

Total Return Fund



INST: MAHQX • A: MDHQX • C: MFHQX • K: MPHQX

Performance: The fund posted a positive return for the month of March as spreads held in despite economic data surprising to the upside and hawkish Fed rhetoric.

▲ **Contributors:** High Yield Credit, Structured Products, Agency Mortgages

▼ **Detractor:** US Rates

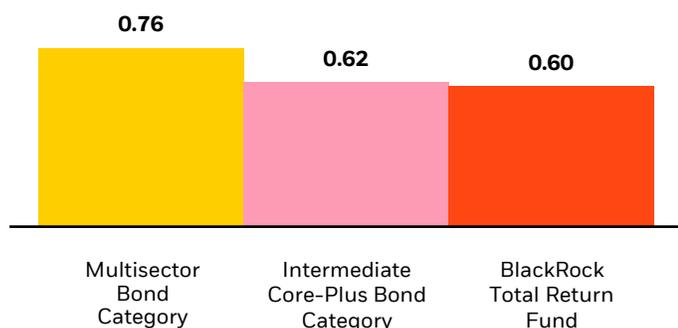
Positioning: We increased our underweight position in top-line duration versus the benchmark. We added to our modest overweight in the in the front/belly of the curve and increased our underweight in the back end of the curve given potential room for further widening in long-end rates. We increased our positions in US High Yield, Structured Products and Non-US Sovereign Debt, while trimming positions in Agency Mortgages, US Investment Grade Credit and Bank Loans.

▲ **Increased:** US High Yield Credit, Structured Products, Non-US Sovereign Debt

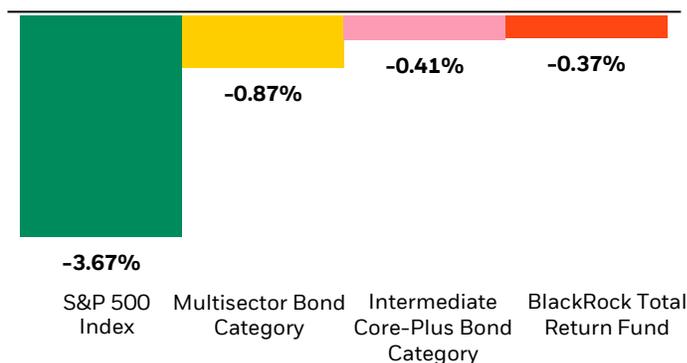
▼ **Decreased:** Agency Mortgages, US Investment Grade Credit, Bank Loans

Diversify equity risk

Correlation to S&P 500 Index*



Returns during S&P 500 selloffs†



*Source: Morningstar. Based on the cumulative 5-year period ended 03/31/24. †Source: Morningstar. S&P 500 selloff is defined as a calendar month period in which the S&P 500 Index fell by 2 or more percent. Returns are the average of 22 monthly periods from 3/31/10–03/31/24 Diversification cannot assure profit or protect against a loss.

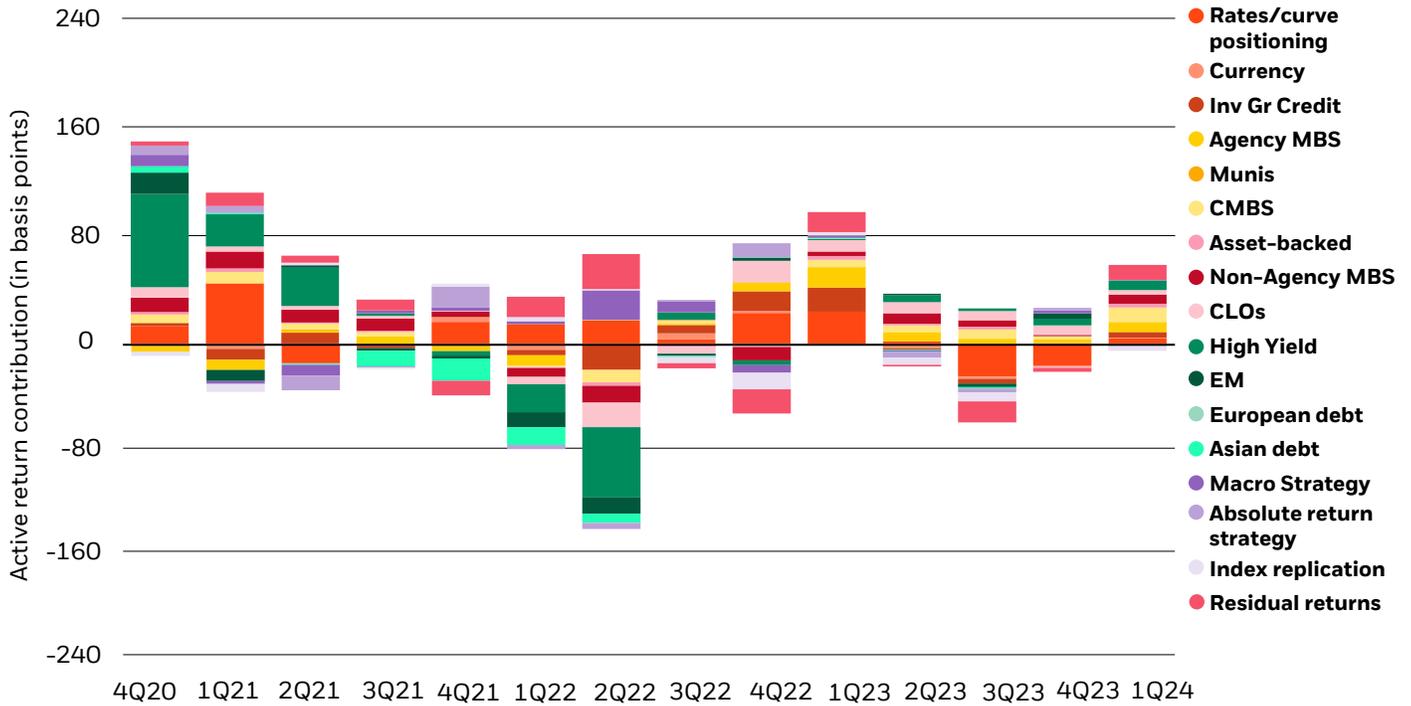
Performance	BlackRock Total Return Fund (MAHQX)	Morningstar Intermediate Core-Plus Bond Category Average
5-year return	0.81	0.75
5-year Sharpe ratio	-0.20	-0.22

Source: Morningstar. Data as of 03/31/24. Sharpe ratio uses a fund's monthly standard deviation and excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk.

Fund data based on Institutional shares, which may not be available to all investors. Other share classes may vary. Performance data quoted 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 all dividend and capital gain distributions. Current performance may be lower or higher than that shown. Refer to blackrock.com for recent performance.

Diversification across fixed income sectors

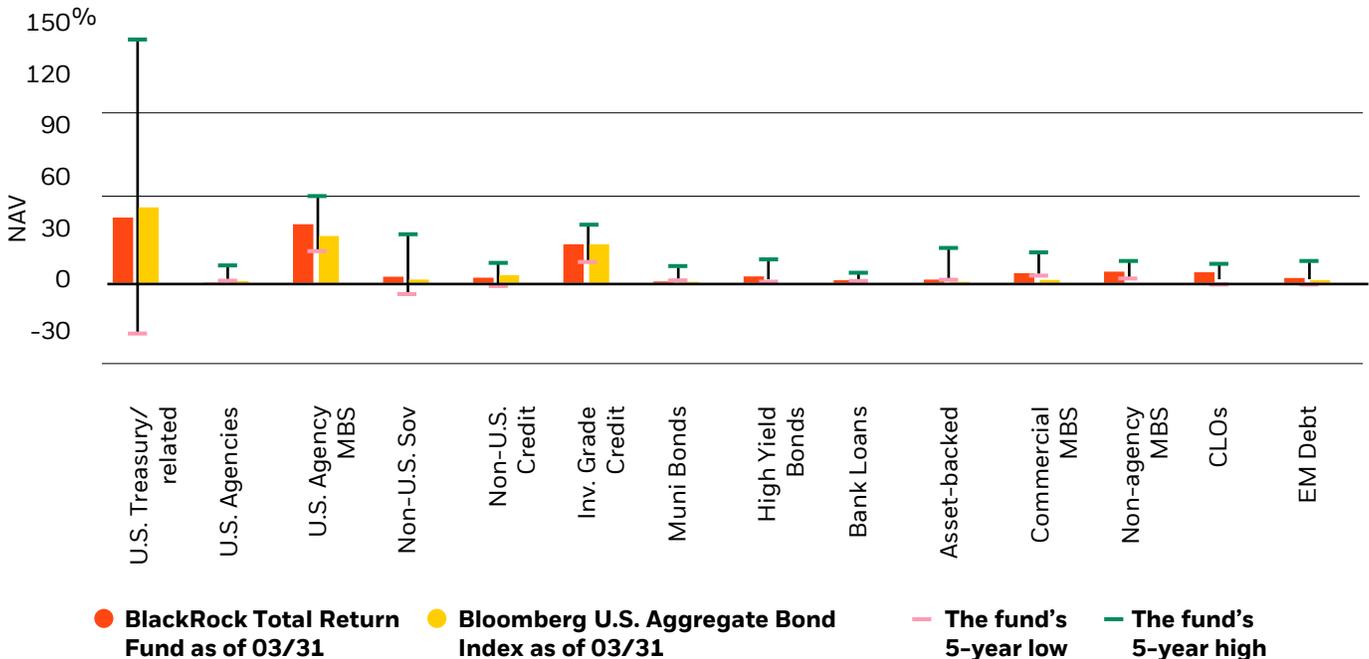
BlackRock's global fixed income platform helps us identify opportunities to generate excess return in various market scenarios. In March, High Yield Credit, Structured Products, Agency Mortgages contributed to active fund performance.



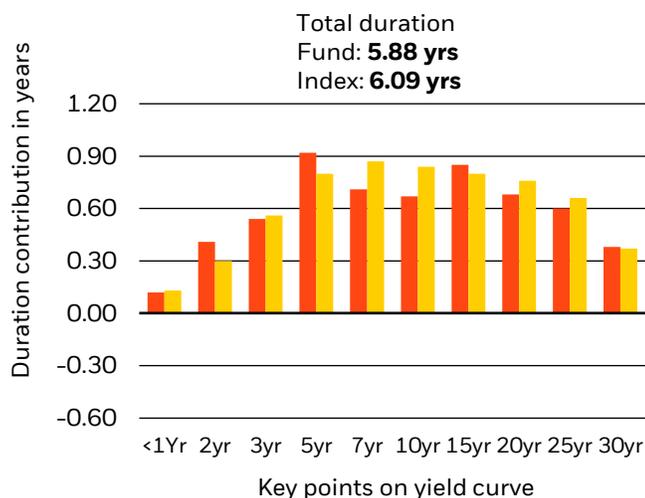
Source: BlackRock. Active return contribution represents above-benchmark performance. One basis point is one hundredth of one percent (0.01%). Return attribution is based on gross returns of the fund's Institutional share class. Macro strategy is how the portfolio management team implements thematic and macro-economic investment views through duration, yield curve and foreign-currency positioning. Residual: This non-attributable portion of the fund's total return is derived from trading and allocation effects across the fund's investment strategies.

Sector allocation history

The fund is flexible around the benchmark and adapts to changing markets. In March, we increased our positions in US High Yield Credit, Structured Products and Non-US Sovereign Debt, while decreasing our positions in Agency Mortgages, US Investment Grade Credit and Bank Loans.



Yield curve duration positioning

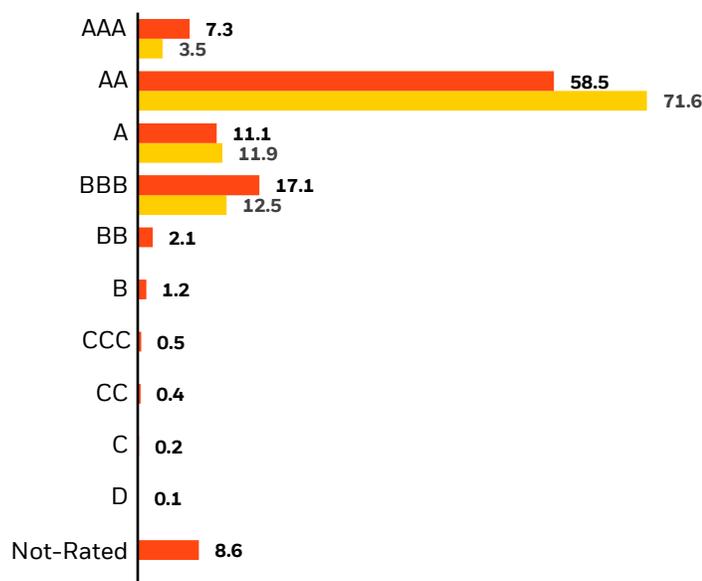


- **BlackRock Total Return Fund**
- **Bloomberg U.S. Aggregate Bond Index**

As of 03/31/2024. 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.

Credit quality allocation

% of market value



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As of 03/31/2024. 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.

Market movements

Throughout the month, there was notable intramonth volatility in the US Treasury 10-year nominal rates fueled by economic data surprising to the upside. The US CPI Report saw February Headline and Core CPI beat expectations with headline CPI printing at 0.44% MoM, and Core CPI at 0.36% MoM, translating to 3.15% YoY and 3.75% YoY, respectively. In the labor market, total nonfarm employment saw a 275k increase and the unemployment rate increased slightly to 3.9%, while overall participation stayed at flat at 62.5%.

At the March FOMC, the members voted to hold its key interest rates at 5.25-5.50% while maintaining its guidance of three policy rate cuts by the end of the year. Chair Powell reiterated that, "our policy rate is likely at its peak for this tightening cycle" emphasizing that the central bank is waiting to "gain greater confidence that inflation is moving sustainably down toward 2%" before beginning its rate cutting cycle.

Similarly, the ECB decided to keep its key interest rates unchanged. Since the last Governing Council meeting in January, inflation has declined further with the ECB revising down inflation projections for the next 3-years. Additionally, the Bank of Japan raised its key policy rate to 0.0-0.1% last week from -0.1%, moving out of negative territory for the first time since 2016.

Duration positioning

We continue to manage our duration exposure in the evolving central bank regime as the Fed remains on pause. We decreased our duration position and maintained our top-line duration underweight. While market pricing of potential rate cuts from the Fed are more priced in our view, the potential for stickier inflation and increased issuance, among other factors, has led us to shy away from the back end of the curve and to hold a steepening bias.

Sector positioning

We tactically reduced our overweight in Agency Mortgages as valuations are closer to fair. We continue to anticipate the sector to perform well as interest rate volatility moves lower. We reduced our US Investment Grade credit position, now holding a modest overweight. Outside the US, the portfolio holds positions in European Sovereign Debt, particularly within front-end rates.

We remain opportunistic within High Yield due to its strong fundamental backdrop and attractive yield levels. We continue to prefer US High Yield Credit over Bank Loans given greater fundamental concerns in the latter. Despite slightly reducing our EM debt allocation over the month, we see resilient global growth and lower global inflation as supportive, particularly in places like Brazil and Mexico.

We continue to be selective across the securitized asset complex, focusing on higher quality assets with strong levels of protection.

Average annual total returns (%) as of 03/31/24

	1 Month (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Year	10 Year	30-day SEC yield as of 03/31*	
							Subsidized	Unsubsidized
Institutional	1.00	-0.29	1.76	-2.57	0.81	1.96	5.44	5.42
Class K	1.01	-0.37	1.74	-2.53	0.87	2.03	5.52	5.52
Investor A (Without Sales Charge)	0.98	-0.47	1.46	-2.86	0.49	1.64	4.94	4.94
Investor A (With Sales Charge)	-3.06	-4.45	-2.59	-4.17	-0.33	1.22	-	-
Lipper Core Bond Funds Avg.	0.93	-0.43	2.26	-2.50	0.52	1.49	-	-
Morningstar Intermediate Core-Plus Bond Funds Avg.	0.97	-0.20	2.91	-2.26	0.75	1.67	-	-
Bloomberg U.S. Aggregate Bond Index	0.92	-0.78	1.70	-2.46	0.36	1.54	-	-

Performance data quoted 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 distributions. Current performance may be lower or higher than that shown. Refer to [blackrock.com](https://www.blackrock.com) for most recent month-end performance. Share classes have different sales charges, fees and other features. Returns with sales charge reflect deduction of current maximum initial sales charge of 4.00% for Investor A shares. Institutional shares have no front- or back-end load, have limited availability and may be purchased at various minimums. See prospectus for details.

Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Expenses, as stated in the fund's most recent prospectus, for Institutional/Investor K shares/Investor A shares: Total, **0.46%/0.46%/0.75%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses): **0.45%/0.45%/0.75%**. Institutional and Investor A have contractual waivers with an end date of 06/30/25 terminable upon 90 days' notice. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index. Net Expenses, Excluding Investment Related Expenses for Institutional/Investor K shares/Investor A shares: 0.44%/0.44%/0.74%.

Important 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. Investments in non-investment-grade debt securities ("high-yield" or "junk" bonds) may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories. The principal on mortgage- or asset-backed securities normally may be prepaid at any time, which reduces the yield and market value of those securities. Obligations of U.S. gov't agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. gov't. 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. 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 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 opinions expressed are those of the fund's portfolio management team as of March 31, 2024, 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.

*30-day SEC Yield reflects the income earned by an investor in the fund during a 30-day period after deducting the fund's expenses. Unsubsidized SEC Yield represents what a fund's 30-day SEC Yield would have been had no fee waiver or expense reimbursement been in place during the period. † Bloomberg U.S. Aggregate Bond Index comprises the total U.S. investment grade bond market.

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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