Global Allocation Fund

INST: MALOX • A: MDLOX • C: MCLOX • K: MKLOX

Morningstar Overall Rating™ (Inst) Silver

Performance: The fund outperformed its reference benchmark in April as equity markets were driven higher by robust earnings and strong economic growth.

▲Contributors: Security selection in industrials, healthcare, technology and materials; broad underweight to fixed income.

▼Detractors: Tactical management of fund’s overall beta; underweight to duration, exposure to cash/cash equivalents.

Positioning: Maintain overweight to equities, with a near-term quality cyclical bias, exposure to credit for income and an increasing reliance on cash and derivatives as hedges.

▲Increased: Financials, Consumer Discretionary and Information Technology stocks; Emerging market sovereign debt; Corporate bonds.

▼Decreased: Materials stocks; cash; commodity-related securities; U.S. dollar.

The fund has outperformed global stocks with less volatility

A history of competitive performance and limited drawdowns

3-year returns (cumulative)

<table>
<thead>
<tr>
<th>BlackRock Global Allocation Fund</th>
<th>Global bonds</th>
<th>Balanced portfolio</th>
<th>U.S. stocks</th>
<th>Global stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td>87.1%</td>
<td>53.5%</td>
<td>64.6%</td>
<td>134.3%</td>
</tr>
<tr>
<td>Average</td>
<td>32.4%</td>
<td>18.0%</td>
<td>23.2%</td>
<td>38.5%</td>
</tr>
<tr>
<td>Worst</td>
<td>-6.5%</td>
<td>-9.6%</td>
<td>-24.3%</td>
<td>-40.9%</td>
</tr>
</tbody>
</table>

# of negative 3-year periods (out of 351)

<table>
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<tbody>
<tr>
<td>6</td>
<td>32</td>
<td>38</td>
<td>59</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: BlackRock, Bloomberg, Morningstar. Cumulative 3-year returns from first month after fund inception (2/3/89). Asset classes represented by FTSE World Gov’t Bond Index, S&P 500 Index, FTSE World Index. Balanced portfolio is 60% Morningstar World Large Stock category and 40% Morningstar World Bond category, rebalanced quarterly.

All data as of 4/30/21. Fund data based on Institutional shares, which may not be available to all investors; other share classes will vary. Index performance is shown for illustrative purposes only. It is not possible to invest directly in an unmanaged index.

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. Current performance may be lower or higher than that shown. For current month-end returns visit www.blackrock.com.

Morningstar has awarded the fund’s Institutional share class a Silver medal. (Last rating 4/6/21.)

The overall Morningstar rating of 5 stars pertains to the fund’s Institutional shares, rated against 398 funds in the World Allocation category as of 4/30/21. Ratings are based on a risk-adjusted total return and a weighted average of performance figures associated with 3-, 5- and 10-year Morningstar rating metrics. Ratings are determined monthly and subject to change.

April 2021 | Commentary
The document discusses the flexibility in practice, adapting as markets change. It highlights the geographic allocation and currency allocation of net assets. The asset allocation mix for the month ended April 30, 2021 has been restated to reflect the classification of convertible bonds as equity (rather than fixed income as previously stated for such period).

**Geographic allocation**

- **As of 4/30**
  - U.S. equities: 39.4%
  - Developed equities ex-U.S.: 21.5%
  - Emerging market equities: 6.5%
  - Commodity-related: 0.4%
  - Treasuries, agencies & munis: 2.6%
  - U.S. TIPS: 0.4%

- **Historical range**
  - U.S. equities: 15 - 45%
  - Developed equities ex-U.S.: 10 - 35%
  - Emerging market equities: 0 - 15%
  - Commodity-related: 0 - 5%
  - Treasuries, agencies & munis: 0 - 25%

**Currency allocation**

- **As of 4/30**
  - U.S. dollar: 62%
  - Euro: 15%
  - British pound sterling: 5%
  - Other Europe: 2%
  - Japanese yen: 9%
  - Other Asia: 7%
  - Latin America: 0%
  - Rest of the world: 1%

- **Historical range**
  - U.S. dollar: 0 - 15%
  - Euro: 0 - 25%
  - British pound sterling: 0 - 25%
  - Other Europe: 0 - 25%
  - Japanese yen: 0 - 25%
  - Other Asia: 0 - 25%
  - Latin America: 0 - 25%
  - Rest of the world: 0 - 25%

**Largest change this month**

- Developed Europe: ▲ from 21% to 22% of assets.
- U.S. Dollar: ▼ from 66% to 62% of assets.

Asset allocation mix for the month ended April 30, 2021 has been restated to reflect the classification of convertible bonds as equity (rather than fixed income as previously stated for such period).

Prior to 2015, the fund's exposure was based on market value and adjusted for the economic value of futures and swaps. From 2015, the fund's exposure is based on the economic value of securities and adjusted for futures, options, and swaps, except for fixed income and convertible bonds. Commodity-related exposure included precious metals ETFs and prior to 2006, commodity-related exposure was included in equities. Prior to October 2019, exposure to securitized debt was included within fixed income. Historical ranges represent actual exposures, not minimum or maximum prospectus limits. Subject to change. Over/under indications are relative to the fund's reference benchmark, which is 36% S&P 500 Index, 24% FTSE World (ex-U.S.) Index, 24% ICE BofAML Current 5-Year U.S. Treasury Index, and 16% FTSE Non-U.S. Dollar World Government Bond Index.

*All data as of 4/30/21.*
As previously discussed, history has shown that stocks and interest rates often rise together, particularly when both nominal and real rate (i.e. rates after inflation), rise from unusually low levels, as is the case today. However, one factor that can be a threat to stocks is the speed of which interest rates increase. For this reason, investors should pay attention to not only the level of rates but also their volatility or pace of change.

During the early March market sell-off, investors were reacting to the speed of the adjustment in bond markets. While the spike in bond market volatility proved short-lived, it reflected a dynamic that has not been resolved. After years of assuming low and stable inflation, investors are questioning both the trajectory of prices as well as how the Federal Reserve will respond.

**Evolution in central bank policy:** This is the first cycle that the Fed is following their new approach, average inflation targeting (AIT). Investors are not entirely sure what to expect or how much to take the Fed at their word.

**Inflation considerations:** While most agree that near term inflation calculations will be distorted by the low “base effect” from last spring’s shutdown, there is considerable nervousness for longer term inflation. Specially the impact from largest fiscal package in generations and how that stimulus is being financed, i.e. central bank asset purchases, as well supply struggling to keep up with demand from increased consumption.

As the risk of rate volatility increases, we have taken steps within the Global Allocation Fund to help insulate our portfolio. We remain overweight equities, with a tilt toward quality cyclical exposure over the near-term. Sectors such as materials, industrials and financials tend to be more resilient during periods of interest rate spikes. To augment equity positioning, we also added convexity via long call options. These positions provide the fund additional upside exposure with limited downside (premium paid) should equity markets sell-off during the period. We also maintain exposure to cash as we believe it to be a more efficient means to hedge equity risk compared to short- and intermediate-term U.S. Treasuries and can serve as a source of funding as we find opportunities.

Russ Koesterich shares the team’s outlook on the markets.

One of the world’s most well-resourced investment teams

**Rick Rieder,** Portfolio Manager, 33 years of experience

**Russ Koesterich, CFA, JD,** Portfolio Manager, 26 years of experience

**David Clayton, CFA, JD,** Portfolio Manager, 27 years of experience

**Kate Moore,** Head of Thematic Strategy, 22 years of experience

Backed by a roster of experienced and dedicated analysts
Average annual total returns (%) as of 4/30/21

<table>
<thead>
<tr>
<th></th>
<th>1 Month (not annualized)</th>
<th>YTD (not annualized)</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>3.49</td>
<td>5.30</td>
<td>34.57</td>
<td>11.89</td>
<td>10.27</td>
<td>6.63</td>
<td>10.00</td>
</tr>
<tr>
<td>Investor A (Without Sales Charge)</td>
<td>3.52</td>
<td>5.25</td>
<td>34.26</td>
<td>11.60</td>
<td>9.98</td>
<td>6.35</td>
<td>9.72</td>
</tr>
<tr>
<td>Investor A (With Sales Charge)</td>
<td>-1.92</td>
<td>-0.28</td>
<td>27.21</td>
<td>9.61</td>
<td>8.80</td>
<td>5.78</td>
<td>9.53</td>
</tr>
<tr>
<td>FTSE World Index</td>
<td>4.62</td>
<td>9.91</td>
<td>46.95</td>
<td>14.16</td>
<td>14.52</td>
<td>10.00</td>
<td>-</td>
</tr>
<tr>
<td>Morningstar World Allocation Avg.</td>
<td>3.00</td>
<td>6.77</td>
<td>29.28</td>
<td>7.27</td>
<td>7.89</td>
<td>5.52</td>
<td>-</td>
</tr>
<tr>
<td>Reference Benchmark</td>
<td>3.09</td>
<td>4.70</td>
<td>26.42</td>
<td>10.37</td>
<td>9.70</td>
<td>7.33</td>
<td>-</td>
</tr>
</tbody>
</table>

Total returns (annualized) as of 3/31/21 for Institutional shares: 1 Yr, 34.57%; 5 Yrs, 10.27%; 10 Yrs, 6.63%; Since Inception, 10.00%; for Investor A shares without/with maximum sales charge: 1 Yr, 34.26%/27.21%; 5 Yrs, 9.98%/8.80%; 10 Yrs, 6.35%/5.78%; Since Inception, 9.72%/9.53%.

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. For current month-end returns visit www.blackrock.com. Share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum initial sales charge of 5.25% for Investor A shares. Institutional shares have no front- or back-end load, limited availability and may be purchased at various minimums. See prospectus for details.

Institutional and Investor A have contractual waivers with an end date of 2/28/22, 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: 0.80%/1.07%.

Important risks: The fund is actively managed and its characteristics will vary. Stock and bond values fluctuate in price so the value of your investment in the fund will go down depending on market conditions. International investing involves special risks including, but not limited to currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. 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 and loss of income and principal than higher-rated securities. Asset allocation strategies do not assure profit and do not protect against loss. 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 Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves known risks and uncertainties which may cause the Manager Research Group’s expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered a solicitation to buy or sell the fund. 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. With respect to U.S.-domiciled funds in the World Allocation category, the fund received a Morningstar Rating of 5 stars for the 3-year period, rated against 338 funds; 5 stars for the 5-year period, rated against 346 funds; and 4 stars for the World Allocation category, rated against 218 funds. Ratings are for Institutional share class. Other classes may have different performance characteristics.

The performance information for periods prior to the inception date of the Investor A share class (10/21/94) is based on the fund’s Institutional shares, adjusted to reflect the fees and expenses applicable to the Investor A share class. See the fund’s prospectus for more details.

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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