

High Equity Income Fund

Inst: **BMCIX** A: **BMEAX** C: **BMECX**

Commentary as of 03/31/21

- The fund posted returns of 11.49% (Institutional shares) and 11.46% (Investor A shares, without sales charge) for the first quarter of 2021.
- The main drivers of performance were stock selection in the consumer discretionary sector and an overweight position in the energy sector. Conversely, a combination of stock selection and an underweight exposure to industrials, and stock selection in communication services, detracted from returns.
- The fund's most significant absolute exposures were in the financials, health care, and consumer staples sectors. Relative to the Russell 1000 Value Index, the fund's largest overweight positions were in the health care, financials, and consumer staples sectors, and the largest underweight positions were in industrials, real estate, and materials.

★★★★★ Morningstar Overall™

Institutional shares rated against 113 Options-Based Funds, as of 3/31/21, based on risk-adjusted total return. Ratings are determined monthly and subject to change. The 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.^{1†}

Portfolio management

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Contributors

The largest contributor to relative performance was stock selection in the consumer discretionary sector. Most notably, an overweight exposure to the automobiles industry added value. In energy, an overweight position in the oil, gas & consumable fuels industry helped returns. Other positives included stock selection in the materials and consumer staples sectors.

Detractors

The largest detractor from relative performance was a combination of stock selection and positioning in the industrials sector. Notably, an underweight exposure to the machinery and airlines industries weighed on returns, as did stock selection in aerospace & defense. In communication services, the fund's use of equity-linked notes detracted due to rising U.S. stock prices, as did stock selection and an overweight position in the diversified telecommunication services industry. Other detractors included an overweight position in health care and stock selection in utilities.

Top 10 holdings (%)

Verizon	2.72
Wells Fargo	2.27
General Motors	2.25
Cisco Systems	2.12
Altria	1.91
BAE Systems	1.91
Marathon Petroleum	1.74
U.S. Bancorp	1.72
Siemens N Ag	1.65
Bayer	1.59

Investment approach

Invests in common stocks that pay dividends and have the potential for capital appreciation. The fund also utilizes an option writing (selling) strategy to enhance distributions paid to the fund's shareholders. The fund invests, under normal market conditions, at least 80% of its total assets in dividend paying equities.

Further insight

Entering the second quarter, several factors underpin our constructive view of U.S. stocks: continued monetary- and fiscal-policy support; COVID-19 vaccine progress; our belief that pent-up demand could drive a vigorous spending cycle; and the potential for strong consumer spending (i.e., good for the economy) or investment (i.e., good for financial assets). Many investors are coming to the same conclusion, yet we believe many may not appreciate the strength of the economic rebound. The unprecedented nature of the global pandemic plays a role in this respect, as it has resulted in an equally unique recovery to date.

Average annual total returns (%) as of 3/31/21

	1Q21 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years	Since Inception ¹
Institutional	11.49	11.49	50.09	9.15	10.61	8.96	12.97
Investor A (Without Sales Charge)	11.46	11.46	49.75	8.87	10.32	8.58	12.52
Investor A (With Sales Charge)	5.61	5.61	41.88	6.93	9.13	7.99	12.25
Morningstar Options-based Category Avg.	3.57	3.57	28.04	7.40	6.46	5.59	—
Russell 1000 Value¹	11.26	11.26	56.09	10.96	11.74	10.99	—

The fund's annual total returns prior to June 12, 2017 reflect a different investment strategy.

Expenses for Institutional shares: Total **1.13%**; Net, Including Investment Related Expenses (dividend expense, interest expense, acquired fund fees and expenses and certain other fund expenses) **0.85%**. For Investor A shares: Total **1.41%**; Net, Including Investment Related Expenses **1.10%**. Institutional and Investor A shares have contractual waivers with an end date of 09/30/2022 terminable upon 90 days' notice. For certain share classes, BlackRock may voluntarily agree to waive certain fees and expenses in which the adviser may discontinue at any time without notice. Expenses stated as of the fund's most recent prospectus. 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. Refer to blackrock.com for most recent month-end performance. Investment returns reflect total fund operating expenses, net of all fees, waivers and/or expense reimbursements. 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 shares: **0.85%**; for Investor A shares: **1.10%**.

Important Risks: The fund is actively managed and its characteristics will vary. Holdings shown should not be deemed as a recommendation to buy or sell securities. 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 political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. 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. Performance may be attributable to unusually high IPO profits. There is no guarantee this level of performance will be repeated. IPO securities have no trading history and the price may be volatile.

The opinions expressed are those of the fund's portfolio management team as of March 31, 2021, 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.

¹ Russell 1000 Value Index comprises the large-cap value segment of U.S. equities. It is a subset of the Russell 1000 Index that consists of those Russell 1000 securities with lower price-to-book ratios and lower expected growth values. 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. The fund was rated against the following numbers of U.S.-domiciled Options-Based funds over the following time periods: 113 in the last 3 years, 70 in the last 5 years and 16 in the last 10 years. With respect to these Options-Based funds, the fund received a Morningstar Rating of 3, 5 and 5 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics.

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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