

# Total Return Fund



Inst: **MAHQX** A: **MDHQX** C: **MFHQX** R: **MRCBX<sup>1</sup>** K: **MPHQX**

## Commentary as of 09/30/25

- The fund posted returns of 2.51% (Institutional shares) and 2.32% (Investor A shares, without sales charge) for the third quarter of 2025.
- U.S. high yield credit, structured products, and emerging market debt contributed to performance, while U.S. rates and U.S. investment grade credit sector allocation detracted.
- The fund maintained an overweight exposure to duration (interest rate sensitivity), focused on the “belly” and long end of the yield curve. The overweight allocation to agency mortgage-backed securities was reduced and the underweight position in U.S. investment grade credit was maintained. The fund continued to favor high-quality securitized assets and high yield credit exposure.

### Contributors

U.S. high yield credit contributed to performance as spreads continued to tighten amid strong corporate earnings, economic resilience, and a resumption of the Federal Reserve’s (Fed) rate cuts. Similarly, an overweight exposure to securitized products was additive, driven by both tighter spreads and the attractive income generated from this segment of the market. An overweight allocation to emerging market debt also contributed.

### Detractors

U.S. rates exposure hampered performance during the quarter. The fund’s underweight allocation to 10-year U.S. Treasuries was the largest detractor, with the “belly” of the yield curve rallying as the Fed announced a rate cut and long-term rates fell faster than short-term ones. An underweight exposure to U.S. investment grade credit was detrimental as spreads broadly tightened.

## Further insight

The fund maintained a modest overweight duration position (6.01 years versus the benchmark’s 5.87 years). Throughout the quarter, we decreased the U.S. rates-steepening bias, moving to a slight underweight position in the very front end of the yield curve while adding to the “belly” and tail end. We found the latter two areas more attractive given our view that the yield curve may flatten amid expectations that terminal rates could settle below market pricing. We tactically rotated across spread sectors as we continued to look for attractive, high-quality sources of income while remaining cautious down the credit stack.

## Portfolio management

Rick Rieder, Chi Chen,  
Russell Brownback, Siddharth Mehta,  
Sam Summers

## Top 10 holdings (%)

United States Treasury	15.14
Uniform Mbs	12.16
Federal National Mortgage	10.32
FHLM	6.13
GNMA II	5.76
EQT	2.48
JPMorgan Chase	1.72
Morgan Stanley	1.26
Goldman Sachs Group Inc/The	0.98
Brazil Federative Republic Of (gov- ernment)	0.82

## Investment approach

Seeks to realize a total return that exceeds that of the U.S. Aggregate Bond Index.

## Average annual total returns (%) as of 9/30/25

	3Q25 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
<b>Institutional<sup>2</sup></b>	2.51	6.94	3.48	5.54	0.02	2.25
<b>Investor A (Without Sales Charge)<sup>2</sup></b>	2.32	6.69	3.07	5.19	-0.29	1.93
<b>Investor A (With Sales Charge)<sup>2</sup></b>	-1.77	2.42	-1.06	3.77	-1.11	1.51
<b>Morningstar US Fund Intermediate Core-Plus Bond Category Avg.</b>	2.32	6.69	3.07	5.19	-0.30	1.93
<b>BBG U.S. Aggregate Bond<sup>2</sup></b>	2.03	6.13	2.88	4.93	-0.45	—

Expenses for Institutional shares: Total **0.47%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.45%**. For Investor A shares: Total **0.75%**; Net, Including Investment Related Expenses **0.75%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2026 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice. Expenses stated as of the fund's most recent prospectus. 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. Refer to [blackrock.com](http://blackrock.com) for most recent month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. 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. Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details. Net Expenses Excluding Investment Related Expenses for Institutional shares: **0.44%**; for Investor A shares: **0.74%**.

**Important Risks:** The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. 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. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of U.S. gov't agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. gov't. 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. 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. 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. 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 opinions expressed are those of the fund's portfolio management team as of September 30, 2025, 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.

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**1** Class R shares are sold to a limited group of investors, including certain retirement plans. See prospectus for details. **2** The unmanaged, market-weighted U.S. Aggregate Bond Index comprises investment-grade corporate bonds (rated BBB or better), mortgages and U.S. Treasury and government agency issues with at least 1 year to maturity.

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