

High Equity Income Fund



Inst: **BMCIX** A: **BMEAX** C: **BMECX** K: **BHEIX**

Commentary as of 12/31/23

- The fund posted returns of 8.90% (Institutional shares) and 8.80% (Investor A shares, without sales charge) for the fourth quarter of 2023.
- The largest contributors to relative performance were investment decisions in the energy sector and stock selection in the consumer staples sector. The largest detractors from relative returns were allocation decisions in the real estate sector and stock selection in the consumer discretionary sector.
- The fund's largest exposures were to the health care, financials, and industrials sectors. During the quarter, trading activity and market price movements resulted in increased allocations to the consumer discretionary and energy sectors, and reduced allocations to the information technology (IT) and communication services sectors.

Contributors	Detractors
The largest contributors were investment decisions in the energy sector, mainly due to selection decisions in the oil, gas & consumable fuels industry. Stock selection in the consumer staples sector buoyed relative results, while modest contributors included investment decisions in the materials sector.	The largest detractor was an underweight allocation to the real estate sector. Stock selection in the consumer discretionary sector also weighed on relative returns, as selection decisions in the household durables industry proved costly. Other detractors included investment decisions in the IT sector.

Further insight

As we forge ahead into the new year, a few key themes remain at the top of our minds: navigating a late-cycle economy, increased appetite for quality, and widening market breadth. Despite an easing of inflation and strong economic data, we expect a slowdown in 2024, leading to challenging economic conditions and a possible recession. While the odds of a widespread recession have diminished relative to 2023, risks remain and it is imperative to keep an eye on the precautionary signals. Some late-cycle risks, in our view, include low unemployment (3.7%), negative money supply growth, an inverted yield curve, and dwindling consumer savings. Given these risks, we retain our focus on quality equities to provide added resilience.

Portfolio management

Tony DeSpirito, Kyle McClements, Franco Tapia, David Zhao

Top 10 holdings (%)

Wells Fargo	2.05
Citigroup	1.98
Samsung Electronics Gds Repre- sent	1.86
BP	1.66
L3harris Technologies Inc	1.66
Kraft Heinz	1.54
Baxter International	1.54
Shell Plc	1.47
Ss And C Technologies Holdings Inc	1.43
Verizon	1.39

Investment approach

Invests in common stocks that pay dividends and have the potential for capital appreciation. The fund also utilizes an option writing (selling) strategy to enhance distributions paid to the fund's shareholders. The fund invests, under normal market conditions, at least 80% of its total assets in dividend paying equities.

Average annual total returns (%) as of 12/31/23

	4Q23 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional	8.90	9.99	9.99	10.01	10.12	7.82
Investor A (Without Sales Charge)	8.80	9.71	9.71	9.73	9.84	7.50
Investor A (With Sales Charge)	3.08	3.95	3.95	7.77	8.66	6.93
Russell 1000 Value¹	9.50	11.46	11.46	8.86	10.91	8.40

The fund's annual total returns prior to June 12, 2017 reflect a different investment strategy.

Expenses for Institutional shares: Total **1.00%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.85%**. For Investor A shares: Total **1.24%**; Net, Including Investment Related Expenses **1.10%**. Institutional and Investor A shares have contractual waivers with an end date of 06/30/2025 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](https://www.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 5.25% 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: **0.85%**; for Investor A shares: **1.10%**.

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. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. 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. 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. Performance may be attributable to unusually high IPO profits. There is no guarantee this level of performance will be repeated. IPO securities have no trading history and the price may be volatile.

The opinions expressed are those of the fund's portfolio management team as of December 31, 2023, 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.

BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

¹ Russell 1000 Value Index comprises the large-cap value segment of U.S. equities. It is a subset of the Russell 1000 Index that consists of those Russell 1000 securities with lower price-to-book ratios and lower expected growth values.

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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