

HIGH EQUITY INCOME FUND*

BLACKROCK®

2Q 2019 COMMENTARY

Inst: **BMCIX**¹ • A: **BMEAX** • C: **BMECX**

- ▶ The fund posted returns of 3.55% (Institutional shares) and 3.45% (Investor A shares, without sales charge) for the second quarter of 2019.
- ▶ The main drivers of relative underperformance at the sector level were stock selection and allocation decisions in the communication services and consumer staples sectors. These more than offset positive relative performance from the health care and consumer discretionary sectors.
- ▶ Our largest portfolio exposures were in the financials, health care and energy sectors. Relative to the Russell 1000 Value Index, the fund's performance benchmark, the fund's largest overweight positions were in energy, financials, and health care.

Contributors	Detractors
The largest contributor to relative performance was stock selection in the health care sector. Most notably, relative outperformance was sourced from selection decisions in the pharmaceuticals industry. In consumer discretionary, stock selection among automobiles firms added to relative performance. In financials, the majority of relative outperformance was sourced from stock selection in (and an overweight exposure to) the insurance industry. Lastly, stock selection in the information technology sector benefited the fund.	The largest detractors from relative performance were stock selection and allocation decisions in the communication services sector. Within the sector, stock selection among wireless telecommunication services firms drove relative underperformance, as did an underweight exposure to entertainment and media companies. In consumer staples, fund performance was hindered by stock-selection decisions in (and an overweight exposure to) the tobacco industry. Lastly, stock selection in the materials sector dampened relative returns during the quarter, as did an underweight exposure to industrials.

Portfolio Management

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TOP 10 EQUITY HOLDINGS

(% of Net Assets as of 6/30/19)

1. Wells Fargo	4.3
2. BP	4.1
3. JPMorgan Chase	3.4
4. Pfizer	2.8
5. Firstenergy Corp	2.6
6. Metlife Inc	2.6
7. Williams Inc	2.5
8. Verizon	2.3
9. Citigroup	2.1
10. American International Group Inc	2.1

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.

*Effective 6/12/17, the BlackRock U.S. Opportunities Fund changed its name to BlackRock High Equity Income Fund. Concurrently, there were changes to the fund's investment strategy and benchmark.

Further Insight

As we look toward the third quarter, our base case is unchanged - positive, albeit slowing, U.S. growth; we see the trajectory of corporate earnings as a key litmus test for the durability of this business cycle. Our stance is "risk-on", but we believe higher valuations, earnings uncertainty and an economic cycle approaching its later stage argue for a focus on quality and selectivity in pursuit of portfolio resilience. As we make investment decisions for the fund, we remain focused on discerning fundamental truths about companies and their future earnings power. We seek attractively valued, competitively advantaged companies with healthy balance sheets and the ability to protect margins, take market share, and/or organically grow earnings.

% AVERAGE ANNUAL TOTAL RETURNS AS OF 6/30/19

	2Q19 (not annualized)	YTD (not annualized)	1 Year	3 Year	5 Years	10 Years
Institutional ¹	3.55	13.05	6.37	10.27	6.34	12.51
Investor A (Without Sales Charge)	3.45	12.90	6.08	9.97	6.00	12.07
Investor A (With Sales Charge)	-1.98	6.97	0.51	8.02	4.86	11.47
Morningstar Large Value Category Avg.	3.02	14.59	5.79	10.12	6.84	12.20
Russell 1000 Value ⁴	3.84	16.24	8.46	10.19	7.46	13.19

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

Expenses for Institutional shares: Total 1.08%; 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 1.37%; Net, Including Investment Related Expenses 1.10%. Institutional and Investor A shares have contractual waivers with an end date of 01/31/2020 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 June 30, 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. Past performance is no guarantee of future results. There is no guarantee that any forecasts made will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. Investment involves risk. Reliance upon information in this material is at the sole discretion of the reader.

¹ The share classes have different sales charges, fees and other features. ² 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.

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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07/19 — High Equity Income Fund*

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