Silver

BLACKROCK®

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

Global Allocation Fund

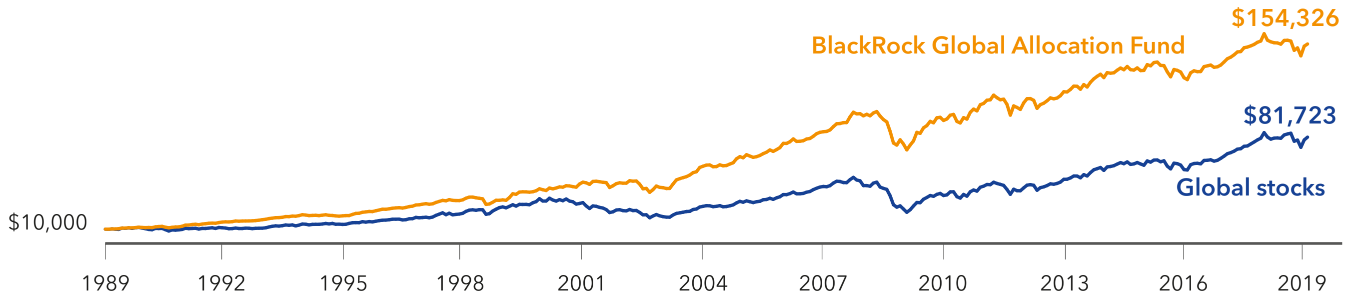
Performance: In February, the fund benefited from its underweight in government bonds, selection within consumer stocks, and a U.S. dollar overweight, while cash equivalents and gold-related securities detracted.

Positioning: While we still favor equities relative to fixed income, we have positioned the fund more defensively to reflect a less benign environment for risk assets longer term.

▲**Increased:** U.S. Treasury bonds, industrials, consumer discretionary, Japanese yen

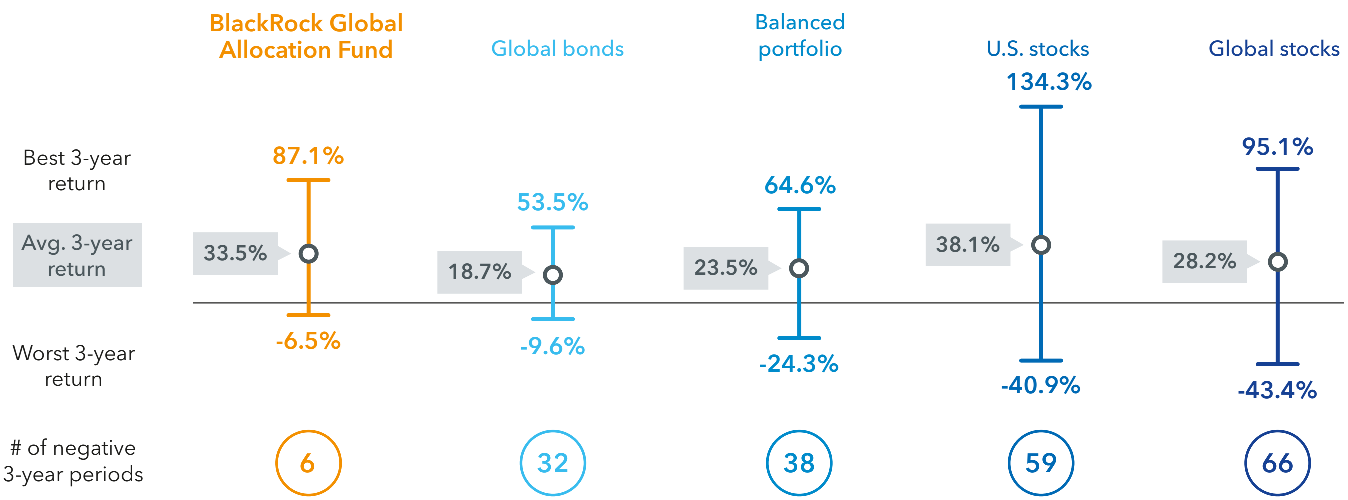
▼**Decreased:** Cash equivalents. Japanese equities, healthcare, communication services, Indian rupee

The fund has historically outperformed global stocks with less volatility



Source: BlackRock, Bloomberg. Based on a hypothetical investment of $10,000 in the fund and FTSE World Index made first month post inception (2/3/89). Volatility is represented by annualized standard deviation. Standard deviation for the fund: 9.5% and global stocks: 15.0%.

A proven record of growing assets and managing volatility



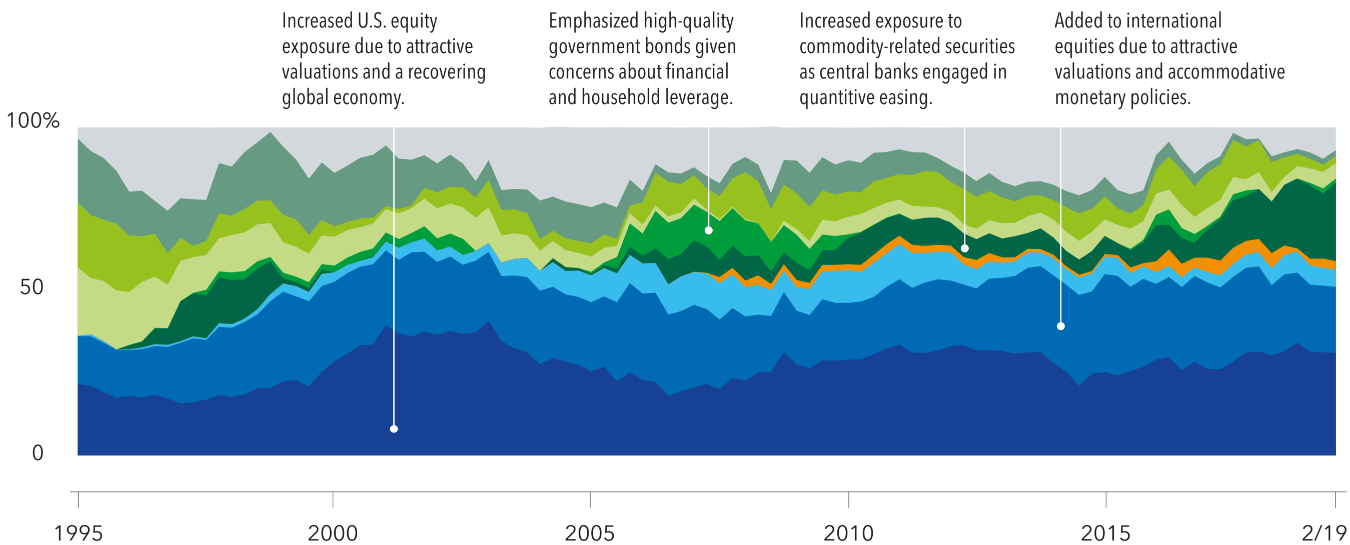
Source: BlackRock, Bloomberg, Morningstar. Cumulative 3-year returns from first month after fund inception (2/3/89). Asset classes represented by FTSE Non-U.S. Dollar World Gov't Bond Index, S&P 500 Index, FTSE World Index. Balanced portfolio is 60% Morningstar World Large Stock category and 40% Morningstar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

All data as of 2/28/19. **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.

Morningstar has awarded the fund a Silver medal. Fewer than 10% of U.S. open-end funds hold medalist ratings. (Last rating 4/13/18.)[1]

Flexibility in practice–adapting as markets change

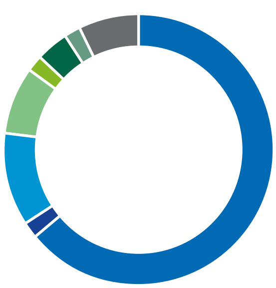


	As of 2/28	Over/ Under	Historical range		As of 2/28	Over/ Under	Historical range
U.S. equities	31.3%	▼	15 - 45%	U.S. TIPS	1.3%	▲	0 - 15%
Developed equities ex-U.S.	20.1%	▼	10 - 35%	U.S. credit	4.7%	▲	0 - 25%
Emerging market equities	5.2%	▲	0 - 15%	Non-U.S. sovereign debt	2.2%	▼	0 - 25%
Commodity-related	2.6%	▲	0 - 5%	Non-U.S. credit	1.8%	▲	0 - 25%
U.S. Treasuries & agencies	23.9%	▼	0 - 25%	Cash equivalents	6.9%	▲	0 - 30%

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 is adjusted for futures, options and swaps, except with respect to fixed income securities and convertible bonds. Commodity-related is comprised of precious metals ETFs. Prior to 2006, commodity-related exposure was included in equities. 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.

Geographic allocation

% of net assets



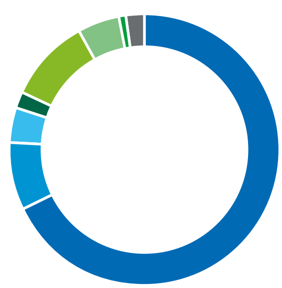
- **64%** United States
- **2%** Canada
- **11%** Developed Europe
- **0%** Emerging Europe
- **8%** Japan
- **2%** Asia Pacific ex-Japan
- **4%** Emerging Asia
- **2%** Latin America
- **0%** Africa / Middle East
- **7%** Cash Equivalents

Largest change this month:

United States ▲ from 61% to 64% of assets.

Currency allocation

% of net assets



- **68%** U.S. dollar
- **8%** Euro
- **4%** British pound sterling
- **2%** Other Europe
- **10%** Japanese yen
- **5%** Other Asia
- **1%** Latin America
- **2%** Rest of the world

Largest change this month:

Other Asia ▼ from 6% to 5% of assets.

All data as of 2/28/19.

Picking up signals in communications services

Data consumption continues to increase, with large cable companies reporting growth rates of roughly 50% year-over-year, while demand for mobile video continues to rise. Because we expect these trends to continue, we hold a positive view on specific segments within the communication services sector, including the cable space and telecom services.

Cable companies have the benefit of a dual income stream as they charge consumers for a video connection as well as an internet connection. Although the number of traditional paid video subscriptions has been declining at an accelerated pace, cable companies specifically have been able to offset those revenue losses with higher margins from their broadband internet service. We expect this trend to continue as an increasing number of consumers rely more on data connections to access content via streaming platforms.

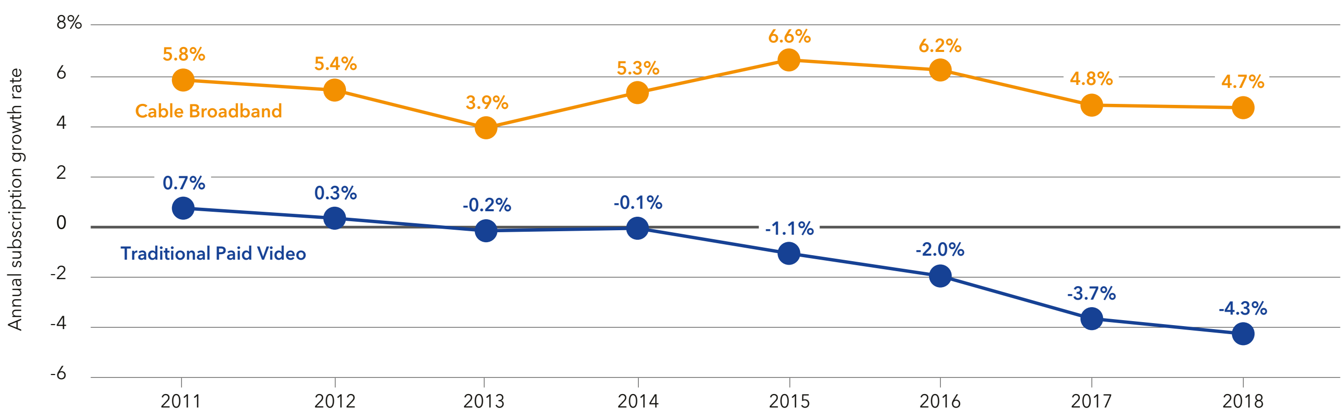
In the telecom space, the strong demand for broadband internet services has a positive impact on tower companies. This trend, coupled with strong barriers to entry, creates a very attractive business model. We are particularly interested in the European tower market, where large telecom companies have been spinning off their tower assets and the industry has yet to consolidate.

Elsewhere in telecom, we see longer-term opportunities in wireless operators. We believe the industry is currently in a "mature phase" as wireless penetration has reached approximately 100% in several of the larger markets. However, the continued development of 5G technology represents a real growth opportunity in the coming years.

The BlackRock Global Allocation Fund holds exposure to cable companies, European tower companies and wireless operators that are poised to benefit from the above trends.

Cable companies still streaming in revenues

While paid video subscriptions decline, growing data consumption drives growth in broadband internet subscriptions.



Source: UBS, December 2018.

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

Portfolio managers

Dan Chamby, CFA, 34 years of experience

Russ Koesterich, CFA, JD, 24 years of experience

David Clayton, CFA, JD, 25 years of experience

Kent Hogshire, CFA, 19 years of experience

Average annual total returns (%) as of 2/28/19

	1 Month (not annualized)	YTD (not annualized)	1 year	3 years	5 years	10 years	Since inception[2]
Institutional	1.15%	6.38%	-1.85%	6.84%	3.18%	7.96%	9.50%
Investor A (Without sales charge)[3]	1.16%	6.30%	-2.15%	6.54%	2.90%	7.66%	9.22%
Investor A (With sales charge)[3]	-4.16%	0.72%	-7.29%	4.64%	1.79%	7.08%	9.02%
FTSE World Index[4]	2.74%	10.76%	-0.10%	13.34%	6.91%	13.47%	-
Morningstar World Allocation Avg.	1.23%	6.76%	-1.42%	7.52%	2.88%	8.85%	-
Reference Benchmark[5]	1.39%	6.56%	0.80%	8.44%	4.90%	9.50%	-

Total returns (annualized) as of 12/31/18 for Institutional shares: 1 Yr, -7.37%; 5 Yrs, 2.10%; 10 Yrs, 6.19%; Since Inception, 9.33%; for Investor A shares without/with maximum sales charge: 1 Yr, -7.63%/-12.48%; 5 Yrs, 1.83%/0.73%; 10 Yrs, 5.91%/5.33%; Since Inception, 9.05%/8.85%.

*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, **0.88%/1.15%**; Net, Including Investment-Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses): **0.81%/1.08%**. Institutional and Investor A have contractual waivers with an end date of 2/29/20, terminable upon 90 days' notice. 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 dividend and capital gain distributions. Current performance may be lower or higher than that shown. Refer to blackrock.com for current month-end performance. 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/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 can 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 or 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 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 February 28, 2019, 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. There is no guarantee that any of these views will come to pass. Reliance upon information in this material is at the sole discretion of the reader. Percent of net assets figures represent the Fund's exposure based on the economic value of securities adjusted for futures, options, swaps and convertible bonds.

1 The Morningstar Analyst Rating is not a credit or risk rating. It is a subjective evaluation performed by the manager research analysts of Morningstar. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Analysts use this five pillar evaluation to determine how they believe funds are likely to perform over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weighting of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflect an Analyst's conviction in a fund's prospects for outperformance. Analyst Ratings 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 http://corporate.morningstar.com/us/documents/%20MethodologyDocuments/AnalystRatingforFundsMethodology.pdf. The Morningstar Analyst Rating should not be used as the sole basis in evaluating a mutual fund. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected. **2** Fund Inception: 2/3/89. **3** 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. **4** The FTSE World Index is comprised of world equities, including the U.S. **5** The Reference Benchmark 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. S&P 500 Index comprises large-capitalization U.S. equities. FTSE World (ex-U.S.) Index comprises world equities, ex-U.S. ICE BofA ML 5-year U.S. Treasury Bond Index tracks the 5-year U.S. Treasury bond. FTSE Non-U.S. Dollar World Government Bond Index tracks government bond indices, ex-U.S.

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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