

BlackRock Systematic ESG Bond Fund

As of 03/31/2021 | Class K: BIAKX | Institutional: BIIIX | Investor A: BIAAX | Investor C: BIACX

INVESTMENT STRATEGY

The Fund will seek to provide a combination of income and capital growth by investing in a portfolio of debt securities, across multiple fixed income sectors and instruments, using model-based asset allocation and security selection models. The Fund will select corporate bonds of companies to seek to generate alpha and positive aggregate societal impact outcomes, as determined by BlackRock, compared to the Bloomberg Barclays U.S. Aggregate Bond Index.



Rated against 540 Intermediate Core-Plus Bond Funds, as of 03/31/2021 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

Without Sales Charge	1 Year	3 Year	5 Year	10 Year	Since Inception
Institutional	1.58	5.24	N/A	N/A	3.06
Benchmark	0.71	4.65	N/A	N/A	2.76
Morningstar Average	6.63	4.88	3.85	3.83	N/A

CALENDAR YEAR PERFORMANCE

Without Sales Charge	2016	2017	2018	2019	2020	YTD	1Q2021
Institutional	N/A	3.36	-0.35	9.39	8.81	-3.46	-3.46
Benchmark	N/A	N/A	N/A	N/A	N/A	-3.37	-3.37
Morningstar Average	3.86	4.27	-0.61	8.94	8.06	-2.56	-2.56

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. Institutional shares have limited availability and may be purchased at various minimums. Please see the fund prospectus for more details.

MORNINGSTAR RANKINGS

	1 Year	3 Year	5 Year	10 Year
Morningstar Ranking	578/597	184/540	N/A	N/A
Quartile Rank	4	2	N/A	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. 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. 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 US govt. agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US govt. The Fund intends to invest a portion of its assets in companies with measurable societal impact outcomes, as determined by BlackRock, and screen out particular companies and industries. This may affect the Fund's exposure to certain companies or industries and the Fund will forego certain investment opportunities. 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. Investments in emerging markets may be considered speculative and are more likely to experience hyperinflation and currency devaluations, which adversely affect returns. 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 Fund's information prior to September 17, 2018 is the information of a predecessor fund that reorganized into the Fund on September 17, 2018. The predecessor fund had the same investment objectives, strategies and policies, portfolio management team and contractual arrangements, including the same contractual fees and expenses, as the Fund as of the date of the reorganization. As a result of the reorganization, the Fund adopted the performance and financial history of the predecessor fund.

KEY FACTS

Size of Fund (Millions)	\$57.3M
Fund Launch Date	08/23/2016
Share Class Launch Date	08/23/2016
Morningstar Category	Intermediate Core-Plus Bond
Benchmark	Bloomberg Barclays US Aggregate Bond Index

ANNUAL EXPENSES

Gross Expense Ratio	1.57%
Net Expense Ratio	0.43%

The Net Expense Ratio excluding Investment Related Expenses is 0.40%. Investment Related Expenses include acquired fund fees of 0.03%, 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 09/30/2021 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.

PORTFOLIO MANAGEMENT

Scott Radell	Joel Silva
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TOP HOLDINGS (%)²

UNITED STATES TREASURY	13.37
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION II	12.06
FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.77
FEDERAL HOME LOAN MORTGAGE CORPORATION	4.43
UNIFORM MBS	2.45
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION I	2.03
ALIBABA GROUP HOLDING LTD	1.50
JPMORGAN CHASE & CO	1.41
GOLDMAN SACHS GROUP INC/THE	1.23
ING GROEP NV	1.12
Total of Portfolio	45.37

PORTFOLIO CHARACTERISTICS

Effective Duration

5.55 yrs

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.

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.

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 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 Intermediate Core-Plus Bond funds over the following time period: 540 in the last 3 years. With respect to these Intermediate Core-Plus Bond funds, the fund received a Morningstar Rating of 4 stars for the 3-year period. Other classes may have different performance characteristics.

The Bloomberg Barclays U.S. Aggregate bond Index comprises the total U.S. investment grade bond market.

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SUSTAINABILITY CHARACTERISTICS

Sustainability Characteristics can help investors integrate non-financial, sustainability considerations into their investment process. These metrics enable investors to evaluate funds based on their environmental, social, and governance (ESG) risks and opportunities. This analysis can provide insight into the effective management and long-term financial prospects of a fund.

The metrics below have been provided for transparency and informational purposes only. The existence of an ESG rating is not indicative of how or whether ESG factors will be integrated into a fund. The metrics are based on MSCI ESG Fund Ratings and, unless otherwise stated in fund documentation and included within a fund's investment objective, do not change a fund's investment objective or constrain the fund's investable universe, and there is no indication that an ESG or Impact focused investment strategy or exclusionary screens will be adopted by a fund. For more information regarding a fund's investment strategy, please see the fund's prospectus.

MSCI ESG Fund Rating (AAA-CCC)	A	MSCI ESG Quality Score (0-10)	6.71
MSCI ESG Quality Score - Peer Percentile	91.86%	MSCI ESG % Coverage	66.93%
Fund Lipper Global Classification	Bond USD	MSCI Weighted Average Carbon Intensity (Tons CO2E/\$M SALES)	118.41
Funds in Peer Group	221		

All data is from MSCI ESG Fund Ratings as of **05-Mar-2021**, based on holdings as of **30-Nov-2020**. As such, the fund's sustainable characteristics may differ from MSCI ESG Fund Ratings from time to time.

To be included in MSCI ESG Fund Ratings, 65% of the fund's gross weight must come from securities covered by MSCI ESG Research (certain cash positions and other asset types deemed not relevant for ESG analysis by MSCI are removed prior to calculating a fund's gross weight; the absolute values of short positions are included but treated as uncovered), the fund's holdings date must be less than one year old, and the fund must have at least ten securities. For newly launched funds, sustainability characteristics are typically available 6 months after launch.

ESG GLOSSARY:

MSCI ESG Fund Rating (AAA-CCC): The MSCI ESG Rating is calculated as a direct mapping of ESG Quality Scores to letter rating categories (e.g. AAA = 8.6-10). The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

MSCI ESG Quality Score - Peer Percentile: The fund's ESG Percentile compared to its Lipper peer group.

Fund Lipper Global Classification: The fund peer group as defined by the Lipper Global Classification.

Funds in Peer Group: The number of funds from the relevant Lipper Global Classification peer group that are also in ESG coverage.

MSCI ESG Quality Score (0-10): The MSCI ESG Quality Score (0 - 10) for funds is calculated using the weighted average of the ESG scores of fund holdings. The Score also considers ESG Rating trend of holdings and the fund exposure to holdings in the laggard category. MSCI rates underlying holdings according to their exposure to industry specific ESG risks and their ability to manage those risks relative to peers.

MSCI ESG % Coverage: Percentage of a fund's holdings that have MSCI ESG ratings data.

MSCI Weighted Average Carbon Intensity (Tons CO2E/\$M SALES): Measures a fund's exposure to carbon intensive companies. This figure represents the estimated greenhouse gas emissions per \$1 million in sales across the fund's holdings. This allows for comparisons between funds of different sizes.

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