

# EQUITY DIVIDEND FUND



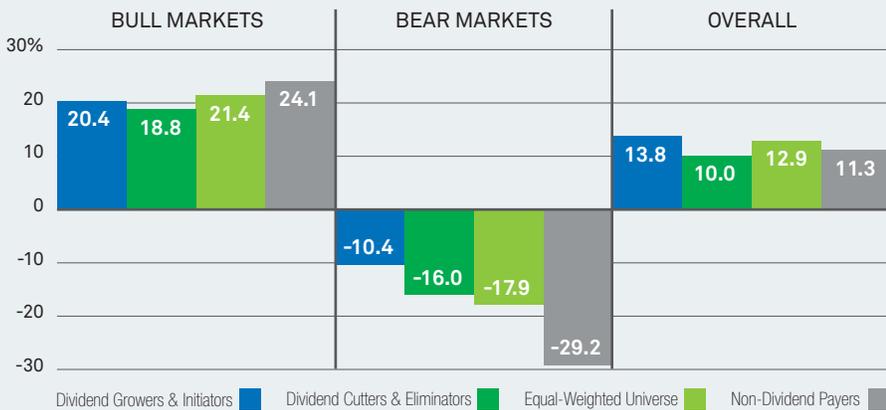
With lifespans increasing, investors desiring a long, comfortable retirement will need growing income. Quality, dividend-paying companies that can generate cash flow may offer growth with a degree of downside protection.

## Leveraging Longevity for Long-Term Growth

- ▶ **Longevity Makes Outpacing Inflation Critical:** Over a long retirement, even modest inflation will greatly erode purchasing power.
- ▶ **Dividend-Paying Stocks Have Outperformed:** Compared to non-dividend payers, dividend-paying stocks have outperformed in most markets.
- ▶ **Focusing on Dividend Growth is Key to Success:** Robust long-term total returns have come from companies with a history of consistently paying and growing a dividend.

## DIVIDEND GROWERS & INITIATORS WEATHERED DIVERSE MARKETS

Historical Average Returns of Dividend Categories (12/31/1978–12/31/2018)



Source: BlackRock. Data from 12/31/1978 through 12/31/2018. The investment universe is the 500 largest U.S. stocks by market cap. Dividend policy constituents are calculated on a rolling 12-month basis and are rebalanced monthly. Category returns are calculated on a monthly basis. Shown for illustrative purposes only. **Past performance is not indicative of future returns.** The Dividend Growers & Initiators category represents historical performance for companies which either increased or initiated their dividend distribution. The Dividend Cutters & Eliminators category represents historical performance for companies which either cut or eliminated their dividend distribution. The Equal Weighted category represents historical performance for the 500 largest U.S. stocks by market cap, calculated by assigning the same weighting (0.20%) to each constituent. The Nonpayers category represents historical performance for companies which do not pay a dividend.

## Built on Dividend Growth Equities

The **BlackRock Equity Dividend Fund** has amassed a record of strong performance through diverse market environments by focusing on companies that pay and grow their dividends.

- 1 US-CENTRIC PORTFOLIO OF QUALITY, MULTINATIONAL COMPANIES
- 2 PROVEN RECORD OF TOTAL RETURN THROUGH OWNERSHIP OF DIVIDEND GROWERS
- 3 HISTORY OF LOWER VOLATILITY EQUITY RETURNS

Institutional: **MADVX**  
A: **MDDVX** • C: **MCDVX** • K: **MKDVX**

## Fund Summary

**Morningstar Analyst Rating™**



Morningstar has awarded the fund a Bronze medal. Fewer than 10% of U.S. open-end funds hold medalist ratings. (Last Rating 11/29/18.)<sup>1</sup>



**Overall Morningstar Rating™**

BlackRock Equity Dividend Fund (Institutional) rated against 1,100 Large Value Funds, as of 12/31/18, based on risk-adjusted total return. Ratings are determined monthly and subject to change. 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.<sup>2</sup>

## Investment Approach

Seeks to invest in quality, dividend-paying companies, primarily domiciled in the U.S. The team pays especially close attention to the potential for dividend growth to drive returns.

## Morningstar Category

Large Value

## Lipper Classification

Equity Income Funds

## Dividend Frequency

Quarterly

# 1

## US-Centric Portfolio of Quality, Multinational Companies



### Portfolio Management

**Tony DeSpirito, JD**

**Franco Tapia, CFA**

**David Zhao**

The BlackRock Equity Dividend Fund is a **conservative, core holding**, suitable for almost any long-term investor. The fund is full of recognizable companies, many of which offer products that consumers need in any economic environment. Companies like **JPMorgan, Anthem,** and **Microsoft** are widely considered to be high-quality, well-established companies, which tend to be less volatile than the average stock holding.



**JPMorgan:** A leading global provider of financial and banking services.



**Anthem:** A prominent health benefits operator in the U.S.



**Microsoft:** A mature, global technology software and services firm.

#### WHAT WE OWN

- ▶ “Quality” dividend paying, blue-chip equities
- ▶ Global market leaders, primarily based in the U.S.
- ▶ Quality management teams, good stewards of capital
- ▶ Strong balance sheets—high cash flow & low debt
- ▶ Consistent and stable revenue & earnings

#### WHAT WE DON'T OWN

- ▶ Companies in industries with weak fundamentals
- ▶ Highly-leveraged companies
- ▶ High-risk “concept” stocks
- ▶ Deep value, turnaround stories
- ▶ Fixed income, convertibles or covered calls to increase yield

This is not a recommendation to buy or sell any particular security and should not be viewed as a solicitation to buy. Positions can change at any time without notice.

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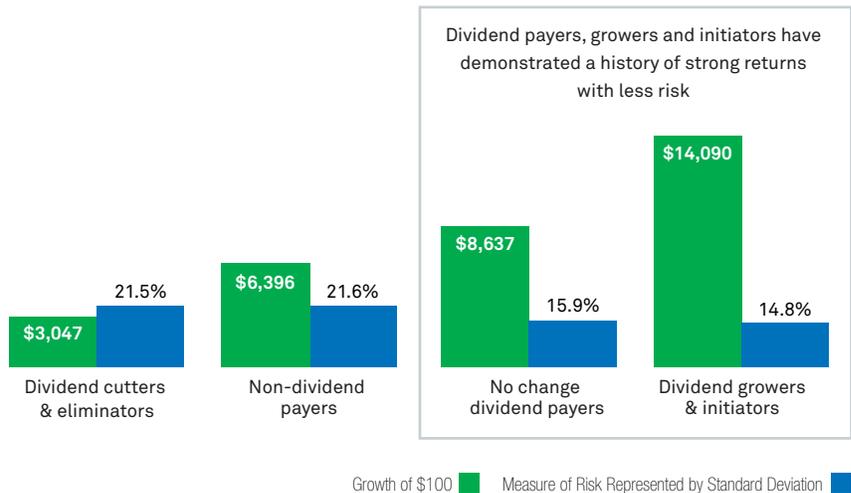
## Proven Record of Total Return Through Ownership of Dividend Growers

The BlackRock Equity Dividend Fund has achieved **a record of strong performance** by focusing on companies that pay and grow their dividends. The team seeks to invest in companies with low debt levels and high stability of cash flow, since they are more likely to maintain dividend payments during downturns and grow them robustly when times are good. While there is no guarantee that dividend-paying stocks will continue to pay dividends, these characteristics have historically helped them outperform in difficult and volatile times.

“In a rising interest rate environment, it is critical to distinguish between high yielding stocks and stocks that are growing their dividends. We believe attractively valued dividend growers, like U.S. banks, are valuable insurance in a portfolio against the potential effects of rising U.S. interest rates and higher inflation.”

Tony DeSpirito, Portfolio Manager

### RISK AND RETURNS OF THE 500 LARGEST U.S. STOCKS BY DIVIDEND POLICY (1979 - 2018)\*



### DIVIDEND GROWTH OF THE FUND'S TEN LARGEST HOLDINGS

	% of Net Assets	3-yr. Dividend Growth Rate**		% of Net Assets	3-yr. Dividend Growth Rate**
Verizon Communications Inc.	4.27	2.09	Citigroup Inc.	2.74	112.72
Pfizer Inc.	4.15	6.69	Anthem Inc.	2.65	6.27
JPMorgan Chase & Co.	3.62	16.51	Oracle Corporation	2.59	8.20
Wells Fargo & Company	3.41	3.60	Microsoft Corporation	2.40	10.06
Bank of America Corporation	2.80	39.25	AstraZeneca PLC	2.06	4.33

As of 12/31/18.

\* Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

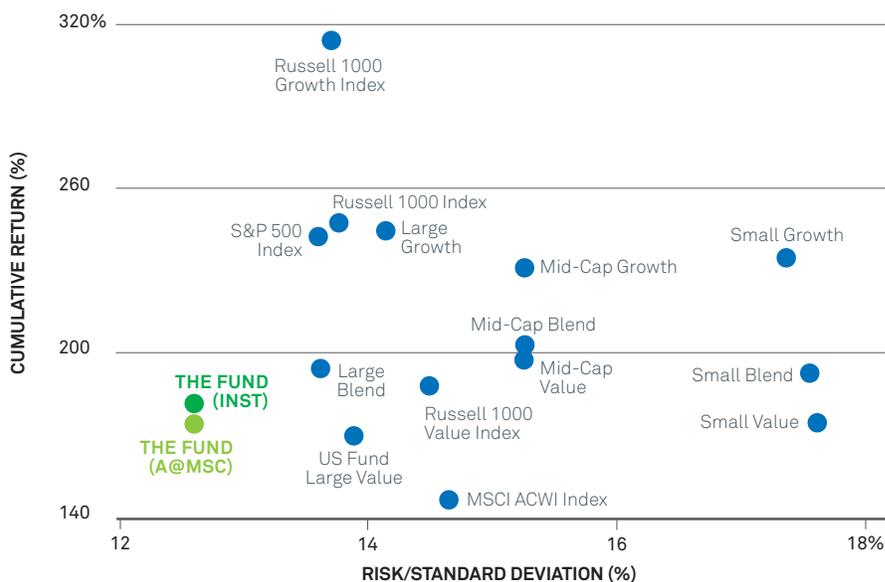
\*\* Source: Bloomberg. As of 12/31/18.

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## History of Lower Volatility Equity Returns

The BlackRock Equity Dividend Fund has a **proven record through diverse markets**. By applying a sound, consistent investment philosophy over the long term, the fund has been able to provide competitive returns in up markets and as of December 31, 2018, the fund has outperformed numerous market indices and categories with lower volatility.

### A DECADE OF SUPERIOR RISK-ADJUSTED RETURNS



### LOW TURNOVER = LOWER COSTS

**36%\*** BLACKROCK EQUITY DIVIDEND FUND TURNOVER

**57%\*\*** MORNINGSTAR LARGE VALUE CATEGORY AVERAGE TURNOVER

Turnover figures are as of latest fiscal year data available for each individual fund.

\* As of 12/31/18  
 \*\* As of 12/31/18

*Institutional shares have limited availability and may be purchased at various minimums. See prospectus for details.*

*Class K shares have limited availability. For Investor A and K shares, the performance information for periods prior to the inception date of the share class shows the performance of the Fund's Institutional Shares, adjusted to reflect the fees and expenses applicable to such share class. See the fund prospectus for more details.*

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. 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. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. Total annual operating expenses as stated in the fund's most recent prospectus are 0.73% for Institutional shares, 0.98% for Investor A shares and 0.60% for Investor K shares.

Source: Morningstar Direct, BlackRock (10/1/07-12/31/18). BlackRock Equity Dividend returns reflect cumulative performance for MADVX (Inst-share) and MDDVX (A-share@MSC). Returns do not incorporate sales charges; if sales charges had been included the returns would be lower. Data points not ending in "index" refer to a Morningstar category, and reflect the median total return for the category without sales charges. The indexes are unmanaged and do not take transaction charges into consideration. See back page for index descriptions. It is not possible to invest directly in an unmanaged index.

% ANNUALIZED PERFORMANCE (AS OF 12/31/18)	1-YEAR	5-YEAR	10-YEAR
BlackRock Equity Dividend Fund (Inst)	-7.17	6.59	10.93
BlackRock Equity Dividend Fund (Inv A)	-7.43	6.31	10.63
BlackRock Equity Dividend Fund (MSC)*	-12.29	5.17	10.04
BlackRock Equity Dividend Fund (Inv K)	-7.05	6.66	10.96
Morningstar Large Value Category Avg	-8.53	5.37	10.91

\* Average annual total returns for Investor A shares with maximum initial sales charge of 5.25%.

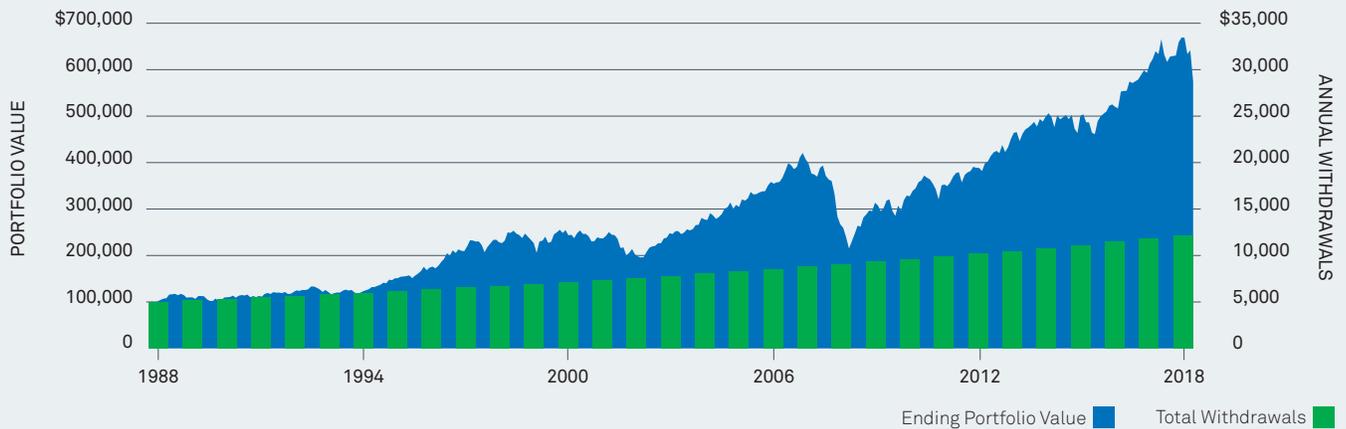
## So What Do I Do with My Money?®

### Fund Your Retirement While Growing Your Nest Egg

Here is an example of how you can use the **BlackRock Equity Dividend Fund**. Assume that you invested \$100,000 in the fund at its inception in 1988, right before you began your retirement. On January 1, 1989, you withdrew 5% of your initial investment, or \$5,000, to supplement your income for that year, and every year thereafter, you increased that withdrawal amount by 3% to account for inflation. Today, you would have an account worth over \$250,000, even though you withdrew over \$180,000 to help fund your retirement. The fund has effectively protected you from the risk of outliving your assets, allowing you to make modest but growing withdrawals over a long-term horizon.

#### A SYSTEMATIC RETIREMENT WITHDRAWAL PLAN USING BLK EQUITY DIVIDEND FUND

11/29/88 (inception)–12/31/18



Source: BlackRock. Assumes \$100,000 Investment in Equity Dividend, Inv. A on the fund's inception date (11/29/88) with an initial sales charge of 3%, resulting in a net investment of \$97,000. Assumes reinvestment of dividends and capital gains as well as 5% withdrawals on January 1<sup>st</sup> of each year, adjusted for inflation at 3%. Past performance is no guarantee of future results.

## EQUITY DIVIDEND FUND | Built on Dividend Growth



### Overall Morningstar Rating™

*BlackRock Equity Dividend Fund (Institutional) rated against 1,100 Large Value Funds, as of 12/31/18, based on risk-adjusted total return.*

**Institutional: MADVX • A: MDDVX • C: MCDVX • K: MKDVX**

### This Fund Is For:

- ▶ **Conservative equity investors** who need to grow their portfolio of assets but are wary of stock market volatility.
- ▶ **Investors who need current income** and desire the potential for income growth, which can help to fight the effects of inflation over the long term.

## WHY BLACKROCK®

BlackRock helps people around the world, as well as the world's largest institutions and governments, pursue their investing goals. We offer:

- ▶ A comprehensive set of innovative solutions, including mutual funds, separately managed accounts, alternatives and iShares® ETFs
- ▶ Global market and investment insights
- ▶ Sophisticated risk and portfolio analytics

We work only for our clients, who have entrusted us with managing \$5.97 trillion\*, earning BlackRock the distinction of being trusted to manage more money than any other investment firm in the world.

## Want to know more?



[blackrock.com/ed](https://blackrock.com/ed)

\* AUM as of 12/31/18.

**Important Risks of the Fund:** *The fund is actively managed and its characteristics will vary. Any holdings shown are for information only and should not be deemed as a recommendation to buy or sell the securities mentioned. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic or other developments. Investing in derivatives entails specific risks relating to liquidity, leverage and credit that may reduce returns and/or increase volatility.*

*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 and, if available, the summary prospectus should be read carefully before investing.*

All data as of 12/31/18 unless otherwise noted. **1** The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and 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 [global.morningstar.com/managerdisclosures](https://global.morningstar.com/managerdisclosures). The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause Analyst expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund. **2** 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 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. Other classes of shares with differing fees and expenses are available. BlackRock Equity Dividend Fund was rated against the following number of U.S.-domiciled Large Value funds over the following time periods: 1,100 in the last 3 years and 937 in the last 5 years. With respect to these Large Value funds, BlackRock Equity Dividend Fund received a Morningstar Rating of 4 stars for the 3-year period and 4 stars for the 5-year period.

The **Russell 1000 Value Index** is the fund's benchmark, and measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe, and includes approximately 1000 of the largest securities, representing approximately 92% of the U.S. market.

The **Russell 1000 Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **S&P 500 Index** covers 500 industrial, utility, transportation and financial companies of the U.S. markets (mostly NYSE issues). It represents about 75% of NYSE market capitalization and 30% of NYSE issues.

The **MSCI AC World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

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