

Total Return Fund



INST: MAHQX • A: MDHQX • C: MFHQX

★★★★ Morningstar Overall Rating™ (Inst)

Performance: The fund posted a positive return for the month of January, driven by strong spread performance across securitized and credit markets.

▲ **Contributors:** Structured Products, US Rates, US High Yield Credit

▼ **Detractor:** Emerging Markets

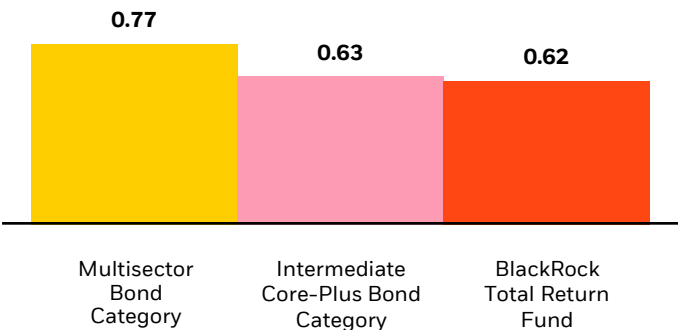
Positioning: We increased top-line duration, and now hold a slight underweight. We are neutral along the US curve and despite the recent back-up in long-end rates, we remain hesitant from extending duration as we see room for further widening. We increased our position in Non-US Credit, US High Yield Credit, and slightly in Emerging Market Debt while reducing our positions in Non-US Sovereign Debt, US Investment Grade Credit, and Agency Mortgages.

▲ **Increased:** Non-US Credit, US High Yield Credit, Emerging Market Debt

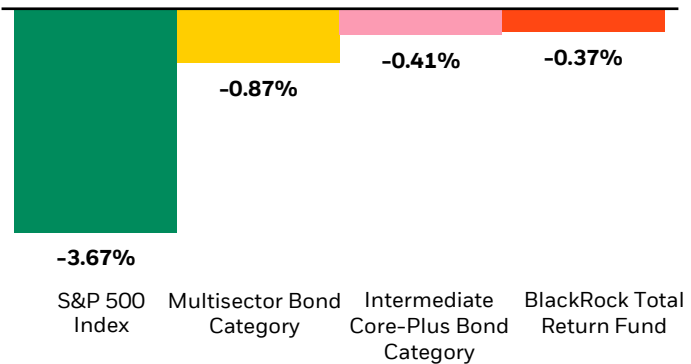
▼ **Decreased:** Non-US Sovereign Debt, US Investment Grade Credit, Agency Mortgages.

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 01/31/24. †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 3/31/10–01/31/24 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	1.27	1.18
5-year Sharpe ratio	-0.12	-0.14

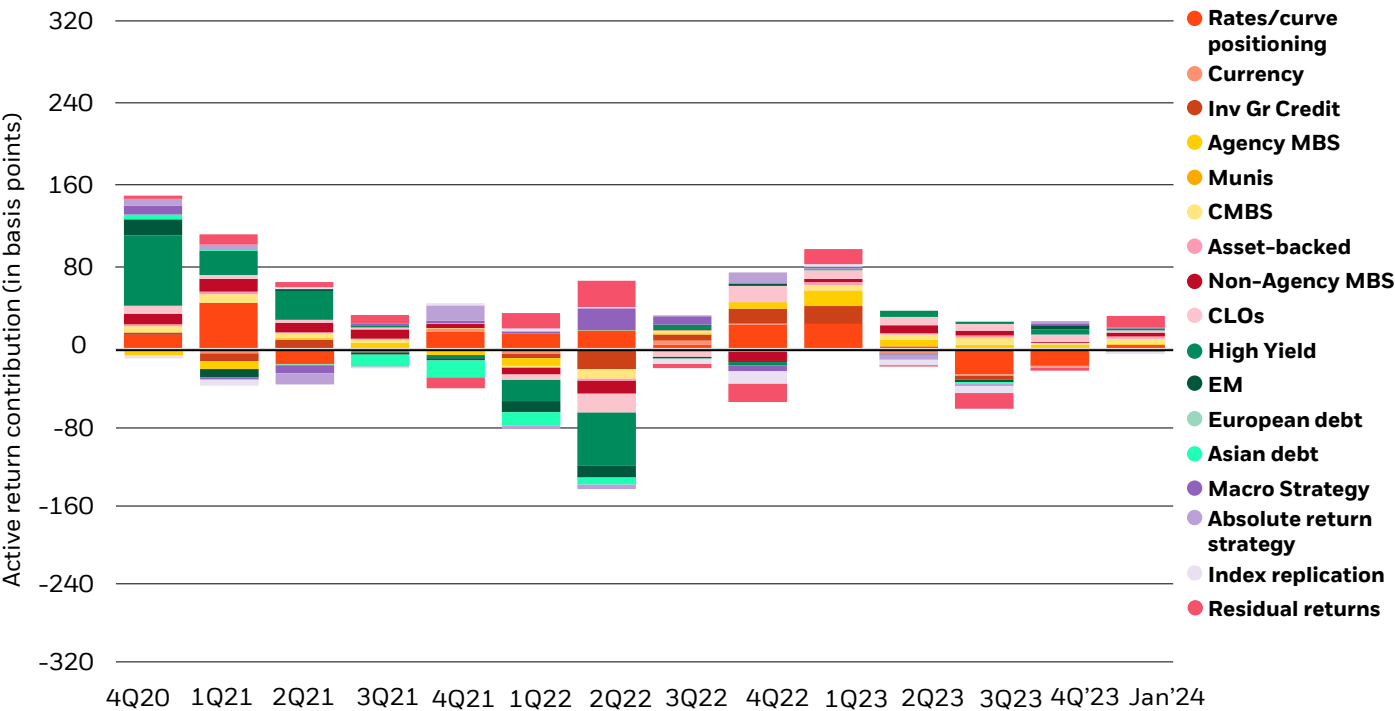
Source: Morningstar. Data as of 01/31/24. Sharpe ratio uses a fund's monthly standard deviation and excess return (difference between the fund's return and the risk-free return of 90-day Treasury Bills) to determine reward per unit of risk.

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.

The Overall Morningstar Rating of 4 stars pertains to the fund's Institutional shares, rated against 568 Intermediate Core-Plus Bond Funds as of 01/31/24. Ratings are based on risk-adjusted total return and a weighted average of performance figures associated with Morningstar's 3-, 5- and 10-year rating metrics. Ratings are determined monthly and subject to change.¹

Diversification across fixed income sectors

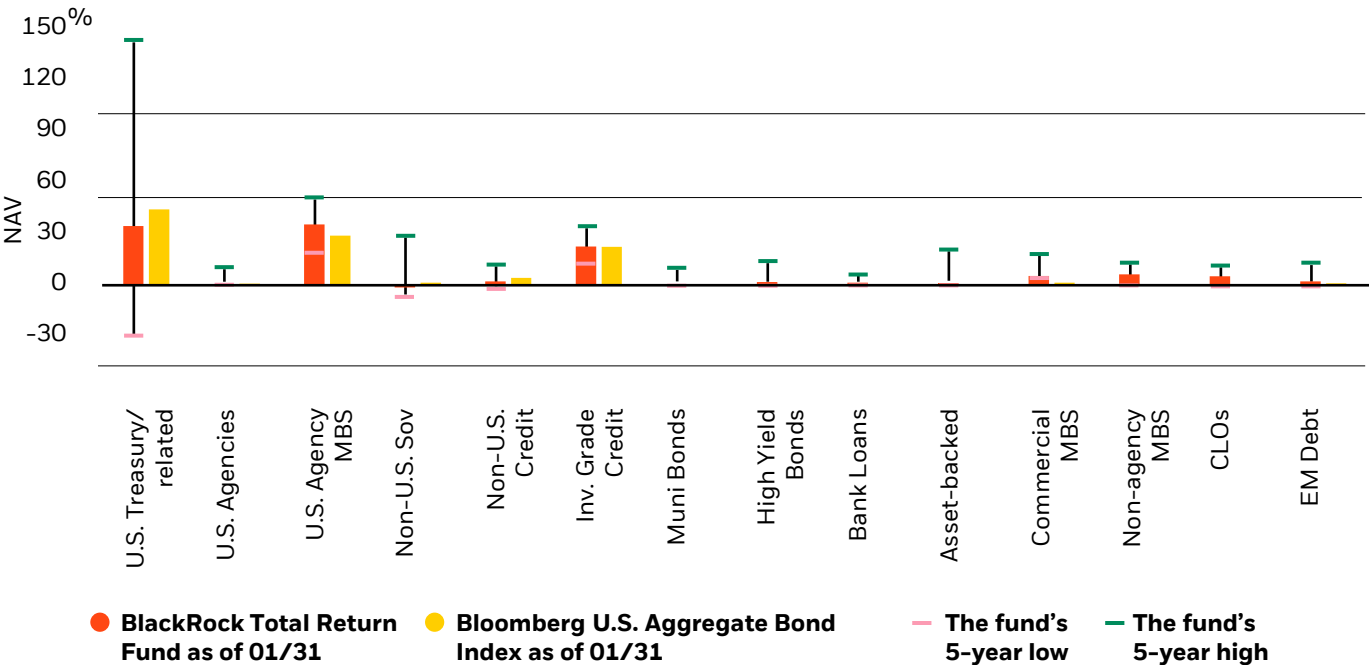
BlackRock's global fixed income platform helps us identify opportunities to generate excess return in various market scenarios. In January, Structured Products, US Rates, and US High Yield Credit contributed to fund performance. .



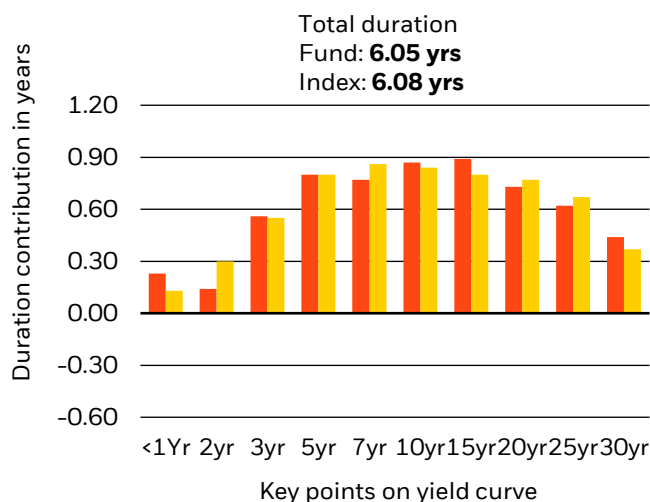
Source: BlackRock. Active return contribution represents above-benchmark performance. One basis point is one hundredth of one percent (0.01%). Return attribution is based on gross returns of the fund's Institutional share class. Macro strategy is how the portfolio management team implements thematic 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 January, we increased our positions in Non-US Credit, US High Yield Credit, and Emerging Markets while trimming our positions in Non-US Sovereign Debt, US Investment Grade Credit, and Agency Mortgages.



Yield curve duration positioning

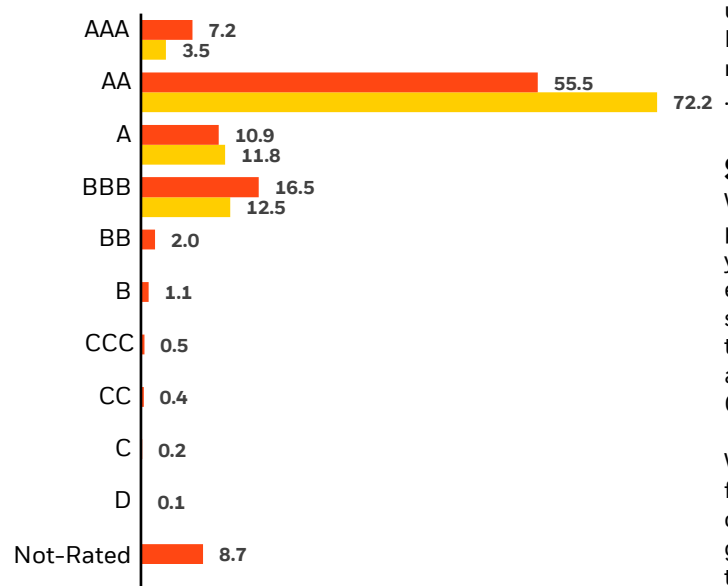


- **BlackRock Total Return Fund**
- **Bloomberg U.S. Aggregate Bond Index**

As of 01/31/2024. 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



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

As of 01/31/2024. 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

In January, the US rates market traded decidedly rangebound, both in duration and curve. For most of the month, investors were in a holding pattern, buying dips and fading rallies at technical levels in a mean-reverting tendency. Despite yields remaining largely unchanged from the previous month, the possibility of accelerating economic data and increased expectation that the Federal Reserve (Fed) could keep rates higher for longer have reduced the eagerness for a cutting cycle, beginning in March, and put a damper on curve steepeners.

The Fed's decision to maintain the key interest rate at 5.25-5.50% for the fourth consecutive meeting was in line with market expectations. The Fed adjusted their language to lay the groundwork for their eventual policy ease as inflation weakens and the economy slows. Similarly, the ECB and the BoE held rates, which was in line with expectations.

On the US data front, December inflation data was stickier than expected, with annual headline and Core CPI respectively at 3.35% and 3.93%. The total nonfarm payrolls rose 216K in December, exceeding expectations and with downward revisions to prior months.

Duration positioning

We continue to manage our duration exposure in the evolving central bank regime as the Fed remains on pause. We increased our top-line duration throughout the month and now hold a slight underweight. We reduced an underweight position in the front-end of the curve as a March rate cut came off the table following the latest FOMC meeting.

Sector positioning

We selectively trimmed our US Investment Grade credit position, but still hold a favorable view given attractive all-in yields. We reduced exposure in Agency Mortgages given elevated rate volatility; however, we continue to find this sector attractive, and hold a meaningful overweight. Outside the US, we tactically reduced our Non-Sovereign Debt allocation, specifically in European Sovereigns, and Canadian rates following a stronger than expected CPI print.

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. We tactically increased our EM debt allocation as we see resilient global growth and lower global inflation as supportive, particularly in places like Brazil and Mexico

Within Structured Products, we remain patient and prefer high quality segments of the market. We are cautious in Non-Agency RMBS given deteriorating fundamentals.

Average annual total returns (%) as of 01/31/24

	1 Month (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Year	10 Year	30-day SEC yield as of 01/31*	
							Subsidized	Unsubsidized
Institutional	0.06	0.06	2.06	-3.18	1.27	2.10	4.43%	4.41%
Investor A (Without Sales Charges)	-0.06	-0.06	1.77	-3.49	0.95	1.78	4.05%	4.05%
Investor A (With Sales Charges)	-4.06	-4.06	-2.30	-4.80	0.13	1.37	-	-
Lipper Core Bond Funds Avg.	-0.02	-0.02	2.38	-3.15	0.98	1.59	-	-
Morningstar Interm Core-Plus Bond Funds Avg.	0.03	0.03	2.75	-2.85	1.18	1.79	-	-
Bloomberg U.S. Aggregate Bond Index†	-0.27	-0.27	2.10	-3.17	0.83	1.63	-	-

Annualized total returns as of 12/31/23 for Institutional shares: 1 Yr, 5.84%; 5 Yr, 1.55%; 10 Yr, 2.27%; for Investor A shares without/with maximum sales charge: 1 Yr, 5.64%/1.42%; 5 Yr, 1.26%/0.43%; 10 Yr, 1.96%/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 A shares: Total, **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%/0.75%**. 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 A shares: 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 January 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.

1 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 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 three rating periods. With respect to U.S.-domiciled funds in the Intermediate Core-Plus Bond fund category, the fund received a Morningstar Rating of 3 stars for the 3-year period, rated against 568 funds; 3 stars for the 5-year period, rated against 539 funds; and 4 stars for the 10-year period, rated against 375 funds. Ratings are for Institutional share class. Other classes may have different performance characteristics. BlackRock provides compensation in connection with obtaining or using third-party ratings and rankings.

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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