

As of 03/31/2019 | Class K: BNMLX | Institutional: MANLX | Investor A: MDNLX | Investor C1: MCNLX | Investor C: MFNLX | Service: BNMSX

#### High Quality Municipal Holding

For 30+ years, the fund has focused on high quality municipals designed to generate a high level of income exempt from Federal income taxes.

#### Commitment to Credit Research

Backed by a dedicated team of 17 credit research specialists Walter O'Connor, Senior Portfolio Manager, has led the fund since 1995.

#### Balancing Yield and Risk

Over the last decade, the fund has successfully balanced yield and risk, delivering an attractive total return relative to category averages.



Morningstar has awarded the Fund a Silver medal. Fewer than 10% of US open-end funds hold medalist ratings (Effective 02/12/2019).† Rated against 258 Muni National Intern Funds, as of 03/31/2019 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           | -0.10  | 1.02   | 2.59   | 4.81    | 6.47            |
| Without Sales Charge | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception |
| Investor A           | 4.34   | 2.49   | 3.49   | 5.27    | 6.59            |
| Benchmark            | 5.12   | 2.72   | 3.73   | 4.94    | N/A             |
| Morningstar Average  | 5.20   | 2.01   | 2.84   | 3.94    | N/A             |

#### CALENDAR YEAR PERFORMANCE

| Without Sales Charge | 2014  | 2015 | 2016  | 2017 | 2018 | YTD  | 1Q2019 |
|----------------------|-------|------|-------|------|------|------|--------|
| Investor A           | 10.06 | 3.35 | 0.15  | 5.15 | 0.36 | 2.98 | 2.98   |
| Benchmark            | 9.25  | 3.32 | 0.77  | 4.95 | 1.36 | 2.76 | 2.76   |
| Morningstar Average  | 6.77  | 2.50 | -0.20 | 4.61 | 0.78 | 3.02 | 2.23   |

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 4.25%. The performance information for periods prior to the launch date of the share class is based on the Fund's Institutional Shares, adjusted to reflect the fees and expenses applicable to such share class. 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 | 177/279 | 55/249 | 48/223 | 16/152  |
| Quartile Rank       | 3       | 1      | 1      | 1       |

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. There may be less information on the financial condition of municipal issuers than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable. 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.

#### KEY FACTS

|                         |                          |
|-------------------------|--------------------------|
| Size of Fund (Millions) | \$10,323.5M              |
| Fund Launch Date        | 11/02/1979               |
| Share Class Launch Date | 10/21/1994               |
| Morningstar Category    | Muni National Intern     |
| Number of Issuers       | 455                      |
| Benchmark               | S&P Municipal Bond Index |

#### ANNUAL EXPENSES

|                     |       |
|---------------------|-------|
| Gross Expense Ratio | 0.78% |
| Net Expense Ratio   | 0.69% |

The Net Expense Ratio excluding Investment Related Expenses is 0.68% Investment Related Expenses include acquired fund fees of 0.01%, 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 10/31/2019 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

Walter O'Connor, CFA Michael Kalinoski, CFA

#### PORTFOLIO CHARACTERISTICS

|                                   |           |
|-----------------------------------|-----------|
| Effective Duration                | 6.21 yrs  |
| Weighted Average Life             | 16.34 yrs |
| Percent AMT Bonds                 | 8.21%     |
| 30-Day SEC Yield                  | 2.05%     |
| Unsubsidized 30-Day SEC Yield     | 1.97%     |
| Tax Equivalent Yield              | 3.47%     |
| Unsubsidized Tax-Equivalent Yield | 3.33%     |

## TOP SECTORS (%)<sup>2</sup>

|                                       | Fund | Benchmark | Active |
|---------------------------------------|------|-----------|--------|
| Transportation                        | 21.4 | 16.1      | 5.3    |
| Utility                               | 11.5 | 15.2      | -3.7   |
| Corporate Muni                        | 9.6  | 0.0       | 9.6    |
| State Tax-Backed - Dedicated Tax      | 9.3  | 13.5      | -4.2   |
| State Tax-Backed - General Obligation | 8.0  | 19.7      | -11.7  |
| Prerefund/Escrow                      | 7.4  | 6.3       | 1.1    |
| Health                                | 7.0  | 0.1       | 7.0    |
| Education                             | 5.4  | 5.7       | -0.3   |
| Local Tax-Backed - Dedicated Tax      | 5.0  | 7.3       | -2.3   |
| Cash                                  | 3.6  | 0.0       | 3.6    |
| School Districts                      | 3.6  | 6.1       | -2.6   |
| Other                                 | 8.2  | 9.8       | -1.6   |

## CREDIT RATINGS BREAKDOWN (%)<sup>2,3</sup>

|                 | Fund | Benchmark | Active |
|-----------------|------|-----------|--------|
| Cash            | 3.6  | 0.0       | 3.6    |
| Net Derivatives | -2.9 | 0.0       | -2.9   |
| AAA Rated       | 14.8 | 19.6      | -4.8   |
| AA rated        | 42.4 | 53.6      | -11.2  |
| A Rated         | 23.3 | 19.6      | 3.7    |
| BBB Rated       | 8.5  | 7.2       | 1.2    |
| BB Rated        | 1.9  | 0.0       | 1.9    |
| B Rated         | 2.7  | 0.0       | 2.7    |
| CCC Rated       | 0.2  | 0.0       | 0.2    |
| Not Rated       | 5.5  | 0.0       | 5.5    |

<sup>2</sup> % 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.

<sup>3</sup> 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.

**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. **Tax Equivalent Yield:** Tax equivalent yield is used by investors to compare yields on taxable and tax-exempt securities after accounting for taxes. TEY represents the yield a taxable bond would have to earn in order to match, after taxes, the yield available on a tax-exempt municipal bond. TEY assumes a Federal tax rate of 40.8% and does not take into account any other taxes. Each individual's tax burden will vary. **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. **Weighted Average Life:** The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. Once calculated, WAL tells how many years it will take to pay half of the outstanding 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.

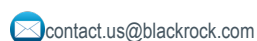
†† The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a 3-year history. Exchange-traded funds and open-ended mutual 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 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-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 3-year period actually has the greatest impact because it is included in all 3 rating periods. The fund was rated against the following numbers of U.S.-domiciled funds: 258, 227 and 149, over the 3, 5 and 10 year periods, respectively. With respect to these funds and time periods, the fund received a rating of 4, 4 and 5 stars. Other classes may have different performance characteristics.

The Standard & Poor's Municipal Bond Index measures U.S. municipal market performance of bonds issued by states or municipalities and exempt from federal income and alternative minimum tax.

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