

As of 12/31/2019 | Class K: BDHAX | Institutional: BDHIX | Investor A: BDHAX | Investor C: BDHCX

Complement to your core income portfolio

Manages difficult to access income streams

Seeks high income from non-traditional sources



Morningstar has awarded the Fund a Bronze medal. Fewer than 10% of US open-end funds hold medalist ratings (Effective 04/24/2019).†
 Rated against 379 World Allocation Funds, as of 12/31/2019 based on risk adjusted total return. Overall Ratings are determined monthly and subject to change. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics.††

ANNUALIZED PERFORMANCE

With Sales Charge	1 Year	3 Year	5 Year	10 Year	Since Inception
Investor A	13.28	6.32	5.01	N/A	4.90
Without Sales Charge	1 Year	3 Year	5 Year	10 Year	Since Inception
Investor A	19.56	8.24	6.15	N/A	6.00
Benchmark	21.92	10.11	7.18	N/A	7.13
Morningstar Average	16.10	7.19	4.51	6.02	N/A

CALENDAR YEAR PERFORMANCE

Without Sales Charge	2015	2016	2017	2018	2019	YTD	4Q2019
Investor A	-1.76	8.15	14.29	-7.19	19.56	19.56	3.71
Benchmark	-0.24	6.18	16.45	-5.96	21.92	21.92	6.00
Morningstar Average	-4.15	6.04	14.79	-8.26	16.10	16.10	4.97

Performance data shown represents past performance which 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. Current performance may be lower or higher than that shown. All returns assume reinvestment of all dividend and capital gain distributions. Refer to blackrock.com for current month-end performance. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Returns with sales charge reflect the deduction of current maximum initial sales charge of 5.25%. The calendar year performance shown does not reflect the deduction of the sales load. If reflected, the performance would have been lower. Please see the fund prospectus for more details.

MORNINGSTAR RANKINGS

	1 Year	3 Year	5 Year	10 Year
Morningstar Ranking	81/459	98/379	33/320	N/A
Quartile Rank	1	2	1	N/A

Rankings based on total return excluding sales charges, independently calculated and not combined to create an overall ranking. For periods not shown, Morningstar does not provide rankings based on synthetic performance.

Key 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. Fund of funds are subject to the risks associated with the underlying BlackRock funds in which it invests. Stock and 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. 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. Non-diversification of investments means that more assets are potentially invested in fewer securities than if investments were diversified, so risk is increased because each investment has a greater effect on performance. 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. Covered call risk is the risk that the issuer will forgo any profit from increases in the market value of the security covering the call option but retain the risk of loss if the security declines in value. A number of factors may influence the option holder's decision to exercise the option, including the value of the security, price volatility, dividend yield and interest rates. To the extent that these factors increase the value of the call option, the option holder is more likely to exercise the option, which may negatively affect the fund.

KEY FACTS

Size of Fund (Millions)	\$1,277.1M
Fund Launch Date	11/03/2014
Share Class Launch Date	11/03/2014
Morningstar Category	World Allocation
Number of Holdings	1,404
Benchmark	70% MSCI World Ind(Net TR)/30 % BBG Bar US Agg Ind

ANNUAL EXPENSES

Gross Expense Ratio	1.17%
Net Expense Ratio	1.02%
<i>The Net Expense Ratio excluding Investment Related Expenses is 0.90% Investment Related Expenses include acquired fund fees of 0.12%, and interest expense (cost of borrowing securities to seek to enhance return or reduce risk) of 0.00%, and certain other expenses, if applicable. Expenses stated as of the fund's most recent prospectus. The difference between gross and net expense ratios are due to contractual and/or voluntary waivers, if applicable. This share class has a contractual waiver with an end date of 11/30/2020 terminable upon 90 days' notice. BlackRock may agree to voluntarily waive certain fees and expenses, which the adviser may discontinue at any time without notice.</i>	

PORTFOLIO MANAGEMENT

Michael Fredericks Justin Christofel
 Alex Shingler

TOP HOLDINGS (%)²

BLACKROCK ALL TGT SH BATS SERIES A	5.75
ISHS EDG MSCI USA VAL FCT ETF(USD)	2.11
ISHARES MBS ETF	1.81
FLOATING RATE INCOME FUND CLASS K	1.71
ISHARES CORE S&P ETF	1.61
ISHARES CORE DIVIDEND GROWTH ETF	0.94
ENTERPRISE PRODUCTS PARTNERS UNITS	0.49
STATE STREET CORP 2.89363 06/15/2037	0.45
PLAINS ALL AMERICAN PIPELINE UNITS	0.45
ENERGY TRANSFER UNITS	0.45
Total of Portfolio	15.77

ASSET TYPE BREAKDOWN (%)²

	Fund
US Fixed Income	36.6
US Equity	33.1
Non-US Fixed Income	18.5
Non-US Equity	8.4

Allocations subject to change.

PORTFOLIO CHARACTERISTICS

Model Duration	2.78 yrs
30-Day SEC Yield	4.25%
Unsubsidized 30-Day SEC Yield	4.15%

RISK STATISTICS (3 YEARS)

	Fund	Benchmark
Standard Deviation	7.24%	7.82%
Sharpe Ratio	0.90	1.06

² % of net assets represents the Fund's exposure based on the economic value of securities and is adjusted for futures, options, swaps, and convertible bonds. Allocations subject to change.

³ 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. Negative weightings may result from specific circumstances (including timing differences between trade and settle dates of securities purchased by the funds) and/or the use of certain financial instruments, including derivatives, which may be used to gain or reduce market exposure and/or risk management. Certain transactions the funds may utilize may give rise to a form of leverage through either (a) additional market exposure or (b) borrowing capital in an attempt to increase investment return. The use of such transactions includes certain leverage-related risks, including potential for higher volatility, greater decline of the fund's net asset value and fluctuations of dividends and distributions paid by the fund.

Standard Deviation: Standard Deviation measures the volatility of the funds returns. Higher deviation represents higher volatility. **Sharpe Ratio:** Sharpe Ratio uses a funds standard deviation and its excess return (difference between the funds return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk. **Model Duration:** Model Duration measures the sensitivity of the price of a bond to changes in interest rates, taking into account after-tax impact as well as the likelihood of the bond being called, put and/or sunk prior to maturity. BlackRock's options-based duration model employs certain assumptions and may differ from other fund complexes. **30-day SEC Yield:** A standard calculation of yield introduced by the SEC to provide fairer comparison among funds. This yield reflects the interest earned after deducting the fund's expenses during the most recent 30-day period by the average investor in the fund. **Unsubsidized SEC Yield:** Represents what a fund's 30-Day SEC Yield would have been had no fee waivers or expense reimbursement been in place over the period. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days.

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. Investing involves risks including possible loss of principal.

† The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the manager research analysts of Morningstar. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Analysts use this five pillar evaluation to determine how they believe funds are likely to perform over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weighting of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflect an Analyst's conviction in a fund's prospects for outperformance. Analyst Ratings are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>.

The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings are based on Morningstar's current expectations about future events; therefore, in no way does Morningstar represent ratings as a guarantee nor should they be viewed by an investor as such. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

†† 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 (excluding any applicable sales charges) 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. The fund was rated against the following numbers of U.S.-domiciled World Allocation funds over the following time periods: 379 in the last 3 years and 320 in the last 5 years. With respect to these World Allocation funds, the fund received a Morningstar Rating of 4 and 4 stars for the 3- and 5-year periods, respectively. Other classes may have different performance characteristics.

The blended benchmark is 70% MSCI World/30% Bloomberg Barclays U.S. Aggregate Bond Index. The Morgan Stanley Capital International World Index measures equity performance of 23 developed markets. The Bloomberg Barclays U.S. Aggregate Bond Index comprises the total U.S. investment grade bond market.

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OEF-BDHAX-F1219



BLACKROCK®

CREDIT RATINGS BREAKDOWN (%)^{2 3}

	Fund
AAA Rated	3.9
AA Rated	1.0
A Rated	13.9
BBB Rated	19.6
BB Rated	24.2
B Rated	26.5
CCC Rated	7.0
CC Rated	0.6
C Rated	0.0
D Rated	0.1
Not Rated	3.3