538 Intermediate Core-Plus Bond Funds as of 2/28/21. Ratings are based on risk-adjusted total return and a weighted average of performance figures associated with Morningstar's 3-, 5- and 10-year rating metrics. Ratings are determined monthly and subject to change.²

March 2021 | Commentary

Diversification across fixed income sectors

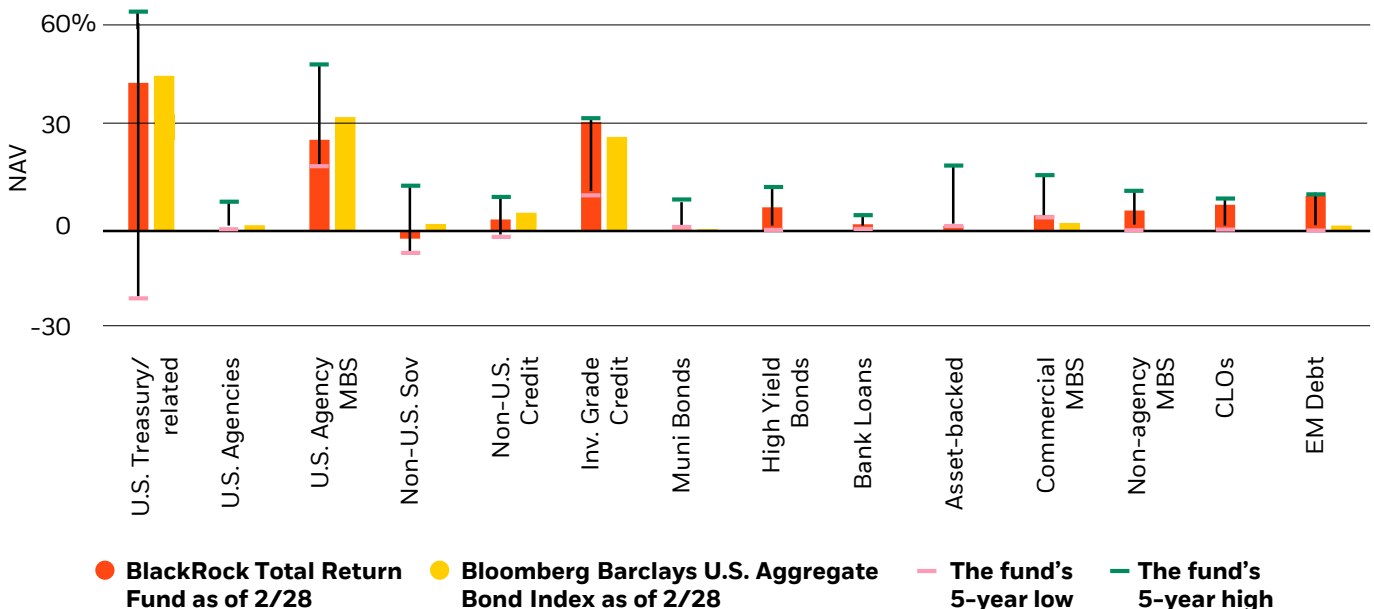
BlackRock's global fixed income platform helps us identify opportunities to generate excess return in various market scenarios. In February, duration positioning, U.S. high yield credit and securitized assets contributed to performance.



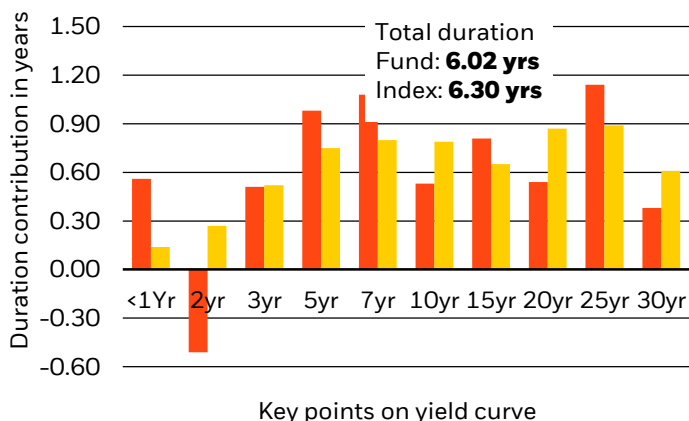
Source: BlackRock. Active return contribution represents above-benchmark performance. One basis point is one hundredth of one percent (0.01%). Return attribution is based on gross returns of the fund's Institutional share class. Macro strategy is how the portfolio management team implements thematic and macro-economic investment views through duration, yield curve and foreign-currency positioning. Residual: This non-attributable portion of the fund's total return is derived from trading and allocation effects across the fund's investment strategies.

Sector allocation history

The fund is flexible around the benchmark and adapts to changing markets. In February, we remained underweight in agency MBS and reduced our exposures to non-U.S. credit and non-U.S. sovereigns, as well as emerging market debt.



Yield curve duration positioning

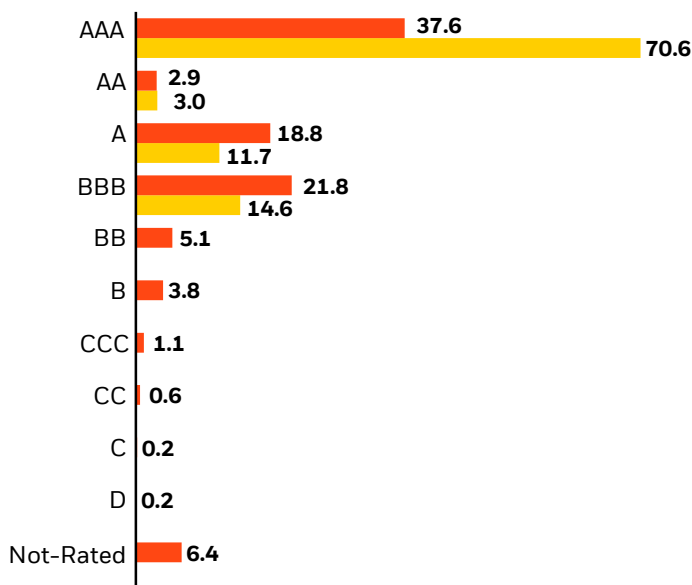


- **BlackRock Total Return Fund**
- **Bloomberg Barclays U.S. Aggregate Bond Index**

As of 2/28/21. Effective Duration measures the sensitivity of the price of a bond with embedded options to changes in interest rates, taking into account the likelihood of the bond being called, put and/or sunk prior to its final maturity date. BlackRock uses a proprietary duration model which employs certain assumptions and may differ from other fund complexes. Effective Duration is measured at the portfolio level and adjusted for leverage, hedging transactions and non-bond holdings, including derivatives.

Credit quality allocation

% of market value



- **BlackRock Total Return Fund**
- **Bloomberg Barclays U.S. Aggregate Bond Index**

As of 2/28/21. The fund itself has not been rated by an independent rating agency. Credit quality ratings on underlying securities of the fund are received from S&P, Moody's and Fitch and converted to the equivalent S&P major rating category. This breakdown is provided by BlackRock and takes the median rating of the three agencies when all three agencies rate a security the lower of the two ratings if only two agencies rate a security and one rating if that is all that is provided. Unrated securities do not necessarily indicate low quality. Below investment-grade is represented by a rating of BB and below. Ratings and portfolio credit quality may change over time.

Market movements

January's active start to the year continued into February as nominal and real yields ticked higher throughout the month. The U.S. 10-year Treasury yield reached a high of 1.53% before closing the month at 1.40%, 34 basis points higher than where it began. In addition to rates, market moves in the U.S. were largely driven by drops in COVID-19 infection rates and news around the vaccine rollout and its efficacy with variants, as well as U.S. fiscal aid developments.

Federal Reserve Chairman Jerome Powell acknowledged the move higher in real yields (i.e., inflation-adjusted yields) as a sign of confidence in the U.S. economic recovery and reaffirmed the Fed's dovish stance. The minutes of its January meeting indicate that the Fed has upgraded its outlook for growth and downgraded its assessment of medium-term risks.

The broader themes of the vaccine rollout and prospects for more fiscal stimulus also pointed to stronger growth ahead. At the Fed's semiannual monetary report to Congress, Chair Powell reiterated that the Fed intends to maintain the current pace of asset purchases until the committee sees "substantial further progress." The House passed President Biden's stimulus plan, which is expected to be approved and should provide a substantial boost to the U.S. recovery.

Duration positioning

Despite the increase over the month, we continue to maintain a duration underweight relative to the fund's benchmark. We see the medium-term path of least resistance as modestly higher yields in 2021 alongside a steeper curve given our positive economic outlook, supply-demand dynamics, and vaccine distribution headlines. Despite these factors, we believe the Federal Reserve will remain accommodative and focused on financial conditions, which should keep interest rates from moving sharply higher.

Sector positioning

We modestly increased our exposure to U.S. rates given more attractive valuations in the long end of the curve. We continue to prefer owning government debt in select peripheral European countries and emerging markets from a duration perspective, given attractive valuations.

We continue to hold an underweight position in agency MBS given the negative fundamental and technical backdrop for the sector. We remain modestly overweight U.S. investment grade credit, yet we are less optimistic on the asset class due to historically tight spreads.

Within securitized assets, we continue to be patient, but we favor select segments of the market such as industrial properties within commercial mortgage-backed securities, as well as non-agency residential MBS due to robust housing fundamentals. In addition, we remain in favor of emerging market debt in light of the improving global growth backdrop and moderating U.S. dollar.

Average annual total returns (%) as of 2/28/21

	1 Month	YTD	1	3	5	10	30-day SEC yield as of 2/28*	
	(not annualized)	(not annualized)	Year	Year	Year	Year	Subsidized	Unsubsidized
Institutional	-0.98	-1.53	3.77	5.93	4.38	4.55	1.67%	1.65%
Investor A (Without Sales Charges)	-1.00	-1.49	3.54	5.61	4.06	4.22	1.32%	1.32%
Investor A (With Sales Charges)	-4.97	-5.43	-0.60	4.19	3.21	3.80	-	-
Lipper Core Bond Funds Avg.	-1.35	-1.91	2.69	5.35	3.91	3.62	-	-
Morningstar Interm Core-Plus Bond Funds Avg.	-1.17	-1.62	3.29	5.37	4.36	3.95	-	-
Bloomberg Barclays U.S. Aggregate Bond Index†	-1.44	-2.15	1.38	5.32	3.55	3.58	-	-

Annualized total returns as of 12/31/20 for Institutional shares: 1 year, 9.01%; 5 years, 5.06%; 10 years, 4.78%; for Investor A shares without/with maximum sales charge: 1 year, 8.57%/4.24%; 5 years, 4.71%/3.86%; 10 years, 4.44%/4.02%.

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 distributions. Current performance may be lower or higher than that shown. Refer to blackrock.com for most recent month-end performance. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 4% for Investor A shares. Institutional shares have no front- or back-end load, have 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, **0.48%/0.77%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses): **0.45%/0.76%**. Institutional and Investor A have contractual waivers with an end date of 1/31/22 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: 0.44%/0.75%.

Important risks: The fund is actively managed and its characteristics will vary. Bond values fluctuate in price so the value of your investment can go down depending on market conditions. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Investments in non-investment-grade debt securities ("high-yield" or "junk" bonds) may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories. The principal on mortgage- or asset-backed securities normally may be prepaid at any time, which reduces the yield and market value of those securities. Obligations of U.S. gov't agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. gov't. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. 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 February 28, 2021, 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.

* **30-day SEC Yield** reflects the income earned by an investor in the fund during a 30-day period after deducting the fund's expenses. **Unsubsidized SEC Yield** represents what a fund's 30-day SEC Yield would have been had no fee waiver or expense reimbursement been in place during the period. † **Bloomberg Barclays U.S. Aggregate Bond Index** comprises the total U.S. investment grade bond market. **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 Intermediate Core-Plus Bond fund category, the fund received a Morningstar Rating of 4 stars for the 3-year period, rated against 538 funds; 3 stars for the 5-year period, rated against 458 funds; and 4 stars for the 10-year period, rated against 341 funds. Ratings are for Institutional share class. Other classes may have different performance characteristics.

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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