**BlackRock Advantage Global Fund, Inc.**

**BlackRock Advantage U.S. Total Market Fund, Inc.**

**BlackRock Asian Dragon Fund, Inc.**

**BlackRock Basic Value Fund, Inc.**

**BlackRock California Municipal Series Trust**
BlackRock California Municipal Opportunities Fund

**BlackRock Emerging Markets Fund, Inc.**

**BlackRock Equity Dividend Fund**

**BlackRock EuroFund**

**BlackRock Focus Growth Fund, Inc.**

**BlackRock Financial Institutions Series Trust**
BlackRock Summit Cash Reserves Fund

**BlackRock Funds℠**
BlackRock Advantage Emerging Markets Fund
BlackRock Advantage Small Cap Core Fund
BlackRock China A Opportunities Fund
BlackRock Commodity Strategies Fund
BlackRock Emerging Markets Equity Strategies Fund
BlackRock Global Long/Short Equity Fund
BlackRock Impact U.S. Equity Fund
BlackRock Money Market Portfolio
BlackRock Real Estate Securities Fund
BlackRock Short Obligations Fund
BlackRock Total Emerging Markets Fund
BlackRock Total Factor Fund
iShares Developed Real Estate Index Fund
iShares Edge MSCI Min Vol EAFE Index Fund
iShares Edge MSCI Min Vol USA Index Fund
iShares Edge MSCI Multifactor Intl Index Fund
iShares Edge MSCI Multifactor USA Index Fund
iShares MSCI Developed World Index Fund
iShares Municipal Bond Index Fund
iShares Russell Mid-Cap Index Fund
iShares Russell Small/Mid-Cap Index Fund
iShares Short-Term TIPS Bond Index Fund
iShares Total U.S. Stock Market Index Fund

**BlackRock Funds II**
BlackRock Dynamic High Income Portfolio
BlackRock Global Dividend Portfolio
BlackRock LifePath® Smart Beta 2020 Fund
BlackRock LifePath® Smart Beta 2025 Fund
BlackRock LifePath® Smart Beta 2030 Fund
BlackRock LifePath® Smart Beta 2035 Fund
BlackRock LifePath® Smart Beta 2040 Fund
BlackRock LifePath® Smart Beta 2045 Fund
BlackRock LifePath® Smart Beta 2050 Fund
BlackRock LifePath® Smart Beta 2055 Fund
BlackRock LifePath® Smart Beta 2060 Fund
BlackRock LifePath® Smart Beta Retirement Fund
BlackRock Managed Income Fund
BlackRock Multi-Asset Income Portfolio

**BlackRock Funds III**
BlackRock LifePath® Dynamic Retirement Fund
BlackRock LifePath® Dynamic 2020 Fund
BlackRock LifePath® Dynamic 2025 Fund
BlackRock LifePath® Dynamic 2030 Fund
BlackRock LifePath® Dynamic 2035 Fund
BlackRock LifePath® Dynamic 2040 Fund
BlackRock LifePath® Dynamic 2045 Fund
BlackRock LifePath® Dynamic 2050 Fund
BlackRock LifePath® Dynamic 2055 Fund
BlackRock LifePath® Dynamic 2060 Fund
BlackRock LifePath® Index Retirement Fund
BlackRock LifePath® Index 2020 Fund
BlackRock LifePath® Index 2025 Fund
BlackRock LifePath® Index 2030 Fund
BlackRock LifePath® Index 2035 Fund
BlackRock LifePath® Index 2040 Fund
BlackRock LifePath® Index 2045 Fund
BlackRock LifePath® Index 2050 Fund
BlackRock LifePath® Index 2055 Fund
BlackRock LifePath® Index 2060 Fund
iShares MSCI Total International Index Fund
iShares Russell 1000 Large-Cap Index Fund
iShares S&P 500 Index Fund
iShares U.S. Aggregate Bond Index Fund

**BlackRock Funds IV**
BlackRock Global Long/Short Credit Fund
BlackRock Impact Bond Fund
BlackRock Systematic Multi-Strategy Fund

**BlackRock Funds V**
BlackRock Emerging Markets Bond Fund
BlackRock Emerging Markets Flexible Dynamic Bond Portfolio
BlackRock Emerging Markets Local Currency Bond Fund
BlackRock Floating Rate Income Portfolio
BlackRock Inflation Protected Bond Portfolio
BlackRock Strategic Income Opportunities Portfolio

**BlackRock Funds VI**
BlackRock CoreAlpha Bond Fund

**BlackRock Global Allocation Fund, Inc.**

**BlackRock Index Funds, Inc.**
iShares MSCI EAFE International Index Fund
iShares Russell 2000 Small-Cap Index Fund

**BlackRock Large Cap Series Funds, Inc.**
BlackRock Large Cap Focus Growth Fund

**BlackRock Latin America Fund, Inc.**

**BlackRock Long-Horizon Equity Fund**

**BlackRock Mid Cap Dividend Series, Inc.**
BlackRock Mid Cap Dividend Fund

**BlackRock Multi-State Municipal Series Trust**
BlackRock New Jersey Municipal Bond Fund
BlackRock New York Municipal Opportunities Fund
BlackRock Pennsylvania Municipal Bond Fund

**BlackRock Municipal Bond Fund, Inc.**
BlackRock High Yield Municipal Fund
BlackRock National Municipal Fund
BlackRock Short-Term Municipal Fund

**BlackRock Municipal Series Trust**
BlackRock Strategic Municipal Opportunities Fund

**BlackRock Natural Resources Trust**

**BlackRock Series, Inc.**
BlackRock International Fund

**BlackRock Strategic Global Bond Fund, Inc.**

**FDP Series, Inc.**
FDP BlackRock Capital Appreciation Fund
FDP BlackRock Equity Dividend Fund
FDP BlackRock International Fund

**FDP Series II, Inc.**
FDP BlackRock CoreAlpha Bond Fund

**Managed Account Series**
BlackRock GA Disciplined Volatility Equity Fund
BlackRock GA Dynamic Equity Fund

**Managed Account Series II**
BlackRock U.S. Mortgage Portfolio

**(each, a "Fund" and collectively, the "Funds")**

**Supplement dated January 30, 2019 to the Investor A Shares, Investor A1 Shares, Investor C Shares, Investor C1 Shares, Investor C2 Shares, Investor C3 Shares, Investor P Shares, Institutional Shares and/or Class K Shares Prospectus, as applicable, of each Fund (each, a "Prospectus")**

**Effective immediately, the following changes are made to the Prospectus of each Fund:**

**The subsection entitled "Right of Accumulation," "Sales Charges Reduced or Eliminated for Investor A Shares—Right of Accumulation" or "Sales Charges Reduced or Eliminated for Investor P Shares—Right of Accumulation," as applicable, in the section of each Fund's Prospectus entitled "Account Information—Details About the Share Classes" is deleted in its entirety and replaced with the following:**

**Right of Accumulation**

Investors have a "right of accumulation" under which any of the following may be combined with the amount of the current purchase in determining whether an investor qualifies for a breakpoint and a reduced front-end sales charge:

i. The current value of an investor's existing Investor A and A1, Investor C, C1, C2 and C3, Investor P, Institutional and Class K Shares in most mutual funds sponsored and advised by BlackRock or its affiliates ("BlackRock Funds"),

ii. The current value of an investor's existing shares of certain unlisted closed-end management investment companies sponsored and advised by BlackRock or its affiliates ("Eligible Unlisted BlackRock Closed-End Funds") and

iii. The investment in the BlackRock CollegeAdvantage 529 Program by the investor or by or on behalf of the investor's spouse and children.

Financial Intermediaries may value current holdings of their customers differently for purposes of determining whether an investor qualifies for a breakpoint and a reduced front-end sales charge, although customers of the same Financial Intermediary will be treated similarly. In order to use this right, the investor must alert BlackRock to the existence of any previously purchased shares.

**Shareholders should retain this Supplement for future reference.**

PRO-ROA-0119SUP

**BlackRock Advantage Global Fund, Inc.**

**BlackRock Advantage U.S. Total Market Fund, Inc.**

**BlackRock Asian Dragon Fund, Inc.**

**BlackRock Basic Value Fund, Inc.**

**BlackRock California Municipal Series Trust**
BlackRock California Municipal Opportunities Fund

**BlackRock Emerging Markets Fund, Inc.**

**BlackRock Equity Dividend Fund**

**BlackRock EuroFund**

**BlackRock Financial Institutions Series Trust**
BlackRock Summit Cash Reserves Fund

**BlackRock Focus Growth Fund, Inc.**

**BlackRock Funds℠**
BlackRock Advantage Emerging Markets Fund
BlackRock Advantage Small Cap Core Fund
BlackRock Commodity Strategies Fund
BlackRock Emerging Markets Equity Strategies Fund
BlackRock Global Long/Short Equity Fund
BlackRock Impact U.S. Equity Fund
BlackRock Money Market Portfolio
BlackRock Real Estate Securities Fund
BlackRock Short Obligations Fund
BlackRock Total Emerging Markets Fund
BlackRock Total Factor Fund

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BlackRock LifePath® Dynamic 2055 Fund
BlackRock LifePath® Dynamic 2060 Fund

**BlackRock Funds IV**
BlackRock Global Long/Short Credit Fund
BlackRock Impact Bond Fund
BlackRock Systematic Multi-Strategy Fund

**BlackRock Funds V**
BlackRock Emerging Markets Flexible Dynamic Bond Portfolio
BlackRock Floating Rate Income Portfolio
BlackRock Inflation Protected Bond Portfolio
BlackRock Strategic Income Opportunities Portfolio

**BlackRock Funds VI**
BlackRock CoreAlpha Bond Fund

**BlackRock Global Allocation Fund, Inc.**

**BlackRock Large Cap Series Funds, Inc.**
BlackRock Large Cap Focus Growth Fund

**BlackRock Latin America Fund, Inc.**

**BlackRock Long-Horizon Equity Fund**

**BlackRock Mid Cap Dividend Series, Inc.**
BlackRock Mid Cap Dividend Fund

**BlackRock Multi-State Municipal Series Trust**
BlackRock New Jersey Municipal Bond Fund
BlackRock New York Municipal Opportunities Fund
BlackRock Pennsylvania Municipal Bond Fund

**BlackRock Municipal Bond Fund, Inc.**
BlackRock High Yield Municipal Fund
BlackRock National Municipal Fund
BlackRock Short-Term Municipal Fund

**BlackRock Municipal Series Trust**
BlackRock Strategic Municipal Opportunities Fund

**BlackRock Natural Resources Trust**

**BlackRock Series, Inc.**
BlackRock International Fund

**BlackRock Strategic Global Bond Fund, Inc.**

**FDP Series, Inc.**
FDP BlackRock Capital Appreciation Fund
FDP BlackRock Equity Dividend Fund
FDP BlackRock International Fund

**FDP Series II, Inc.**
FDP BlackRock CoreAlpha Bond Fund

**Managed Account Series II**
BlackRock U.S. Mortgage Portfolio

**(each, a "Fund" and collectively, the "Funds")**

**Supplement dated January 30, 2019 to the Investor A and/or Investor C Shares Prospectus of each Fund (each, a "Prospectus")**

**The subsection entitled "Merrill Lynch" in the section of each Fund's Prospectus entitled "Intermediary-Defined Sales Charge Waiver Policies" is deleted in its entirety and replaced with the following:**

**Merrill Lynch:**

Effective April 10, 2017, shareholders purchasing Fund shares through a Merrill Lynch platform or account (excluding shares purchased from or through the Fund, the Fund's distributor or any non-Merrill Lynch platform or account, even if Merrill Lynch serves as broker-dealer of record for such shares) will be eligible only for the following sales charge waivers (front-end sales charge waivers and CDSC waivers) and reductions, which may differ from those disclosed elsewhere in the prospectus or SAI.

**Front-End Sales Charge Waivers for Investor A Shares available at Merrill Lynch**

- Shares purchased by employer-sponsored retirement, deferred compensation and employee benefit plans (including health savings accounts) and trusts used to fund those plans, provided that the shares are not held in a commission-based brokerage account and shares are held for the benefit of the plan/plan participants

- Shares purchased by or through a 529 Plan

- Shares purchased through a Merrill Lynch affiliated investment advisory program, or effective February 1, 2019, exchanges of shares purchased through such a Merrill Lynch program due to the holdings moving from such program to a Merrill Lynch brokerage (non-advisory) account

- Shares purchased by third party investment advisors on behalf of their advisory clients through Merrill Lynch's platform

- Shares of funds purchased through the Merrill Edge Self-Directed platform

- Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same fund (but not any other BlackRock Fund)

- Shares exchanged from Investor C (i.e. level-load) Shares of the same Fund in the month of or following the 10-year anniversary of the purchase date

- Shares purchased by employees and registered representatives of Merrill Lynch or its affiliates and their family members

- Shares purchased by directors of the Fund, and employees of BlackRock or any of its affiliates, as described in the prospectus

- Shares purchased from the proceeds of redemptions from another BlackRock Fund, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales charge (known as Rights of Reinstatement)

**CDSC Waivers on Investor A and C Shares available at Merrill Lynch**

- Shares sold due to death or disability of the shareholder

- Shares sold as part of a systematic withdrawal plan as described in the prospectus

- Shares bought due to return of excess contributions from an IRA Account

- Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the shareholder reaching age 70½

- Shares sold to pay Merrill Lynch fees but only if the transaction is initiated by Merrill Lynch

- Shares acquired through a Right of Reinstatement

- Investor A and C Shares of the Fund held in the following IRA or other retirement brokerage accounts: Traditional IRAs, Roth IRAs, Rollover IRAs, Inherited IRAs, SEP IRAs, SIMPLE IRAs, BASIC Plans, Educational Savings Accounts and Medical Savings Accounts, that are exchanged for Institutional Shares of the Fund due to transfer to certain fee based accounts or platforms

- Effective February 1, 2019, Investor A Shares sold, where such Investor A Shares were received as a result of exchanges of shares purchased through a Merrill Lynch affiliated investment advisory program due to the holdings moving from the program to a Merrill Lynch brokerage (non-advisory) account

**Front-End Sales Charge Discounts Available at Merrill Lynch: Breakpoints, Rights of Accumulation & Letters of Intent**

- Breakpoints as described in the prospectus

- Rights of Accumulation (ROA) entitle shareholders to breakpoint discounts that will be automatically calculated based on the aggregated holding of BlackRock Fund assets held by accounts within the purchaser's household at Merrill Lynch. Eligible BlackRock Fund assets not held at Merrill Lynch may be included in the ROA calculation only if the shareholder notifies his or her financial advisor about such assets

- Letters of Intent (LOI) allow for breakpoint discounts based on anticipated purchases of BlackRock Funds, through Merrill Lynch, over a 13-month period of time

**The following is added to the end of the section of each Prospectus entitled "Intermediary-Defined Sales Charge Waiver Policies":**

**Raymond James & Associates, Inc., Raymond James Financial Services and Affiliates ("Raymond James"):**

Effective March 1, 2019, shareholders purchasing Fund shares through a Raymond James platform or account will be eligible only for the following sales charge waivers (front-end sales charge waivers and CDSC waivers) and discounts, which may differ from those disclosed elsewhere in this prospectus or the SAI.

**Front-End Sales Charge Waivers on Investor A Shares Available at Raymond James**

- Shares purchased in a Raymond James investment advisory program.
- Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same Fund (but not any other BlackRock Fund).
- Shares purchased by employees and registered representatives of Raymond James or its affiliates and their family members as designated by Raymond James.
- Shares purchased from the proceeds of redemptions from another BlackRock Fund, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales charge (known as Rights of Reinstatement).
- A shareholder in the Fund's Investor C shares will have their shares converted at net asset value to Investor A shares of the Fund if the shares are no longer subject to a CDSC and the conversion is in line with the policies and procedures of Raymond James.

**CDSC Waivers on Investor A and C Shares Available at Raymond James**

- Shares sold due to death or disability of the shareholder.
- Shares sold as part of a systematic withdrawal plan as described in the Fund's prospectus.
- Shares bought due to return of excess contributions from an IRA Account.
- Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the shareholder reaching age 70½ as described in the Fund's prospectus.
- Shares sold to pay Raymond James fees but only if the transaction is initiated by Raymond James.
- Shares acquired through a Right of Reinstatement.

**Front-End Sales Charge Discounts Available at Raymond James: Breakpoints and/or Rights of Accumulation**

- Breakpoints as described in this prospectus.
- Rights of accumulation which entitle shareholders to breakpoint discounts will be automatically calculated based on the aggregated holding of BlackRock Fund assets held by accounts within the purchaser's household at Raymond James. Eligible BlackRock Fund assets not held at Raymond James may be included in the rights of accumulation calculation only if the shareholder notifies his or her financial advisor about such assets.

**Shareholders should retain this Supplement for future reference.**

PRO-GLBL-AC-0119SUP

**BlackRock Advantage Global Fund, Inc.**

**BlackRock Advantage U.S. Total Market Fund, Inc.**

**BlackRock Asian Dragon Fund, Inc.**

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BlackRock Total Emerging Markets Fund
BlackRock Total Factor Fund

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BlackRock LifePath® Dynamic 2055 Fund
BlackRock LifePath® Dynamic 2060 Fund

**BlackRock Funds IV**
BlackRock Global Long/Short Credit Fund
BlackRock Impact Bond Fund
BlackRock Systematic Multi-Strategy Fund

**BlackRock Funds V**
BlackRock Emerging Markets Flexible Dynamic Bond Portfolio
BlackRock Floating Rate Income Portfolio
BlackRock Inflation Protected Bond Portfolio
BlackRock Strategic Income Opportunities Portfolio

**BlackRock Funds VI**
BlackRock CoreAlpha Bond Fund

**BlackRock Global Allocation Fund, Inc.**

**BlackRock Large Cap Series Funds, Inc.**
BlackRock Large Cap Focus Growth Fund

**BlackRock Latin America Fund, Inc.**

**BlackRock Long-Horizon Equity Fund**

**BlackRock Mid Cap Dividend Series, Inc.**
BlackRock Mid Cap Dividend Fund

**BlackRock Multi-State Municipal Series Trust**
BlackRock New Jersey Municipal Bond Fund
BlackRock New York Municipal Opportunities Fund
BlackRock Pennsylvania Municipal Bond Fund

**BlackRock Municipal Bond Fund, Inc.**
BlackRock High Yield Municipal Fund
BlackRock National Municipal Fund
BlackRock Short-Term Municipal Fund

**BlackRock Municipal Series Trust**
BlackRock Strategic Municipal Opportunities Fund

**BlackRock Natural Resources Trust**

**BlackRock Series, Inc.**
BlackRock International Fund

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**FDP Series II, Inc.**
FDP BlackRock CoreAlpha Bond Fund

**Managed Account Series II**
BlackRock U.S. Mortgage Portfolio

**(each, a "Fund" and collectively, the "Funds")**

**Supplement dated January 30, 2019 to the Investor A Shares Prospectus of each Fund (each, a "Prospectus")**

**Effective immediately, the following changes are made to the Prospectus of each Fund:**

**The subsections entitled "Sales Charges Reduced or Eliminated for Investor A Shares—Qualifying Holdings" and "Letter of Intent" in the section of each Fund's Prospectus entitled "Account Information—Details About the Share Classes" are deleted in their entirety and replaced with the following:**

***Qualifying Holdings*** — Investor A and A1, Investor C, C1, C2 and C3, Investor P, Institutional and Class K Shares (in most BlackRock Funds), investments in certain unlisted closed-end management investment companies sponsored and advised by BlackRock or its affiliates ("Eligible Unlisted BlackRock Closed-End Funds") and investments in the BlackRock CollegeAdvantage 529 Program.

Qualifying Holdings may include shares held in accounts held at a Financial Intermediary, including personal accounts, certain retirement accounts, UGMA/UTMA accounts, Joint Tenancy accounts, trust accounts and Transfer on Death accounts, as well as shares purchased by a trust of which the investor is a beneficiary. For purposes of the Letter of Intent and right of accumulation, the investor may not combine with the investor's other holdings shares held in pension, profit sharing or other employer-sponsored retirement plans if those shares are held in the name of a nominee or custodian.

In order to receive a reduced sales charge, at the time an investor purchases shares of the Fund, the investor should inform the Financial Intermediary and/or BlackRock Funds of any other shares of the Fund or any other BlackRock Fund or Eligible Unlisted BlackRock Closed-End Fund that qualify for a reduced sales charge. Failure by the investor to notify the Financial Intermediary or BlackRock Funds may result in the investor not receiving the sales charge reduction to which the investor is otherwise entitled.

The Financial Intermediary or BlackRock Funds may request documentation — including account statements and records of the original cost of the shares owned by the investor, the investor's spouse and/or children showing that the investor qualifies for a reduced sales charge. The investor should retain these records because — depending on where an account is held or the type of account — the Fund and/or the Financial Intermediary, BlackRock Funds or Eligible Unlisted BlackRock Closed-End Funds may not be able to maintain this information.

For more information, see the SAI or contact your Financial Intermediary.

**Letter of Intent**

An investor may qualify for a reduced front-end sales charge immediately by signing a "Letter of Intent" stating the investor's intention to make one or more of the following investments within the next 13 months which would, if bought all at once, qualify the investor for a reduced sales charge:

i. Buy a specified amount of Investor A, Investor C, Investor P, Institutional and/or Class K Shares,

ii. Make an investment in one or more Eligible Unlisted BlackRock Closed-End Funds and/or

iii. Make an investment through the BlackRock CollegeAdvantage 529 Program in one or more BlackRock Funds.

The initial investment must meet the minimum initial purchase requirement. The 13-month Letter of Intent period commences on the day that the Letter of Intent is received by the Fund.

The market value of current holdings in the BlackRock Funds (including Investor A, Investor C, Investor P, Institutional and Class K Shares, Eligible Unlisted BlackRock Closed-End Funds and the BlackRock CollegeAdvantage 529 Program Class A and Class C Units) as of the date of commencement that are eligible under the Right of Accumulation may be counted towards the sales charge reduction.

The investor must notify the Fund of (i) any current holdings in the BlackRock Funds, Eligible Unlisted BlackRock Closed-End Funds and/or the BlackRock CollegeAdvantage 529 Program that should be counted towards the sales charge reduction and (ii) any subsequent purchases that should be counted towards the Letter of Intent.

During the term of the Letter of Intent, the Fund will hold Investor A Shares representing up to 5% of the indicated amount in an escrow account for payment of a higher sales load if the full amount indicated in the Letter of Intent is not purchased. If the full amount indicated is not purchased within the 13-month period, and the investor does not pay the higher sales load within 20 days, the Fund will redeem enough of the Investor A Shares held in escrow to pay the difference.

**Shareholders should retain this Supplement for future reference.**

PRO-QHLI-A-0119SUP

SEPTEMBER 28, 2018

# PROSPECTUS

BLACKROCK®

BlackRock California Municipal Series Trust | Investor and Institutional Shares

- BlackRock California Municipal Opportunities Fund
  Investor A: MECMX • Investor C: MFCMX • Institutional: MACMX

BlackRock Multi-State Municipal Series Trust | Investor and Institutional Shares

- BlackRock New Jersey Municipal Bond Fund
  Investor A: MENJX • Investor C: MFNJX • Institutional: MANJX
- BlackRock Pennsylvania Municipal Bond Fund
  Investor A: MEPYX • Investor C: MFPYX • Institutional: MAPYX

*This Prospectus contains information you should know before investing, including information about risks. Please read it before you invest and keep it for future reference.*

*The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.*

**Not FDIC Insured • May Lose Value • No Bank Guarantee**

# Table of Contents

# Fund Overview

## Key Facts About BlackRock California Municipal Opportunities Fund

### *Investment Objective*

The investment objective of BlackRock California Municipal Opportunities Fund (the "California Fund" or the "Fund") is to provide shareholders with income exempt from Federal and California income taxes.

### *Fees and Expenses of the Fund*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in the fund complex advised by BlackRock Advisors, LLC ("BlackRock") or its affiliates. More information about these and other discounts is available from your financial professional or your selected securities dealer, broker, investment adviser, service provider or industry professional (including BlackRock, The PNC Financial Services Group, Inc. ("PNC") and their respective affiliates) (each a "Financial Intermediary") and in the "Details About the Share Classes" and the "Intermediary-Defined Sales Charge Waiver Policies" sections on pages 45 and A-1, respectively, of the Fund's prospectus and in the "Purchase of Shares" section on page II-74 of Part II of the Fund's Statement of Additional Information.

| **Shareholder Fees (fees paid directly from your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price) | 4.25% | None | None |
| Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower) | None[1] | 1.00%[2] | None |

| **Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Management Fee[3] | 0.37% | 0.37% | 0.37% |
| Distribution and/or Service (12b-1) Fees | 0.25% | 1.00% | None |
| Other Expenses | 0.19% | 0.20% | 0.20% |
| Interest Expense | 0.10% | 0.10% | 0.10% |
| Miscellaneous Other Expenses | 0.09% | 0.10% | 0.10% |
| Acquired Fund Fees and Expenses[4] | 0.01% | 0.01% | 0.01% |
| Total Annual Fund Operating Expenses[4] | 0.82% | 1.58% | 0.58% |
| Fee Waivers and/or Expense Reimbursements[3,5] | (0.02)% | (0.03)% | (0.03)% |
| Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements[3,5] | 0.80% | 1.55% | 0.55% |

1 A contingent deferred sales charge ("CDSC") of 1.00% is assessed on certain redemptions of Investor A Shares made within 18 months after purchase where no initial sales charge was paid at time of purchase as part of an investment of $250,000 or more.

2 There is no CDSC on Investor C Shares after one year.

3 As described in the "Management of the Funds" section of the Fund's prospectus beginning on page 59, BlackRock has contractually agreed to waive the management fee with respect to any portion of the Fund's assets estimated to be attributable to investments in other equity and fixed-income mutual funds and exchange-traded funds managed by BlackRock or its affiliates that have a contractual management fee, through September 30, 2019. The contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock California Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

4 The Total Annual Fund Operating Expenses do not correlate to the ratios of expenses to average net assets given in the Fund's most recent annual report, which do not include Acquired Fund Fees and Expenses.

5 As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees and/or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Interest Expense, Dividend Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) as a percentage of average daily net assets to 0.69% for Investor A Shares, 1.44% for Investor C Shares, and 0.44% for Institutional Shares through September 30, 2019. The Fund may under certain circumstances have to repay some of these waivers and/or reimbursements to BlackRock in the two years following such waivers and/or reimbursements. This contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock California Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

**Example:**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor A Shares | $503 | $674 | $859 | $1,394 |
| Investor C Shares | $258 | $496 | $858 | $1,876 |
| Institutional Shares | $ 56 | $183 | $321 | $ 723 |

You would pay the following expenses if you did not redeem your shares:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor C Shares | $158 | $496 | $858 | $1,876 |

**Portfolio Turnover:**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 129% of the average value of its portfolio.

## *Principal Investment Strategies of the Fund*

Under normal circumstances, the Fund will invest at least 80% of its assets in California municipal bonds. California municipal bonds are debt obligations issued by or on behalf of a governmental entity in California or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from California income tax.

Municipal bonds also include short-term tax-exempt obligations like municipal notes, variable rate demand obligations, private activity bonds and insured municipal bonds. The Fund may invest in both fixed rate and variable rate obligations.

At least 50% of the Fund's assets will be invested in investment grade securities. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. The Fund may invest up to 50% of its assets in non-investment grade bonds (commonly called "high yield" or "junk bonds"). Non-investment grade bonds are bonds that, at the time of acquisition, are rated in the lower rating categories of the major rating agencies (BB or lower by S&P Global Ratings or Fitch Ratings or Ba or lower by Moody's Investor Service, Inc.) or are determined by Fund management to be of similar quality. Split rated bonds will be considered to have the higher credit rating. Split rated bonds are bonds that receive different ratings from two or more rating agencies.

The Fund may invest in bonds of any maturity. Under normal circumstances, the Fund seeks to maintain an average portfolio duration of zero to ten years. Duration is a mathematical calculation of the average life of a bond (or bonds in a bond fund) that serves as a useful measure of its price risk. Each year of duration represents an expected 1% change in the net asset value of a bond fund for every 1% immediate change in interest rates. For example, if a bond fund has an average duration of ten years, its net asset value would be expected to fall about 10% when interest rates rise by one percentage point, assuming all other factors remain equal. Conversely, the bond fund's net asset value would be expected to rise about 10% when interest rates fall by one percentage point, assuming all other factors remain equal. Duration, which measures price sensitivity to interest rate changes, is not necessarily equal to average maturity. The Fund's average weighted duration may vary significantly from time to time depending on the views of Fund management.

The Fund's investment process begins with bottom-up, fundamental analysis focused on sector and security selection, and then incorporates a macroeconomic framework for evaluating and managing risk, including geographic, technical and economic risk. The Fund's investment process is generally expected to place greater emphasis on duration management and capital structure compared to that of a more traditional municipal fixed income fund. When selecting investments for the Fund, Fund management considers a variety of factors, including the credit quality of issuers and the yield and duration of the obligations.

The Fund is permitted to engage in transactions in certain derivatives, such as interest rate futures, financial futures contracts and options thereon, for hedging purposes or to seek to enhance returns. The Fund may also invest in other derivatives, such as indexed and inverse floating rate obligations and swap agreements, including credit default swap agreements, for hedging purposes (including anticipatory hedges) or to enhance income. Derivatives are financial instruments whose value is derived from another security or an index. The Fund may use derivative instruments to hedge its investments or to seek to enhance returns. Derivatives allow the Fund to increase or decrease its risk exposure more quickly and efficiently than other types of instruments.

The Fund may invest up to 20% of its assets in securities that are not California municipal bonds (including, but not limited to, taxable municipal bonds, U.S. Treasury and Government agency issues, and investment grade corporate bonds).

The Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the Fund transfers municipal bonds or other municipal securities into a special purpose entity (a “TOB Trust”). A TOB Trust typically issues two classes of beneficial interests: short-term floating rate interests (“TOB Floaters”), which are sold to third party investors, and residual inverse floating rate interests (“TOB Residuals”), which are generally issued to the Fund. The Fund may invest in TOB Residuals and may also invest in TOB Floaters. The Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the Fund’s 80% policy.

The Fund may also buy when-issued securities and participate in delayed delivery transactions.

The Fund may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

## *Principal Risks of Investing in the Fund*

Risk is inherent in all investing. The value of your investment in the Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments. The following is a summary description of principal risks of investing in the Fund.

- ***Debt Securities Risk*** — Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things.

  *Interest Rate Risk* — The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise.

  The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates. For example, if interest rates increase by 1%, assuming a current portfolio duration of ten years, and all other factors being equal, the value of the Fund’s investments would be expected to decrease by 10%. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Fund’s investments will not affect interest income derived from instruments already owned by the Fund, but will be reflected in the Fund’s net asset value. The Fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by Fund management.

  To the extent the Fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage-backed securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the Fund to the extent that it invests in floating rate debt securities.

  These basic principles of bond prices also apply to U.S. Government securities. A security backed by the “full faith and credit” of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change.

  A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund's performance.

*Credit Risk* — Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

*Extension Risk* — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall.

*Prepayment Risk* — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields.

- ***Derivatives Risk*** — The Fund's use of derivatives may increase its costs, reduce the Fund's returns and/or increase volatility. Derivatives involve significant risks, including:

*Volatility Risk* — Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate with the overall securities markets.

*Counterparty Risk* — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.

*Market and Liquidity Risk* — The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately.

*Valuation Risk* — Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them.

*Hedging Risk* — Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the Fund's hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences.

*Tax Risk* — Certain aspects of the tax treatment of derivative instruments, including swap agreements and commodity-linked derivative instruments, are currently unclear and may be affected by changes in legislation, regulations or other legally binding authority. Such treatment may be less favorable than that given to a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the Fund realizes from its investments.

*Regulatory Risk* — Derivative contracts, including, without limitation, swaps, currency forwards and non-deliverable forwards, are subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd Frank Act") in the United States and under comparable regimes in Europe, Asia and other non-U.S. jurisdictions. Under the Dodd-Frank Act, certain derivatives are subject to margin requirements and swap dealers are required to collect margin from the Fund with respect to such derivatives. Specifically, regulations are now in effect that require swap dealers to post and collect variation margin (comprised of specified liquid instruments and subject to a required haircut) in connection with trading of over-the-counter ("OTC") swaps with the Fund. Shares of investment companies (other than certain money market funds) may not be posted as collateral under these regulations. Requirements for posting of initial margin in connection with OTC swaps will be phased-in through 2020. In addition, regulations adopted by prudential regulators that will begin to take effect in 2019 will require certain bank-regulated counterparties and certain of their affiliates to include in certain financial contracts, including many derivatives contracts, terms that delay or restrict the rights of counterparties, such as the Fund, to terminate such contracts, foreclose upon collateral, exercise other default rights or restrict transfers of credit support in the event that the counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. The implementation of these requirements with respect to derivatives, as well as regulations under the Dodd-Frank Act regarding clearing, mandatory trading and margining of other derivatives may increase the costs and risks to the Fund of trading in these instruments and, as a result, may affect returns to investors in the Fund.

- ***High Portfolio Turnover Risk*** — The Fund may engage in active and frequent trading of its portfolio securities. High portfolio turnover (more than 100%) may result in increased transaction costs to the Fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of the securities and on reinvestment in other securities. The sale of Fund portfolio securities may result in the realization and/or distribution to shareholders of higher capital gains or losses as compared to a fund with less active trading policies. These effects of higher than normal portfolio turnover may adversely affect Fund performance.

- ***Insurance Risk*** — Insurance guarantees that interest payments on a municipal security will be made on time and that the principal will be repaid when the security matures. However, insurance does not protect against losses caused by declines in a municipal security's value. The Fund cannot be certain that any insurance company will make the payments it guarantees. If a municipal security's insurer fails to fulfill its obligations or loses its credit rating, the value of the security could drop.

- ***Junk Bonds Risk*** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that are considered speculative and may cause income and principal losses for the Fund.
- ***Leverage Risk*** — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Fund to greater risk and increase its costs. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.
- ***Liquidity Risk*** — Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market in fixed-income securities or the lack of an active market. Liquid investments may become illiquid or less liquid after purchase by the Fund, particularly during periods of market turmoil. Illiquid and relatively less liquid investments may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. This may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed-income mutual funds may be higher than normal. In addition, when there is illiquidity in the market for certain securities, the Fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.
- ***Market Risk and Selection Risk*** — Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.
- ***Municipal Securities Risks*** — Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. These risks include:

  *General Obligation Bonds Risks* — Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.

  *Revenue Bonds Risks* — These payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source.

  *Private Activity Bonds Risks* — Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise. The private enterprise pays the principal and interest on the bond, and the issuer does not pledge its faith, credit and taxing power for repayment.

  *Moral Obligation Bonds Risks* — Moral obligation bonds are generally issued by special purpose public authorities of a state or municipality. If the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality.

  *Municipal Notes Risks* — Municipal notes are shorter term municipal debt obligations. If there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the Fund may lose money.

  *Municipal Lease Obligations Risks* — In a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation. Although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property.

  *Tax-Exempt Status Risk* — The Fund and its investment manager will rely on the opinion of issuers' bond counsel and, in the case of derivative securities, sponsors' counsel, on the tax-exempt status of interest on municipal bonds and payments under derivative securities. Neither the Fund nor its investment manager will independently review the bases for those tax opinions, which may ultimately be determined to be incorrect and subject the Fund and its shareholders to substantial tax liabilities.
- ***State Specific Risk*** — The Fund will invest primarily in municipal securities issued by or on behalf of the State of California. As a result, the Fund is more exposed to risks affecting issuers of California municipal securities than is a municipal securities fund that invests more widely.

- ***Taxability Risk*** — Investments in taxable municipal bonds, U.S. Treasury and Government agency issues, investment grade corporate bonds and taxable money market securities as well as some of the derivatives and other instruments discussed herein will cause the Fund to have taxable investment income. The Fund may also realize capital gains on the sale of its municipal bonds (and other securities and derivatives it holds). These capital gains will be taxable regardless of whether they are derived from a sale of municipal bonds. Fund investments may also cause the Fund to recognize taxable ordinary income from market discount. The Fund will report distributions from taxable investment income, from market discount and from realized capital gains as taxable to Fund shareholders. In order for the Fund to be eligible to report distributions of tax-exempt interest income from tax-exempt or municipal securities as tax-exempt income to Fund shareholders, at least half of the Fund's total assets must be invested in tax-exempt securities as of the end of each calendar quarter. If the Fund did not maintain that level of investment with respect to tax-exempt securities, the Fund would lose the ability to report distributions of tax-exempt interest income as tax-exempt income to Fund shareholders.

  The Fund expects to use derivatives for hedging, among other things. The Federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset. Derivatives may produce taxable income and taxable realized gain. Derivatives may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as tax-exempt income or as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Payments received by the Fund from swap agreements will generally produce taxable income, while payments made by the Fund on swap agreements will be allocated against both tax-exempt and taxable gross income, decreasing the Fund's distributable net tax-exempt income. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the Internal Revenue Service.

- ***Tender Option Bonds Risk*** — The Fund's participation in tender option bond transactions may reduce the Fund's returns and/or increase volatility. Investments in tender option bond transactions expose the Fund to counterparty risk and leverage risk. An investment in a tender option bond transaction typically will involve greater risk than an investment in a municipal fixed rate security, including the risk of loss of principal. Distributions on TOB Residuals will bear an inverse relationship to short-term municipal security interest rates. Distributions on TOB Residuals paid to the Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. TOB Residuals generally will underperform the market for fixed rate municipal securities in a rising interest rate environment. The Fund may invest in TOB Trusts on either a non-recourse or recourse basis. If the Fund invests in a TOB Trust on a recourse basis, it could suffer losses in excess of the value of its TOB Residuals.

- ***U.S. Government Obligations Risk*** — Certain securities in which the Fund may invest, including securities issued by certain U.S. Government agencies and U.S. Government sponsored enterprises, are not guaranteed by the U.S. Government or supported by the full faith and credit of the United States.

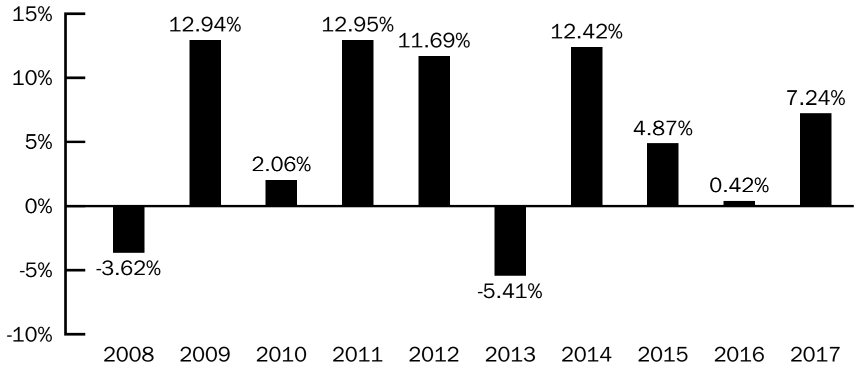
- ***Variable Rate Demand Obligations Risks*** — Variable rate demand obligations are floating rate securities that combine an interest in a long term municipal bond with a right to demand payment before maturity from a bank or other financial institution. If the bank or financial institution is unable to pay, the Fund may lose money.

- ***When-Issued and Delayed Delivery Securities and Forward Commitments Risk*** — When-issued and delayed delivery securities and forward commitments involve the risk that the security the Fund buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, the Fund may lose both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

## *Performance Information*

The information shows you how the Fund's performance has varied year by year and provides some indication of the risks of investing in the Fund. The Fund's returns prior to January 26, 2015 as reflected in the bar chart and the table are the returns of the Fund when it followed a different investment strategy under the name "BlackRock California Municipal Bond Fund." The table compares the Fund's performance to that of the S&P® California Municipal Bond Index and the S&P® Municipal Bond Index. To the extent that dividends and distributions have been paid by the Fund, the performance information for the Fund in the chart and table assumes reinvestment of the dividends and distributions. As with all such investments, past performance (before and after taxes) is not an indication of future results. Sales charges are not reflected in the bar chart. If they were, returns would be less than those shown. However, the table includes all applicable fees and sales charges. If the Fund's investment manager and its affiliates had not waived or reimbursed certain Fund expenses during these periods, the Fund's returns would have been lower. Updated information on the Fund's performance, including its current net asset value, can be obtained by visiting http://www.blackrock.com or can be obtained by phone at (800) 882-0052.

**Institutional Shares**
**ANNUAL TOTAL RETURNS**
**BlackRock California Municipal Opportunities Fund**
**As of 12/31**




During the ten-year period shown in the bar chart, the highest return for a quarter was 9.07% (quarter ended September 30, 2009) and the lowest return for a quarter was -6.13% (quarter ended December 31, 2010). The year-to-date return as of June 30, 2018 was 1.21%.

| As of 12/31/17<br>Average Annual Total Returns | 1 Year | 5 Years | 10 Years |
|---|---|---|---|
| BlackRock California Municipal Opportunities Fund — Institutional Shares | | | |
| Return Before Taxes | 7.24% | 3.73% | 5.34% |
| Return After Taxes on Distributions | 7.12% | 3.66% | 5.30% |
| Return After Taxes on Distributions and Sale of Fund Shares | 5.44% | 3.61% | 5.05% |
| BlackRock California Municipal Opportunities Fund — Investor A Shares | | | |
| Return Before Taxes | 2.43% | 2.61% | 4.65% |
| BlackRock California Municipal Opportunities Fund — Investor C Shares | | | |
| Return Before Taxes | 5.18% | 2.72% | 4.32% |
| S&P® California Municipal Bond Index<br>(Reflects no deduction for fees, expenses or taxes) | 5.70% | 3.66% | 4.84% |
| S&P® Municipal Bond Index<br>(Reflects no deduction for fees, expenses or taxes) | 4.95% | 3.07% | 4.42% |

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and the after-tax returns shown are not relevant to investors who hold their shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown for Institutional Shares only, and the after-tax returns for Investor A Shares and Investor C Shares will vary.

## *Investment Manager*

The Fund's investment manager is BlackRock Advisors, LLC (previously defined as "BlackRock").

## *Portfolio Managers*

| Name | Portfolio Manager of the Fund Since | Title |
|---|---|---|
| Theodore R. Jaeckel, Jr., CFA | 2006 | Managing Director of BlackRock, Inc. |
| Walter O'Connor, CFA | 1993 | Managing Director of BlackRock, Inc. |
| Peter Hayes | 2015 | Managing Director of BlackRock, Inc. |

| Name | Portfolio Manager of the Fund Since | Title |
|---|---|---|
| James Pruskowski | 2015 | Managing Director of BlackRock, Inc. |
| Michael Kalinoski, CFA | 2015 | Director of BlackRock, Inc. |

## *Purchase and Sale of Fund Shares*

You may purchase or redeem shares of the Fund each day the New York Stock Exchange is open. To purchase or sell shares you should contact your Financial Intermediary, or, if you hold your shares through the Fund, you should contact the Fund by phone at (800) 441-7762, by mail (c/o BlackRock Funds, P.O. Box 9819, Providence, Rhode Island 02940-8019), or by the Internet at www.blackrock.com. The Fund's initial and subsequent investment minimums generally are as follows, although the Fund may reduce or waive the minimums in some cases:

| | Investor A and Investor C Shares | Institutional Shares |
|---|---|---|
| **Minimum Initial Investment** | $1,000 for all accounts except:<br>• $50, if establishing an Automatic Investment Plan.<br>• There is no investment minimum for employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs).<br>• There is no investment minimum for certain fee-based programs. | There is no minimum initial investment for:<br>• Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies, each of which may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>• Clients of Financial Intermediaries that: (i) charge such clients a fee for advisory, investment consulting, or similar services or (ii) have entered into an agreement with the Fund's distributor to offer Institutional Shares through a no-load program or investment platform.<br>$2 million for individuals and "Institutional Investors," which include, but are not limited to, endowments, foundations, family offices, local, city, and state governmental institutions, corporations and insurance company separate accounts who may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>$1,000 for:<br>• Clients investing through Financial Intermediaries that offer such shares on a platform that charges a transaction based sales commission outside of the Fund.<br>• Tax-qualified accounts for insurance agents that are registered representatives of an insurance company's broker-dealer that has entered into an agreement with the Fund's distributor to offer Institutional Shares, and the family members of such persons. |
| **Minimum Additional Investment** | $50 for all accounts (with the exception of certain employer-sponsored retirement plans which may have a lower minimum). | No subsequent minimum. |

## Tax Information

The Fund's dividends and distributions may be subject to U.S. federal income taxes and may be taxed as ordinary income or capital gains, unless you are a tax-exempt investor or are investing through a qualified tax-exempt plan described in section 401(a) of the Internal Revenue Code, in which case you may be subject to U.S. federal income tax when distributions are received from such tax-deferred arrangements.

The Fund intends to make distributions most of which will be excludable from gross income for federal income tax purposes and exempt from California personal income taxes.

## Payments to Broker/Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a Financial Intermediary, the Fund and BlackRock Investments, LLC, the Fund's distributor, or its affiliates may pay the Financial Intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the Financial Intermediary and your individual financial professional to recommend the Fund over another investment. Ask your individual financial professional or visit your Financial Intermediary's website for more information.

# Fund Overview

## Key Facts About BlackRock New Jersey Municipal Bond Fund

### *Investment Objective*

The investment objective of BlackRock New Jersey Municipal Bond Fund (the "New Jersey Fund" or the "Fund") is to provide shareholders with income exempt from Federal income tax and New Jersey personal income taxes.

### *Fees and Expenses of the Fund*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in the fund complex advised by BlackRock Advisors, LLC ("BlackRock") or its affiliates. More information about these and other discounts is available from your financial professional or your selected securities dealer, broker, investment adviser, service provider or industry professional (including BlackRock, The PNC Financial Services Group, Inc. ("PNC") and their respective affiliates) (each a "Financial Intermediary") and in the "Details About the Share Classes" and the "Intermediary-Defined Sales Charge Waiver Policies" sections on pages 45 and A-1, respectively, of the Fund's prospectus and in the "Purchase of Shares" section on page II-74 of Part II of the Fund's Statement of Additional Information.

| **Shareholder Fees (fees paid directly from your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price) | 4.25% | None | None |
| Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower) | None[1] | 1.00%[2] | None |

| **Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Management Fee[3] | 0.52% | 0.52% | 0.52% |
| Distribution and/or Service (12b-1) Fees | 0.25% | 1.00% | None |
| Other Expenses | 0.25% | 0.26% | 0.32% |
| Interest Expense | 0.10% | 0.10% | 0.10% |
| Miscellaneous Other Expenses | 0.15% | 0.16% | 0.22% |
| Total Annual Fund Operating Expenses | 1.02% | 1.78% | 0.84% |
| Fee Waivers and/or Expense Reimbursements[3,4] | (0.15)% | (0.16)% | (0.22)% |
| Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements[3,4] | 0.87% | 1.62% | 0.62% |

1 A contingent deferred sales charge ("CDSC") of 1.00% is assessed on certain redemptions of Investor A Shares made within 18 months after purchase where no initial sales charge was paid at time of purchase as part of an investment of $250,000 or more.

2 There is no CDSC on Investor C Shares after one year.

3 As described in the "Management of the Funds" section of the Fund's prospectus beginning on page 59, BlackRock has contractually agreed to waive the management fee with respect to any portion of the Fund's assets estimated to be attributable to investments in other equity and fixed-income mutual funds and exchange-traded funds managed by BlackRock or its affiliates that have a contractual management fee, through September 30, 2019. The contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock Multi-State Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

4 As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees and/or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Interest Expense, Dividend Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) as a percentage of average daily net assets to 0.77% for Investor A Shares, 1.52% for Investor C Shares, and 0.52% for Institutional Shares through September 30, 2019. This contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock Multi-State Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

**Example:**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor A Shares | $510 | $722 | $950 | $1,607 |
| Investor C Shares | $265 | $545 | $950 | $2,081 |
| Institutional Shares | $ 63 | $246 | $444 | $1,017 |

You would pay the following expenses if you did not redeem your shares:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor C Shares | $165 | $545 | $950 | $2,081 |

**Portfolio Turnover:**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 16% of the average value of its portfolio.

## *Principal Investment Strategies of the Fund*

The Fund invests primarily in a portfolio of long-term investment grade New Jersey municipal bonds. New Jersey municipal bonds are debt obligations issued by or on behalf of a governmental entity in New Jersey or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from New Jersey personal income taxes. These bonds may be obligations of a variety of issuers including governmental entities in New Jersey and issuers located in Puerto Rico, the U.S. Virgin Islands and Guam. Under normal circumstances, the Fund will invest at least 80% of its assets in New Jersey municipal bonds. At least 80% of the Fund's assets will be invested in investment grade securities. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. When choosing investments, Fund management considers various factors, including the credit quality of issuers, yield analysis, maturity analysis and the call features of the obligations. Under normal circumstances, the Fund's weighted average maturity will be more than ten years.

The Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the Fund transfers municipal bonds or other municipal securities into a special purpose entity (a "TOB Trust"). A TOB Trust typically issues two classes of beneficial interests: short-term floating rate interests ("TOB Floaters"), which are sold to third party investors, and residual inverse floating rate interests ("TOB Residuals"), which are generally issued to the Fund. The Fund may invest in TOB Residuals and may also invest in TOB Floaters. The Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the Fund's 80% policy.

## *Principal Risks of Investing in the Fund*

Risk is inherent in all investing. The value of your investment in the Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments. The following is a summary description of principal risks of investing in the Fund.

- ***Debt Securities Risk*** — Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things.

  *Interest Rate Risk* — The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise.

The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates. For example, if interest rates increase by 1%, assuming a current portfolio duration of ten years, and all other factors being equal, the value of the Fund's investments would be expected to decrease by 10%. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Fund's investments will not affect interest income derived from instruments already owned by the Fund, but will be reflected in the Fund's net asset value. The Fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by Fund management.

To the extent the Fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage-backed securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the Fund to the extent that it invests in floating rate debt securities.

These basic principles of bond prices also apply to U.S. Government securities. A security backed by the "full faith and credit" of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change.

A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund's performance.

*Credit Risk* — Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

*Extension Risk* — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall.

*Prepayment Risk* — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields.

- ***Market Risk and Selection Risk*** — Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

- ***Municipal Securities Risks*** — Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. These risks include:

*General Obligation Bonds Risks* — Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.

*Revenue Bonds Risks* — These payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source.

*Private Activity Bonds Risks* — Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise. The private enterprise pays the principal and interest on the bond, and the issuer does not pledge its faith, credit and taxing power for repayment.

*Moral Obligation Bonds Risks* — Moral obligation bonds are generally issued by special purpose public authorities of a state or municipality. If the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality.

*Municipal Notes Risks* — Municipal notes are shorter term municipal debt obligations. If there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the Fund may lose money.

*Municipal Lease Obligations Risks* — In a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation. Although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property.

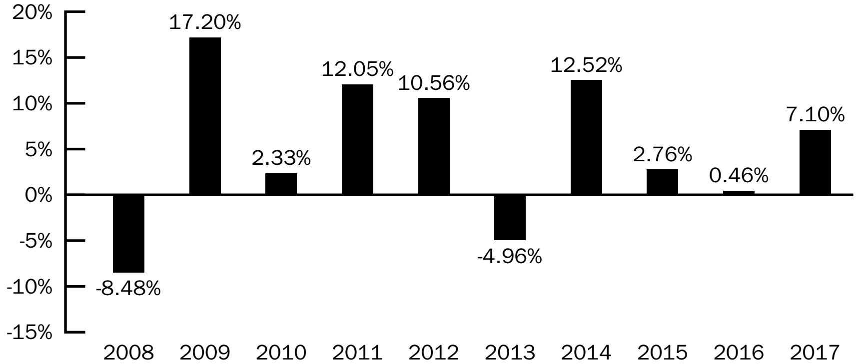
*Tax-Exempt Status Risk* — The Fund and its investment manager will rely on the opinion of issuers' bond counsel and, in the case of derivative securities, sponsors' counsel, on the tax-exempt status of interest on municipal bonds and payments under derivative securities. Neither the Fund nor its investment manager will independently review the bases for those tax opinions, which may ultimately be determined to be incorrect and subject the Fund and its shareholders to substantial tax liabilities.

- ***Non-Diversification Risk*** — The Fund is a non-diversified fund. Because the Fund may invest in securities of a smaller number of issuers, it may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely.
- ***State Specific Risk*** — The Fund will invest primarily in municipal securities issued by or on behalf of the State of New Jersey. As a result, the Fund is more exposed to risks affecting issuers of New Jersey municipal securities than is a municipal securities fund that invests more widely.
- ***Tender Option Bonds Risk*** — The Fund's participation in tender option bond transactions may reduce the Fund's returns and/or increase volatility. Investments in tender option bond transactions expose the Fund to counterparty risk and leverage risk. An investment in a tender option bond transaction typically will involve greater risk than an investment in a municipal fixed rate security, including the risk of loss of principal. Distributions on TOB Residuals will bear an inverse relationship to short-term municipal security interest rates. Distributions on TOB Residuals paid to the Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. TOB Residuals generally will underperform the market for fixed rate municipal securities in a rising interest rate environment. The Fund may invest in TOB Trusts on either a non-recourse or recourse basis. If the Fund invests in a TOB Trust on a recourse basis, it could suffer losses in excess of the value of its TOB Residuals.

## Performance Information

The information shows you how the Fund's performance has varied year by year and provides some indication of the risks of investing in the Fund. The table compares the Fund's performance to that of the S&P® Municipal Bond Index and the Custom New Jersey Index. To the extent that dividends and distributions have been paid by the Fund, the performance information for the Fund in the chart and table assumes reinvestment of the dividends and distributions. As with all such investments, past performance (before and after taxes) is not an indication of future results. Sales charges are not reflected in the bar chart. If they were, returns would be less than those shown. However, the table includes all applicable fees and sales charges. If the Fund's investment manager and its affiliates had not waived or reimbursed certain Fund expenses during these periods, the Fund's returns would have been lower. Updated information on the Fund's performance, including its current net asset value, can be obtained by visiting http://www.blackrock.com or can be obtained by phone at (800) 882-0052.

**Institutional Shares**
**ANNUAL TOTAL RETURNS**
**BlackRock New Jersey Municipal Bond Fund**
**As of 12/31**




During the ten-year period shown in the bar chart, the highest return for a quarter was 9.14% (quarter ended September 30, 2009) and the lowest return for a quarter was -5.44% (quarter ended December 31, 2010). The year-to-date return as of June 30, 2018 was 0.30%.

| As of 12/31/17<br>Average Annual Total Returns | 1 Year | 5 Years | 10 Years |
|---|---|---|---|
| BlackRock New Jersey Municipal Bond Fund — Institutional Shares | | | |
| Return Before Taxes | 7.10% | 3.41% | 4.86% |
| Return After Taxes on Distributions | 7.09% | 3.40% | 4.85% |
| Return After Taxes on Distributions and Sale of Fund Shares | 5.63% | 3.46% | 4.71% |
| BlackRock New Jersey Municipal Bond Fund — Investor A Shares | | | |
| Return Before Taxes | 2.29% | 2.36% | 4.25% |
| BlackRock New Jersey Municipal Bond Fund — Investor C Shares | | | |
| Return Before Taxes | 5.14% | 2.49% | 3.91% |
| S&P® Municipal Bond Index<br>(Reflects no deduction for fees, expenses or taxes) | 4.95% | 3.07% | 4.42% |
| Custom New Jersey Index<br>(Reflects no deduction for fees, expenses or taxes)[1] | 9.12% | 4.22% | 5.12% |

[1] The Custom New Jersey Index reflects the returns of the S&P® New Jersey Municipal Bond Index for periods prior to January 1, 2013, and the returns of only those New Jersey bonds in the S&P® New Jersey Municipal Bond Index that have maturities greater than 5 years for periods subsequent to January 1, 2013.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and the after-tax returns shown are not relevant to investors who hold their shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown for Institutional Shares only, and the after-tax returns for Investor A Shares and Investor C Shares will vary.

## *Investment Manager*

The Fund's investment manager is BlackRock Advisors, LLC (previously defined as "BlackRock").

## *Portfolio Managers*

| Name | Portfolio Manager of the Fund Since | Title |
|---|---|---|
| Theodore R. Jaeckel, Jr., CFA | 2006 | Managing Director of BlackRock, Inc. |
| Phillip Soccio, CFA | 2017 | Director of BlackRock, Inc. |

## *Purchase and Sale of Fund Shares*

You may purchase or redeem shares of the Fund each day the New York Stock Exchange is open. To purchase or sell shares you should contact your Financial Intermediary, or, if you hold your shares through the Fund, you should contact the Fund by phone at (800) 441-7762, by mail (c/o BlackRock Funds, P.O. Box 9819, Providence, Rhode Island 02940-8019), or by the Internet at www.blackrock.com. The Fund's initial and subsequent investment minimums generally are as follows, although the Fund may reduce or waive the minimums in some cases:

| | Investor A and Investor C Shares | Institutional Shares |
|---|---|---|
| **Minimum Initial Investment** | $1,000 for all accounts except:<br>• $50, if establishing an Automatic Investment Plan.<br>• There is no investment minimum for employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs).<br>• There is no investment minimum for certain fee-based programs. | There is no minimum initial investment for:<br>• Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies, each of which may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>• Clients of Financial Intermediaries that: (i) charge such clients a fee for advisory, investment consulting, or similar services or (ii) have entered into an agreement with the Fund's distributor to offer Institutional Shares through a no-load program or investment platform.<br>$2 million for individuals and "Institutional Investors," which include, but are not limited to, endowments, foundations, family offices, local, city, and state governmental institutions, corporations and insurance company separate accounts who may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>$1,000 for:<br>• Clients investing through Financial Intermediaries that offer such shares on a platform that charges a transaction based sales commission outside of the Fund.<br>• Tax-qualified accounts for insurance agents that are registered representatives of an insurance company's broker-dealer that has entered into an agreement with the Fund's distributor to offer Institutional Shares, and the family members of such persons. |
| **Minimum Additional Investment** | $50 for all accounts (with the exception of certain employer-sponsored retirement plans which may have a lower minimum). | No subsequent minimum. |

## *Tax Information*

The Fund's dividends and distributions may be subject to U.S. federal income taxes and may be taxed as ordinary income or capital gains, unless you are a tax-exempt investor or are investing through a qualified tax-exempt plan described in section 401(a) of the Internal Revenue Code of 1986, as amended, in which case you may be subject to U.S. federal income tax when distributions are received from such tax-deferred arrangements.

The Fund intends to make distributions most of which will be excludable from gross income for federal income tax purposes and exempt from New Jersey personal income taxes.

## *Payments to Broker/Dealers and Other Financial Intermediaries*

If you purchase shares of the Fund through a Financial Intermediary, the Fund and BlackRock Investments, LLC, the Fund's distributor, or its affiliates may pay the Financial Intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the Financial Intermediary and your individual financial professional to recommend the Fund over another investment. Ask your individual financial professional or visit your Financial Intermediary's website for more information.

# Fund Overview

## Key Facts About BlackRock Pennsylvania Municipal Bond Fund

### *Investment Objective*

The investment objective of BlackRock Pennsylvania Municipal Bond Fund (the "Pennsylvania Fund" or the "Fund") is to provide shareholders with income exempt from Federal income tax and Pennsylvania personal income taxes.

### *Fees and Expenses of the Fund*

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in the fund complex advised by BlackRock Advisors, LLC ("BlackRock") or its affiliates. More information about these and other discounts is available from your financial professional or your selected securities dealer, broker, investment adviser, service provider or industry professional (including BlackRock, The PNC Financial Services Group, Inc. ("PNC") and their respective affiliates) (each a "Financial Intermediary") and in the "Details About the Share Classes" and the "Intermediary-Defined Sales Charge Waiver Policies" sections on pages 45 and A-1, respectively, of the Fund's prospectus and in the "Purchase of Shares" section on page II-74 of Part II of the Fund's Statement of Additional Information.

| **Shareholder Fees (fees paid directly from your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Maximum Sales Charge (Load) Imposed on Purchases (as percentage of offering price) | 4.25% | None | None |
| Maximum Deferred Sales Charge (Load) (as percentage of offering price or redemption proceeds, whichever is lower) | None[1] | 1.00%[2] | None |

| **Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)** | **Investor A Shares** | **Investor C Shares** | **Institutional Shares** |
|---|---|---|---|
| Management Fee[3] | 0.52% | 0.52% | 0.52% |
| Distribution and/or Service (12b-1) Fees | 0.25% | 1.00% | None |
| Other Expenses | 0.39% | 0.35% | 0.45% |
| Interest Expense | 0.23% | 0.23% | 0.23% |
| Miscellaneous Other Expenses | 0.16% | 0.12% | 0.22% |
| Total Annual Fund Operating Expenses | 1.16% | 1.87% | 0.97% |
| Fee Waivers and/or Expense Reimbursements[3,4] | (0.14)% | (0.10)% | (0.20)% |
| Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements[3,4] | 1.02% | 1.77% | 0.77% |

1 A contingent deferred sales charge ("CDSC") of 1.00% is assessed on certain redemptions of Investor A Shares made within 18 months after purchase where no initial sales charge was paid at time of purchase as part of an investment of $250,000 or more.

2 There is no CDSC on Investor C Shares after one year.

3 As described in the "Management of the Funds" section of the Fund's prospectus beginning on page 59, BlackRock has contractually agreed to waive the management fee with respect to any portion of the Fund's assets estimated to be attributable to investments in other equity and fixed-income mutual funds and exchange-traded funds managed by BlackRock or its affiliates that have a contractual management fee, through September 30, 2019. The contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock Multi-State Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

4 As described in the "Management of the Funds" section of the Fund's prospectus, BlackRock has contractually agreed to waive and/or reimburse fees and/or expenses in order to limit Total Annual Fund Operating Expenses After Fee Waivers and/or Expense Reimbursements (excluding Interest Expense, Dividend Expense, Acquired Fund Fees and Expenses and certain other Fund expenses) as a percentage of average daily net assets to 0.79% for Investor A Shares, 1.54% for Investor C Shares and 0.54% for Institutional Shares through September 30, 2019. This contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of BlackRock Multi-State Municipal Series Trust or by a vote of a majority of the outstanding voting securities of the Fund.

**Example:**

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor A Shares | $525 | $765 | $1,023 | $1,762 |
| Investor C Shares | $280 | $578 | $1,002 | $2,182 |
| Institutional Shares | $ 79 | $289 | $ 517 | $1,171 |

You would pay the following expenses if you did not redeem your shares:

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Investor C Shares | $180 | $578 | $1,002 | $2,182 |

**Portfolio Turnover:**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the Example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 17% of the average value of its portfolio.

## *Principal Investment Strategies of the Fund*

The Fund invests primarily in a portfolio of long-term investment grade Pennsylvania municipal bonds. Pennsylvania municipal bonds are debt obligations issued by or on behalf of a governmental entity in Pennsylvania or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from Pennsylvania personal income taxes. These may be obligations of a variety of issuers including governmental entities in Pennsylvania and issuers located in Puerto Rico, the U.S. Virgin Islands and Guam. Under normal circumstances, the Fund will invest at least 80% of its assets in Pennsylvania municipal bonds. At least 80% of the Fund's assets will be invested in investment grade securities. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. When choosing investments, Fund management considers various factors, including the credit quality of issuers, yield analysis, maturity analysis and the call features of the obligations. Under normal circumstances, the Fund's weighted average maturity will be more than ten years.

The Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the Fund transfers municipal bonds or other municipal securities into a special purpose entity (a "TOB Trust"). A TOB Trust typically issues two classes of beneficial interests: short-term floating rate interests ("TOB Floaters"), which are sold to third party investors, and residual inverse floating rate interests ("TOB Residuals"), which are generally issued to the Fund. The Fund may invest in TOB Residuals and may also invest in TOB Floaters. The Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the Fund's 80% policy.

## *Principal Risks of Investing in the Fund*

Risk is inherent in all investing. The value of your investment in the Fund, as well as the amount of return you receive on your investment, may fluctuate significantly from day to day and over time. You may lose part or all of your investment in the Fund or your investment may not perform as well as other similar investments. The following is a summary description of principal risks of investing in the Fund.

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A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund's performance.

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- ***State Specific Risk*** — The Fund will invest primarily in municipal securities issued by or on behalf of the Commonwealth of Pennsylvania. As a result, the Fund is more exposed to risks affecting issuers of Pennsylvania municipal securities than is a municipal securities fund that invests more widely.
- ***Tender Option Bonds Risk*** — The Fund's participation in tender option bond transactions may reduce the Fund's returns and/or increase volatility. Investments in tender option bond transactions expose the Fund to counterparty risk and leverage risk. An investment in a tender option bond transaction typically will involve greater risk than an investment in a municipal fixed rate security, including the risk of loss of principal. Distributions on TOB Residuals will bear an inverse relationship to short-term municipal security interest rates. Distributions on TOB Residuals paid to the Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. TOB Residuals generally will underperform the market for fixed rate municipal securities in a rising interest rate environment. The Fund may invest in TOB Trusts on either a non-recourse or recourse basis. If the Fund invests in a TOB Trust on a recourse basis, it could suffer losses in excess of the value of its TOB Residuals.

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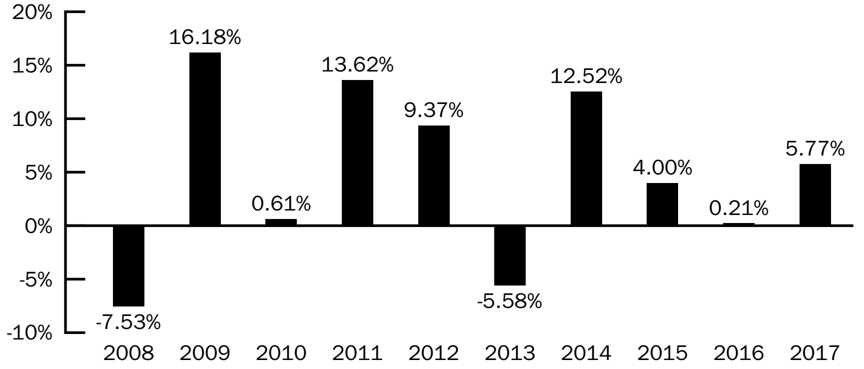
**Institutional Shares**
**ANNUAL TOTAL RETURNS**
**BlackRock Pennsylvania Municipal Bond Fund**
**As of 12/31**




During the ten-year period shown in the bar chart, the highest return for a quarter was 8.76% (quarter ended September 30, 2009) and the lowest return for a quarter was -6.57% (quarter ended December 31, 2010). The year-to-date return as of June 30, 2018 was 0.18%.

| As of 12/31/17<br>**Average Annual Total Returns** | **1 Year** | **5 Years** | **10 Years** |
|---|---|---|---|
| BlackRock Pennsylvania Municipal Bond Fund — Institutional Shares | | | |
| Return Before Taxes | 5.77% | 3.21% | 4.63% |
| Return After Taxes on Distributions | 5.76% | 3.20% | 4.63% |
| Return After Taxes on Distributions and Sale of Fund Shares | 5.13% | 3.41% | 4.59% |
| BlackRock Pennsylvania Municipal Bond Fund — Investor A Shares | | | |
| Return Before Taxes | 1.02% | 2.11% | 3.97% |
| BlackRock Pennsylvania Municipal Bond Fund — Investor C Shares | | | |
| Return Before Taxes | 3.62% | 2.19% | 3.60% |
| S&P® Municipal Bond Index<br>(Reflects no deduction for fees, expenses or taxes) | 4.95% | 3.07% | 4.42% |
| Custom Pennsylvania Index<br>(Reflects no deduction for fees, expenses or taxes)[1] | 7.18% | 4.27% | 5.00% |

[1] The Custom Pennsylvania Index reflects the returns of the S&P® Pennsylvania Municipal Bond Index for periods prior to January 1, 2013, and the returns of only those Pennsylvania bonds in the S&P® Pennsylvania Municipal Bond Index that have maturities greater than 5 years for periods subsequent to January 1, 2013.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown, and the after-tax returns shown are not relevant to investors who hold their shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns are shown for Institutional Shares only, and the after-tax returns for Investor A Shares and Investor C Shares will vary.

## *Investment Manager*

The Fund's investment manager is BlackRock Advisors, LLC (previously defined as "BlackRock").

## *Portfolio Managers*

| Name | Portfolio Manager of the Fund Since | Title |
|---|---|---|
| Theodore R. Jaeckel, Jr., CFA | 2006 | Managing Director of BlackRock, Inc. |
| Walter O'Connor, CFA | 2006 | Managing Director of BlackRock, Inc. |
| Phillip Soccio, CFA | 2009 | Director of BlackRock, Inc. |

## *Purchase and Sale of Fund Shares*

You may purchase or redeem shares of the Fund each day the New York Stock Exchange is open. To purchase or sell shares you should contact your Financial Intermediary, or, if you hold your shares through the Fund, you should contact the Fund by phone at (800) 441-7762, by mail (c/o BlackRock Funds, P.O. Box 9819, Providence, Rhode Island 02940-8019), or by the Internet at www.blackrock.com. The Fund's initial and subsequent investment minimums generally are as follows, although the Fund may reduce or waive the minimums in some cases:

| | Investor A and Investor C Shares | Institutional Shares |
|---|---|---|
| **Minimum Initial Investment** | $1,000 for all accounts except:<br>• $50, if establishing an Automatic Investment Plan.<br>• There is no investment minimum for employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs).<br>• There is no investment minimum for certain fee-based programs. | There is no minimum initial investment for:<br>• Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies, each of which may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>• Clients of Financial Intermediaries that: (i) charge such clients a fee for advisory, investment consulting, or similar services or (ii) have entered into an agreement with the Fund's distributor to offer Institutional Shares through a no-load program or investment platform.<br>$2 million for individuals and "Institutional Investors," which include, but are not limited to, endowments, foundations, family offices, local, city, and state governmental institutions, corporations and insurance company separate accounts who may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Fund's distributor to purchase such shares.<br>$1,000 for:<br>• Clients investing through Financial Intermediaries that offer such shares on a platform that charges a transaction based sales commission outside of the Fund.<br>• Tax-qualified accounts for insurance agents that are registered representatives of an insurance company's broker-dealer that has entered into an agreement with the Fund's distributor to offer Institutional Shares, and the family members of such persons. |
| **Minimum Additional Investment** | $50 for all accounts (with the exception of certain employer-sponsored retirement plans which may have a lower minimum). | No subsequent minimum. |

## *Tax Information*

The Fund's dividends and distributions may be subject to U.S. federal income taxes and may be taxed as ordinary income or capital gains, unless you are a tax-exempt investor or are investing through a qualified tax-exempt plan described in section 401(a) of the Internal Revenue Code of 1986, as amended, in which case you may be subject to U.S. federal income tax when distributions are received from such tax-deferred arrangements.

The Fund intends to make distributions most of which will be excludable from gross income for federal income tax purposes and exempt from Pennsylvania personal income taxes.

## *Payments to Broker/Dealers and Other Financial Intermediaries*

If you purchase shares of the Fund through a Financial Intermediary, the Fund and BlackRock Investments, LLC, the Fund's distributor, or its affiliates may pay the Financial Intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the Financial Intermediary and your individual financial professional to recommend the Fund over another investment. Ask your individual financial professional or visit your Financial Intermediary's website for more information.

# Details About the Funds

Included in this prospectus are sections that tell you about buying and selling shares, management information, shareholder features of BlackRock California Municipal Opportunities Fund (the "California Fund"), BlackRock New Jersey Municipal Bond Fund (the "New Jersey Fund") and BlackRock Pennsylvania Municipal Bond Fund (the "Pennsylvania Fund") (each a "Fund" and collectively, the "Funds") and your rights as a shareholder.

## *How Each Fund Invests*

### *Investment Process*

With respect to the California Fund, the investment process begins with bottom-up, fundamental analysis focused on sector and security selection, and then incorporates a macroeconomic framework for evaluating and managing risk, including geographic, technical and economic risk. The California Fund's investment process is generally expected to place greater emphasis on duration management and capital structure compared to that of a more traditional municipal fixed income fund. California Fund management may, but is not required to, employ hedging techniques in the California Fund. With respect to the California Fund, BlackRock considers a variety of factors when choosing investments, such as:

- ***Credit Quality of Issuers*** — based on bond ratings and other factors, including economic and financial conditions.
- ***Yield Analysis*** — takes into account factors such as the different yields available on different types of obligations and the shape of the yield curve (longer term obligations typically have higher yields).
- ***Duration Analysis*** — the average portfolio duration of the portfolio will generally be maintained within a range as determined from time to time. Duration is a measure, expressed in years, of the price sensitivity of a bond or a portfolio to changes in interest rates. Factors considered include interest rates, economic environment, Federal Reserve policy, market conditions, and characteristics of a particular security.

With respect to the New Jersey Fund and the Pennsylvania Fund, BlackRock considers a variety of factors when choosing investments, such as:

- ***Credit Quality of Issuers*** — based on bond ratings and other factors, including economic and financial conditions.
- ***Yield Analysis*** — takes into account factors such as the different yields available on different types of obligations and the shape of the yield curve (longer term obligations typically have higher yields).
- ***Maturity Analysis*** — the weighted average maturity of the portfolio will be maintained within a desirable range as determined from time to time. Factors considered include portfolio activity, maturity of the supply of available bonds and the shape of the yield curve.

In addition, New Jersey Fund and Pennsylvania Fund management considers the availability of features that protect against an early call of a bond by the issuer.

### California Fund

### *Investment Objective*

The investment objective of the California Fund is to provide shareholders with income exempt from Federal and California income taxes.

This investment objective is a fundamental policy of the Fund and may not be changed without approval of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

### Principal Investment Strategies

Under normal circumstances, the California Fund will invest at least 80% of its assets in California municipal bonds. This policy is a fundamental policy of the California Fund and may not be changed without a vote of a majority of the California Fund's outstanding voting securities, as defined in the Investment Company Act. California municipal bonds are debt obligations issued by or on behalf of a governmental entity in California or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from California income tax. These may be obligations of a variety of issuers including governmental entities or other qualifying issuers. Issuers may be located in California or in other qualifying jurisdictions such as Puerto Rico, the U.S. Virgin Islands and Guam.

Municipal bonds also include short-term tax-exempt obligations like municipal notes, variable rate demand obligations, private activity bonds and insured municipal bonds. The California Fund may invest in both fixed rate and variable rate obligations.

At least 50% of the Fund's assets will be invested in investment grade securities. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. The Fund may invest up to 50% of its assets in non-investment grade bonds (commonly called "high yield" or "junk bonds"). Non-investment grade bonds are bonds that, at the time of acquisition, are rated in the lower rating categories of the major rating agencies (BB or lower by S&P Global Ratings ("S&P") or Fitch Ratings ("Fitch") or Ba or lower by Moody's Investor Service, Inc. ("Moody's")) or are determined by Fund management to be of similar quality. Generally, the higher the rating of a bond, the higher the likelihood that interest and principal payments will be made on time. Split rated bonds will be considered to have the higher credit rating. Split rated bonds are bonds that receive different ratings from two or more rating agencies.

The California Fund may invest in bonds of any maturity. Under normal circumstances, the California Fund seeks to maintain an average portfolio duration of zero to ten years. Duration is a mathematical calculation of the average life of a bond (or bonds in a bond fund) that serves as a useful measure of its price risk. Each year of duration represents an expected 1% change in the net asset value of a bond fund for every 1% immediate change in interest rates. For example, if a bond fund has an average duration of ten years, its net asset value would be expected to fall about 10% when interest rates rise by one percentage point, assuming all other factors remain equal. Conversely, the bond fund's net asset value would be expected to rise about 10% when interest rates fall by one percentage point, assuming all other factors remain equal. Duration, which measures price sensitivity to interest rate changes, is not necessarily equal to average maturity. The California Fund's average weighted duration may vary significantly from time to time depending on the views of California Fund management.

The California Fund is permitted to engage in transactions in certain derivatives, such as interest rate futures, financial futures contracts and options thereon, for hedging purposes or to seek to enhance returns. The California Fund may also invest in other derivatives, such as indexed and inverse floating rate obligations and swap agreements, including credit default swap agreements for hedging purposes (including anticipatory hedges) or to enhance income. Derivatives are financial instruments whose value is derived from another security or an index.

The California Fund may use derivative instruments to hedge its investments or to seek to enhance returns. Derivatives allow the California Fund to increase or decrease its risk exposure more quickly and efficiently than other types of instruments. The California Fund may invest up to 20% of its assets in securities that are not California municipal bonds (including, but not limited to, taxable municipal bonds, U.S. Treasury and Government agency issues, and investment grade corporate bonds).

The California Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the California Fund transfers municipal bonds or other municipal securities into a special purpose entity (a "TOB Trust"). A TOB Trust typically issues two classes of beneficial interests: short-term floating rate interests ("TOB Floaters"), which are sold to third party investors, and residual inverse floating rate interests ("TOB Residuals"), which are generally issued to the California Fund. The California Fund may invest in TOB Residuals and may also invest in TOB Floaters. The California Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the California Fund's 80% policy. TOB Trusts have historically been established by third party sponsors (e.g., banks, broker-dealers and other financial institutions). Rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Volcker Rule") may preclude banking entities and their affiliates from sponsoring TOB Trusts as such TOB Trusts have been structured prior to the effective date of the Volcker Rule. In response to these restrictions, market participants have developed a new structure for TOB Trusts designed to ensure that no banking entity is sponsoring the TOB Trust for purposes of the Volcker Rule.

The California Fund may also buy when-issued securities and participate in delayed delivery transactions.

The California Fund may engage in active and frequent trading of portfolio securities to achieve its primary investment strategies.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM OF THE CALIFORNIA FUND**

The California Fund is managed by a team of financial professionals. Theodore R. Jaeckel, Jr., CFA, Walter O'Connor, CFA, Peter Hayes, James Pruskowski and Michael Kalinoski, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund. Please see "Management of the Funds — Portfolio Manager Information" for additional information about the portfolio management team.

## New Jersey Fund

### *Investment Objective*

The investment objective of the New Jersey Fund is to provide shareholders with income that is exempt from Federal income tax and New Jersey personal income taxes.

This investment objective is a fundamental policy of the Fund and may not be changed without approval of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act.

### Principal Investment Strategies

The Fund invests primarily in long-term investment grade New Jersey municipal bonds. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. Split bonds are bonds that receive different ratings from two or more rating agencies. Generally, the higher the rating of a bond, the higher the likelihood that interest and principal payments will be made on time. New Jersey municipal bonds are debt obligations issued by or on behalf of a governmental entity in New Jersey or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from New Jersey personal income taxes. These may be obligations of a variety of issuers including governmental entities or other qualifying issuers. Issuers may be located in New Jersey or in other qualifying jurisdictions such as Puerto Rico, the U.S. Virgin Islands and Guam. Under normal circumstances, the Fund will invest at least 80% of its assets in New Jersey municipal bonds. This policy is a fundamental policy of the Fund and may not be changed without a vote of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act.

The Fund may invest in either fixed rate or variable rate obligations. At least 80% of the Fund's assets will be invested in investment grade securities. Under normal circumstances, the Fund's weighted average maturity will be more than ten years.

The Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the Fund transfers municipal bonds or other municipal securities into a TOB Trust. A TOB Trust typically issues two classes of beneficial interests: TOB Floaters, which are sold to third party investors, and TOB Residuals, which are generally issued to the Fund. The Fund may invest in TOB Residuals and may also invest in TOB Floaters. The Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the Fund's 80% policy. TOB Trusts have historically been established by third party sponsors (e.g., banks, broker-dealers and other financial institutions). Rules implementing the Volcker Rule may preclude banking entities and their affiliates from sponsoring TOB Trusts as such TOB Trusts have been structured prior to the effective date of the Volcker Rule. In response to these restrictions, market participants have developed a new structure for TOB Trusts designed to ensure that no banking entity is sponsoring the TOB Trust for purposes of the Volcker Rule.

**ABOUT THE PORTFOLIO MANAGEMENT TEAM OF THE NEW JERSEY FUND**

The New Jersey Fund is managed by a team of financial professionals. Theodore R. Jaeckel, Jr., CFA and Phillip Soccio, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund. Please see "Management of the Funds — Portfolio Manager Information" for additional information about the portfolio management team.

## Pennsylvania Fund

### *Investment Objective*

The investment objective of the Pennsylvania Fund is to provide shareholders with income that is exempt from Federal income tax and Pennsylvania personal income taxes.

This investment objective is a fundamental policy of the Fund and may not be changed without approval of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act.

### Principal Investment Strategies

The Fund invests primarily in long-term investment grade Pennsylvania municipal bonds. Investment grade securities are securities which are rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. Split bonds are bonds that receive different ratings from two or more rating agencies. Generally, the higher the rating of a bond, the higher the likelihood that interest and principal payments will be made on time. Pennsylvania municipal bonds are debt obligations issued by or on behalf of a governmental entity in Pennsylvania or other qualifying issuer that pay interest that, in the opinion of bond counsel, is excludable from gross income for Federal income tax purposes (except that interest may be includable in taxable income for purposes of the Federal alternative minimum tax) and exempt from Pennsylvania personal income taxes. These may be obligations of a variety of issuers including governmental entities or other qualifying issuers. Issuers may be located in Pennsylvania or in other qualifying jurisdictions such as Puerto Rico, the U.S. Virgin Islands and Guam. Under normal circumstances, the Fund will invest at least 80% of its assets in Pennsylvania municipal bonds. This policy is a fundamental policy of the Fund and may not be changed without a vote of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act.

The Fund may invest in either fixed rate or variable rate obligations. At least 80% of the Fund's assets will be invested in investment grade securities. Under normal circumstances, the Fund's weighted average maturity will be more than ten years.

The Fund may leverage its assets through the use of proceeds received through tender option bond transactions. In a tender option bond transaction, the Fund transfers municipal bonds or other municipal securities into a TOB Trust. A TOB Trust typically issues two classes of beneficial interests: TOB Floaters, which are sold to third party investors, and TOB Residuals, which are generally issued to the Fund. The Fund may invest in TOB Residuals and may also invest in TOB Floaters. The Fund will look through to the underlying municipal bond held by a TOB Trust for purposes of the Fund's 80% policy. TOB Trusts have historically been established by third party sponsors (e.g., banks, broker-dealers and other financial institutions). Rules implementing the Volcker Rule may preclude banking entities and their affiliates from sponsoring TOB Trusts as such TOB Trusts have been structured prior to the effective date of the Volcker Rule. In response to these restrictions, market participants have developed a new structure for TOB Trusts designed to ensure that no banking entity is sponsoring the TOB Trust for purposes of the Volcker Rule.

| ABOUT THE PORTFOLIO MANAGEMENT TEAM OF THE PENNSYLVANIA FUND |
| --- |
| The Pennsylvania Fund is managed by a team of financial professionals. Theodore R. Jaeckel, Jr., CFA, Walter O'Connor, CFA and Phillip Soccio, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund. Please see "Management of the Funds — Portfolio Manager Information" for additional information about the portfolio management team. |

### Other Strategies

In addition to the principal strategies discussed above, each Fund may also invest or engage in the following investments/strategies:

- ***Borrowing*** — Each Fund may borrow for temporary or emergency purposes, including to meet redemptions, for the payment of dividends, for share repurchases or for the clearance of transactions, subject to the limits set forth under the Investment Company Act, the rules and regulations thereunder and any applicable exemptive relief.
- ***Derivatives (New Jersey Fund and Pennsylvania Fund)*** — Each Fund is permitted to engage in transactions in certain derivatives, such as financial futures contracts and options thereon, for hedging purposes. Each of the Funds may also invest in other derivatives, such as indexed and inverse floating rate obligations and swap agreements, including credit default swap agreements, for hedging purposes (including anticipatory hedges) or to enhance income. Derivatives are financial instruments whose value is derived from another security or an index. Derivatives allow the Funds to increase or decrease their risk exposure more quickly and efficiently than other types of instruments. None of the Funds is required to use hedging and each may choose not to do so.
- ***High Yield Bonds (New Jersey Fund and Pennsylvania Fund)*** — Each Fund may invest up to 20% of its assets in high yield bonds; however, the Funds will not invest in bonds that are in default or that Fund management believes will be in default. High yield bonds, sometimes referred to as "junk bonds," are debt securities which are rated

lower than investment grade (below the fourth highest rating category of the major rating agencies or are determined by Fund management to be of similar quality). These securities generally pay more interest than higher rated securities. The higher yield is an incentive to investors who otherwise may be hesitant to purchase the debt of such a low rated issuer.

- ***Illiquid/Restricted Securities*** — Each Fund may invest up to 15% of its net assets in illiquid securities that it cannot sell within seven days at approximately current value. Restricted securities are securities that cannot be offered for public resale unless registered under the applicable securities laws or that have a contractual restriction that prohibits or limits their resale (*i.e.*, Rule 144A securities). They may include private placement securities that have not been registered under the applicable securities laws. Restricted securities may not be listed on an exchange and may have no active trading market and therefore may be considered to be illiquid. Rule 144A securities are restricted securities that can be resold to qualified institutional buyers but not to the general public.
- ***Indexed and Inverse Floating Rate Securities (New Jersey Fund and Pennsylvania Fund)*** — Each Fund may invest in securities the potential return of which is directly related to changes in an underlying index or interest rate, known as indexed securities. The return on indexed securities will rise when the underlying index rises and fall when the index falls. Each Fund may also invest in securities the potential return of which is inversely related to changes in an interest rate (inverse floaters). In general, the return on inverse floaters will decrease when short-term interest rates increase and increase when short-term interest rates decrease. Each Fund may also purchase synthetically created inverse floating rate bonds evidenced by custodial or trust receipts.
- ***Insured Municipal Bonds (New Jersey Fund and Pennsylvania Fund)*** — Each Fund may invest in municipal bonds that are covered by insurance guaranteeing the timely payment of principal at maturity and interest when due.
- ***Investment Companies*** — Each Fund has the ability to invest in other investment companies, such as exchange-traded funds, money market funds, unit investment trusts, and open-end and closed-end funds, including affiliated investment companies, such as affiliated money market funds and affiliated exchange-traded funds.
- ***Private Activity Bonds (New Jersey Fund and Pennsylvania Fund)*** — Each Fund's investments may include private activity bonds that may subject certain shareholders to a Federal alternative minimum tax.
- ***Temporary Defensive Strategies*** — For temporary periods, each Fund may invest up to 35% of its assets in short-term tax exempt or taxable money market obligations, although each Fund will not generally invest more than 20% of its net assets in taxable money market obligations. As a temporary measure for defensive purposes, each Fund may invest without limitation in short-term tax exempt or taxable money market obligations. These short-term investments may limit the potential for the Funds to achieve their investment objectives.
- ***Variable Rate Demand Obligations (New Jersey Fund and Pennsylvania Fund)*** — Each Fund may invest in variable rate demand obligations which are floating rate securities that combine an interest in a long-term municipal bond with a right to demand payment before maturity from a bank or other financial institution.
- ***When-Issued and Delayed Delivery Securities and Forward Commitments (New Jersey Fund and Pennsylvania Fund)*** — The purchase or sale of securities on a when-issued basis, on a delayed delivery basis or through a forward commitment involves the purchase or sale of securities by a Fund at an established price with payment and delivery taking place in the future. Each Fund enters into these transactions to obtain what is considered an advantageous price to the Fund at the time of entering into the transaction.

## *Investment Risks*

This section contains a discussion of the general risks of investing in the Funds. The "Investment Objectives and Policies" section in the Statement of Additional Information (the "SAI") also includes more information about the Funds, their investments and the related risks. As with any fund, there can be no guarantee that a Fund will meet its investment objectives or that a Fund's performance will be positive for any period of time. An investment in a Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or by any bank or governmental agency. Each risk noted below is applicable to each Fund unless the specific Fund or Funds are noted in a parenthetical.

### Principal Risks of Investing in a Fund

- ***Debt Securities Risk*** — Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things.

  *Interest Rate Risk* — The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates. For example, if interest rates increase by 1%, assuming a current portfolio duration of ten years, and all other factors being equal, the value of the Fund's investments would be expected to decrease by 10%. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is generally greater for those securities with longer maturities. Fluctuations in the market price of the Fund's investments will not affect interest income derived from instruments already owned by the Fund, but will be reflected in the Fund's net asset value. The Fund may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by Fund management. To the extent the Fund invests in debt securities that may be prepaid at the option of the obligor (such as mortgage-backed securities), the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the Fund to the extent that it invests in floating rate debt securities. These basic principles of bond prices also apply to U.S. Government securities. A security backed by the "full faith and credit" of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change.

Following the financial crisis that began in 2007, the Federal Reserve has attempted to stabilize the economy and support the economic recovery by keeping the federal funds rate (the interest rate at which depository institutions lend reserve balances to other depository institutions overnight) at or near zero percent. In addition, as part of its monetary stimulus program known as quantitative easing, the Federal Reserve has purchased on the open market large quantities of securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. As the Federal Reserve "tapers" or reduces the amount of securities it purchases pursuant to quantitative easing, and/or if the Federal Reserve raises the federal funds rate, there is a risk that interest rates will rise. A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from mutual funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt the Fund's performance.

During periods of very low or negative interest rates, the Fund may be unable to maintain positive returns. Certain countries have recently experienced negative interest rates on certain fixed-income instruments. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, may result in heightened market volatility and may detract from Fund performance to the extent the Fund is exposed to such interest rates.

*Credit Risk* — Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

*Extension Risk* — When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

*Prepayment Risk* — When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the management team will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

- ***Derivatives Risk (California Fund)*** — The Fund's use of derivatives may increase its costs, reduce the Fund's returns and/or increase volatility. Derivatives involve significant risks, including:

*Volatility Risk* — The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate with the overall securities markets.

*Counterparty Risk* — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.

*Market and Liquidity Risk* — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. The Fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BlackRock may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the Fund's derivatives positions to lose value.

*Valuation Risk* — Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them. Derivatives may also expose the Fund to greater risk and increase its costs. Certain transactions in derivatives involve substantial leverage risk and may expose the Fund to potential losses that exceed the amount originally invested by the Fund.

*Hedging Risk* — When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the Fund's hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences noted below.

*Tax Risk* — The federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as tax-exempt income or as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Payments received by the Fund from swap agreements, if any, will generally produce taxable income, while payments made by the Fund on swap agreements will be allocated against both tax-exempt and taxable gross income, decreasing the Fund's distributable net tax-exempt income. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the Internal Revenue Service (the "IRS").

*Regulatory Risk* — Derivative contracts, including, without limitation, swaps, currency forwards and non-deliverable forwards, are subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") in the United States and under comparable regimes in Europe, Asia and other non-U.S. jurisdictions. Under the Dodd-Frank Act, certain derivatives are subject to margin requirements and swap dealers are required to collect margin from the Fund with respect to such derivatives. Specifically, regulations are now in effect that require swap dealers to post and collect variation margin (comprised of specified liquid instruments and subject to a required haircut) in connection with trading of over-the-counter ("OTC") swaps with the Fund. Shares of investment companies (other than certain money market funds) may not be posted as collateral under these regulations. Requirements for posting of initial margin in connection with OTC swaps will be phased-in through 2020. In addition, regulations adopted by prudential regulators that will begin to take effect in 2019 will require certain bank-regulated counterparties and certain of their affiliates to include in certain financial contracts, including many derivatives contracts, terms that delay or restrict the rights of counterparties, such as the Fund, to terminate such contracts, foreclose upon collateral, exercise other default rights or restrict transfers of credit support in the event that the counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. The implementation of these requirements with respect to derivatives, as well as regulations under the Dodd-Frank Act regarding clearing, mandatory trading and margining of other derivatives, may increase the costs and risks to the Fund of trading in these instruments and, as a result, may affect returns to investors in the Fund.

Future regulatory developments may impact the Fund's ability to invest or remain invested in certain derivatives. Legislation or regulation may also change the way in which the Fund itself is regulated. BlackRock cannot predict the effects of any new governmental regulation that may be implemented on the ability of the Fund to use swaps or any other financial derivative product, and there can be no assurance that any new governmental regulation will not adversely affect the Fund's ability to achieve its investment objective.

Risks Specific to Certain Derivatives Used by the Fund

*Swaps* — Swap agreements, including total return swaps that may be referred to as contracts for difference, are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement. Swap agreements may also involve the risk that there is an imperfect correlation between the return on the Fund's obligation to its counterparty and the return on referenced asset. In addition, swap agreements are subject to market and liquidity risk, leverage risk and hedging risk.

*Credit Default Swaps* — Credit default swaps may have as reference obligations one or more securities that are not currently held by the Fund. The protection "buyer" may be obligated to pay the protection "seller" an up-front payment or a periodic stream of payments over the term of the contract, provided generally that no credit event on a reference obligation has occurred. Credit default swaps involve special risks in addition to those mentioned above because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

*Indexed and Inverse Securities* — Indexed and inverse securities provide a potential return based on a particular index of value or interest rates. The Fund's return on these securities will be subject to risk with respect to the value of the particular index. These securities are subject to leverage risk and correlation risk. Certain indexed and inverse securities have greater sensitivity to changes in interest rates or index levels than other securities, and the Fund's investment in such instruments may decline significantly in value if interest rates or index levels move in a way Fund management does not anticipate.

*Futures* — Futures are standardized, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. The primary risks associated with the use of futures contracts and options are: (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the futures contract or option; (b) the possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the investment adviser's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; and (e) the possibility that the counterparty will default in the performance of its obligations.

*Options* — An option is an agreement that, for a premium payment or fee, gives the option holder (the purchaser) the right but not the obligation to buy (a "call option") or sell (a "put option") the underlying asset (or settle for cash in an amount based on an underlying asset, rate, or index) at a specified price (the "exercise price") during a period of time or on a specified date. Investments in options are considered speculative. When the Fund purchases an option, it may lose the total premium paid for it if the price of the underlying security or other assets decreased, remained the same or failed to increase to a level at or beyond the exercise price (in the case of a call option) or increased, remained the same or failed to decrease to a level at or below the exercise price (in the case of a put option). If a put or call option purchased by the Fund were permitted to expire without being sold or exercised, its premium would represent a loss to the Fund. To the extent that the Fund writes or sells an option, if the decline or increase in the underlying asset is significantly below or above the exercise price of the written option, the Fund could experience a substantial loss.

- ***High Portfolio Turnover Risk (California Fund)*** — The Fund may engage in active and frequent trading of its portfolio securities. High portfolio turnover (more than 100%) may result in increased transaction costs to the Fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of the securities and on reinvestment in other securities. The sale of Fund portfolio securities may result in the realization and/or distribution to shareholders of higher capital gains or losses as compared to a fund with less active trading policies. These effects of higher than normal portfolio turnover may adversely affect Fund performance.
- ***Insurance Risk (California Fund)*** — Insurance guarantees that interest payments on a municipal security will be made on time and that the principal will be repaid when the security matures. Either the issuer of the municipal security or the Fund purchases the insurance. Insurance is expected to protect the Fund against losses caused by a municipal security issuer's failure to make interest and principal payments. However, insurance does not protect the Fund or its shareholders against losses caused by declines in a municipal security's value. Also, the Fund cannot be certain that any insurance company will make the payments it guarantees. Certain significant providers of insurance for municipal securities have recently incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such losses have reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance if they are called upon to do so in the future. While an insured municipal security will typically be deemed to have the rating of its insurer, if the insurer of a municipal security suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the rating of the underlying municipal security will be more relevant and the value of the municipal security would more closely, if not entirely, reflect such rating. The Fund may lose money on its investment if the insurance company does not make payments it guarantees. In addition, if the Fund purchases the insurance,

it must pay the premiums, which will reduce the Fund's yield. If a municipal security's insurer fails to fulfill its obligations or loses its credit rating, the value of the security could drop.

- ***Junk Bonds Risk (California Fund)*** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that are considered speculative and may cause income and principal losses for the Fund. The major risks of junk bond investments include:
  - Junk bonds may be issued by less creditworthy issuers. Issuers of junk bonds may have a larger amount of outstanding debt relative to their assets than issuers of investment grade bonds. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of junk bond holders, leaving few or no assets available to repay junk bond holders.
  - Prices of junk bonds are subject to extreme price fluctuations. Adverse changes in an issuer's industry and general economic conditions may have a greater impact on the prices of junk bonds than on other higher rated fixed-income securities.
  - Issuers of junk bonds may be unable to meet their interest or principal payment obligations because of an economic downturn, specific issuer developments, or the unavailability of additional financing.
  - Junk bonds frequently have redemption features that permit an issuer to repurchase the security from the Fund before it matures. If the issuer redeems junk bonds, the Fund may have to invest the proceeds in bonds with lower yields and may lose income.
  - Junk bonds may be less liquid than higher rated fixed-income securities, even under normal economic conditions. There are fewer dealers in the junk bond market, and there may be significant differences in the prices quoted for junk bonds by the dealers. Because they are less liquid, judgment may play a greater role in valuing certain of the Fund's securities than is the case with securities trading in a more liquid market.
  - The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer.

  The credit rating of a high yield security does not necessarily address its market value risk. Ratings and market value may change from time to time, positively or negatively, to reflect new developments regarding the issuer.

- ***Leverage Risk (California Fund)*** — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Fund to greater risk and increase its costs. As an open-end investment company registered with the Securities and Exchange Commission (the "SEC"), the Fund is subject to the federal securities laws, including the Investment Company Act, the rules thereunder, and various SEC and SEC staff interpretive positions. In accordance with these laws, rules and positions, the Fund must "set aside" liquid assets (often referred to as "asset segregation"), or engage in other SEC- or staff-approved measures, to "cover" open positions with respect to certain kinds of instruments. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.

- ***Liquidity Risk (California Fund)*** — Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market in fixed income securities or the lack of an active market. Liquid investments may become illiquid or less liquid after purchase by the Fund, particularly during periods of market turmoil. Illiquid and relatively less liquid investments may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. This may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal. In addition, when there is illiquidity in the market for certain securities, the Fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.

- ***Market Risk and Selection Risk*** — Market risk is the risk that one or more markets in which the Fund invests will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the securities selected by Fund management will underperform the markets, the relevant indices or the securities selected by other funds with similar investment objectives and investment strategies. This means you may lose money.

- ***Municipal Securities Risks*** — Municipal securities risks include the ability of the issuer to repay the obligation, the relative lack of information about certain issuers of municipal securities, and the possibility of future legislative changes which could affect the market for and value of municipal securities. These risks include:

  *General Obligation Bonds Risks* — The full faith, credit and taxing power of the municipality that issues a general obligation bond secures payment of interest and repayment of principal. Timely payments depend on the issuer's credit quality, ability to raise tax revenues and ability to maintain an adequate tax base.

  *Revenue Bonds Risks* — Payments of interest and principal on revenue bonds are made only from the revenues generated by a particular facility, class of facilities or the proceeds of a special tax or other revenue source. These payments depend on the money earned by the particular facility or class of facilities, or the amount of revenues derived from another source.

  *Private Activity Bonds Risks* — Municipalities and other public authorities issue private activity bonds to finance development of industrial facilities for use by a private enterprise. The private enterprise pays the principal and interest on the bond, and the issuer does not pledge its full faith, credit and taxing power for repayment. If the private enterprise defaults on its payments, the Fund may not receive any income or get its money back from the investment.

  *Moral Obligation Bonds Risks* — Moral obligation bonds are generally issued by special purpose public authorities of a state or municipality. If the issuer is unable to meet its obligations, repayment of these bonds becomes a moral commitment, but not a legal obligation, of the state or municipality.

  *Municipal Notes Risks* — Municipal notes are shorter term municipal debt obligations. They may provide interim financing in anticipation of, and are secured by, tax collection, bond sales or revenue receipts. If there is a shortfall in the anticipated proceeds, the notes may not be fully repaid and the Fund may lose money.

  *Municipal Lease Obligations Risks* — In a municipal lease obligation, the issuer agrees to make payments when due on the lease obligation. The issuer will generally appropriate municipal funds for that purpose, but is not obligated to do so. Although the issuer does not pledge its unlimited taxing power for payment of the lease obligation, the lease obligation is secured by the leased property. However, if the issuer does not fulfill its payment obligation it may be difficult to sell the property and the proceeds of a sale may not cover the Fund's loss.

  *Tax-Exempt Status Risk* — In making investments, the Fund and its investment manager will rely on the opinion of issuers' bond counsel and, in the case of derivative securities, sponsors' counsel, on the tax-exempt status of interest on municipal obligations and payments under tax-exempt derivative securities. Neither the Fund nor its investment manager will independently review the bases for those tax opinions. If any of those tax opinions are ultimately determined to be incorrect or if events occur after the security is acquired that impact the security's tax-exempt status, the Fund and its shareholders could be subject to substantial tax liabilities. The IRS has generally not ruled on the taxability of the securities. An assertion by the IRS that a portfolio security is not exempt from U.S. federal income tax (contrary to indications from the issuer) could affect the Fund's and its shareholders' income tax liability for the current or past years and could create liability for information reporting penalties. In addition, an IRS assertion of taxability may impair the liquidity and the fair market value of the securities.

- ***Non-Diversification Risk (New Jersey Fund and Pennsylvania Fund)*** — The Fund is a non-diversified fund. Because the Fund may invest in securities of a smaller number of issuers, it may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely.

- ***State Specific Risk*** — The Fund invests primarily in municipal bonds issued by or on behalf of its designated state. As a result, the Fund is more exposed to risks affecting issuers of its designated state's municipal securities than is a fund that invests more widely. Fund management does not believe that the current economic conditions will adversely affect the Fund's ability to invest in high quality state municipal securities in its designated state.

  **California** — California's economy, the largest among the 50 states and one of the largest and most diverse in the world, has major components in high technology, trade, entertainment, agriculture, manufacturing, government, tourism, construction and services. The State has a population of about 39.8 million, which has been growing at an annual rate of approximately 1-2% for several decades. The relative proportion of the various components of the California economy closely resembles the make-up of the national economy. The State labor market conditions have improved since the recession. The State's unemployment rate, estimated preliminarily at 4.4% in July 2018, is approximately 0.5% higher than the national average.

  The adopted State budget for fiscal year 2018-19, which began with a surplus, was projected to leave fiscal year-end reserves in the Special Fund for Economic Uncertainties of approximately $2.0 billion at June 30, 2019 and in the Budget Stabilization Account of approximately $13.8 billion. If the results are realized, the State budget for fiscal year 2018-19 will represent the seventh consecutive balanced budget, in stark contrast to the multi-billion dollar deficits preceding this period.

Many local government agencies continue to face budget constraints due to limited taxing powers, among other factors. State and local governments are limited in their ability to levy and raise property taxes and other forms of taxes, fees or assessments, and in their ability to appropriate their tax revenues by a series of constitutional amendments enacted by voter initiative since 1978. Individual local governments may also have local initiatives which affect their fiscal flexibility. Unfunded pension and other post-retirement liabilities also weigh heavily upon the State as well as many local jurisdictions, and have been the principal cause of several well-publicized municipal bankruptcy filings.

State general obligation bonds are, as of September 1, 2018, rated “Aa3” by Moody’s, “AA-” by S&P, and “AA-” by Fitch.

**New Jersey** — New Jersey has a diverse economic base consisting of a variety of manufacturing, construction, and service industries. This is supplemented by commercial agriculture in the rural areas. New Jersey has the Atlantic seashore on the east and lakes and mountains in the north and northwest, which provide recreation for residents as well as for out-of-state visitors. New Jersey real gross domestic product grew 1.6% during the first quarter of 2018, double the average annual growth rate of 0.8% from 2011 to 2017. New Jersey real GDP growth during the first quarter of 2018 exceeded New York’s 1.1% growth rate and matched the performance of Connecticut.

New Jersey personal income, which is income from all sources including earnings, assets, and transfer income, grew by 3.5% during the first quarter of 2018, just above the average annual growth rate of 3.2% from 2011 to 2017. New Jersey personal income growth during the first quarter of 2018 exceeded New York’s 2.5% growth rate.

The State gained 43,400 jobs in 2017. Payroll employment increased by an average of 43,700 jobs per year from 2011 to 2017. This growth has continued into 2018 with an average of 5,400 jobs created per month through June 2018. The growth in payroll employment during this time has been led by the professional and business services sector (16,000 jobs), the trade, transportation, and utilities sector (9,700 jobs), and the manufacturing sector (6,600 jobs). Payroll employment has declined in the leisure and hospitality services sector (6,700 jobs), the information sector (700 jobs), and the construction sector (300 jobs).

New Jersey’s unemployment rate fell to 4.3% at the end of June 2018, which is the lowest it has been since September 2007 (4.3%). The unemployment rate first fell below the 5.0% mark beginning in September 2016 and it has been gradually moving lower ever since. The State’s unemployment rate remains above the national rate of 4.0%, while the State’s labor force participation rate, 62.2% at the end of June 2018, is below the national rate of 62.9%, a phenomenon that began in February 2018.

Existing home sales in the State have slowed in the first half of 2018. Year-to-date single-family home sales through June 2018 were 0.8% lower than a year ago, while townhouse-condo sales were higher but only by 0.6%. Growth in home sales was stronger in 2017 with single-family sales 9.7% higher than in 2016 and townhouse-condo sales 8.5% higher. The year-to-date median sales price for a single-family home in 2018 is 3.4% higher than a year ago as demand for homes remains solid but supply remains low, mirroring a nation-wide phenomenon.

Residential construction activity in the State remains steady. The total number of permits issued between January 2018 and June 2018 to build single-family homes is roughly even with last year. Although technically down 0.1%, the difference is a total of 7 permits (4,699 in 2018 versus 4,706 in 2017). The number of permits issued between January 2018 and June 2018 to build units in apartment buildings is 11.4% higher than a year ago. The State also continues to make significant gains in reducing the number of homes in foreclosure. The share of homes in foreclosure fell to 3.3% at the end of the first quarter of 2018, declining 1.6 percentage points over the past 12 months.

S&P rates the State of New Jersey’s general obligation bonds A. Moody’s and Fitch rate the State of New Jersey’s general obligation bonds A3 and A, respectively.

**Pennsylvania** — The Commonwealth of Pennsylvania is one of the most populous states, ranking sixth behind California, Texas, Florida, New York and Illinois. Pennsylvania is an established state with a diversified economy. Pennsylvania had been historically identified as a heavy industrial state. That reputation has changed over the last thirty years as the coal, steel and railroad industries declined. The Commonwealth’s business environment readjusted with a more diversified economic base. This economic readjustment was a direct result of a long-term shift in jobs, investment, and workers away from the northeast part of the nation. Currently, the major sources of growth in Pennsylvania are in the service sector, including trade, medical, health services, education and financial institutions.

As in other industrially developed states, economic activity in Pennsylvania may be more cyclical than in some other states or in the nation as a whole. Other factors that may negatively affect economic conditions in Pennsylvania include adverse changes in employment rates, federal revenue sharing laws or laws with respect to tax-exempt financing. Pennsylvania and certain of its counties, cities and school districts and public bodies have from time to time in the past encountered financial difficulties which have adversely affected their respective credit standings. Such difficulties could affect outstanding obligations of such entities, including obligations held by the Pennsylvania Fund.

On June 22, 2018, Pennsylvania enacted into law a $32.7 billion budget for the 2018-2019 fiscal year. As of May 16, 2018, Pennsylvania general obligation bonds have been assigned a credit rating of A+ by S&P, AA3 by Moody's, and AA- by Fitch.

- ***Taxability Risk (California Fund)*** — Investments in taxable municipal bonds, U.S. Treasury and Government agency issues, investment grade corporate bonds and taxable money market securities as well as some of the derivatives and other instruments discussed herein will cause the Fund to have taxable investment income. The Fund may also realize capital gains on the sale of its municipal bonds (and other securities and derivatives it holds). These capital gains will be taxable regardless of whether they are derived from a sale of municipal bonds. Fund investments may also cause the Fund to recognize taxable ordinary income from market discount. The Fund will report distributions from taxable investment income, from market discount and from realized capital gains as taxable to Fund shareholders. In order for the Fund to be eligible to report distributions of tax-exempt interest income from tax-exempt or municipal securities as tax-exempt income to Fund shareholders, at least half of the Fund's total assets must be invested in tax-exempt securities as of the end of each calendar quarter. If the Fund did not maintain that level of investment with respect to tax-exempt securities, the Fund would lose the ability to report distributions of tax-exempt interest income as tax-exempt income to Fund shareholders.

  With respect to its investments in tax-exempt or municipal securities, the Fund intends to rely at the time of purchase on an opinion of bond counsel to the issuer that the interest paid on those securities will be excludable from gross income for federal income tax purposes. Such securities, however, may be determined to pay, or have paid, taxable income subsequent to the Fund's acquisition of the securities. In that event, the IRS may demand that the Fund pay federal income taxes on the affected interest income, and, if the Fund agrees to do so, the Fund's yield could be adversely affected. In addition, the treatment of dividends previously paid or to be paid by the Fund as "exempt interest dividends" could be adversely affected, subjecting the Fund's shareholders to increased federal income tax liabilities. In addition, future laws, regulations, rulings or court decisions may cause interest on municipal securities to be subject, directly or indirectly, to federal income taxation or interest on state municipal securities to be subject to state or local income taxation, or the value of state municipal securities to be subject to state or local intangible personal property tax, or may otherwise prevent the Fund from realizing the full current benefit of the tax-exempt status of such securities. Any such change could also affect the market price of such securities, and thus the value of an investment in the Fund.

  The Fund expects to use derivatives for hedging, among other things. The Federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset. Derivatives may produce taxable income and taxable realized gain. Derivatives may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as tax-exempt income or as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code. If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Payments received by the Fund from swap agreements will generally produce taxable income, while payments made by the Fund on swap agreements will be allocated against both tax-exempt and taxable gross income, decreasing the Fund's distributable net tax-exempt income. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the IRS.

- ***Tender Option Bonds Risk*** — The Fund's participation in tender option bond transactions may reduce the Fund's returns and/or increase volatility. Investments in tender option bond transactions expose the Fund to counterparty risk and leverage risk. An investment in a tender option bond transaction typically will involve greater risk than an investment in a municipal fixed rate security, including the risk of loss of principal. Distributions on TOB Residuals will bear an inverse relationship to short-term municipal security interest rates. Distributions on TOB Residuals paid to the Fund will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. TOB Residuals generally will underperform the market for fixed rate municipal securities in a rising interest rate environment.

  The Fund may invest in TOB Trusts on either a non-recourse or recourse basis. TOB Trusts are typically supported by a liquidity facility provided by a third-party bank or other financial institution (the "Liquidity Provider") that allows the holders of the TOB Floaters to tender their certificates in exchange for payment of par plus accrued interest on any business day, subject to the non-occurrence of tender option termination events. When the Fund invests in a TOB Trust on a non-recourse basis, and the Liquidity Provider is required to make a payment under the liquidity facility, the Liquidity Provider will typically liquidate all or a portion of the municipal securities held in the TOB Trust and then fund the balance, if any, of the amount owed under the liquidity facility over the liquidation proceeds (the "Liquidation Shortfall").

If the Fund invests in a TOB Trust on a recourse basis, the Fund will typically enter into a reimbursement agreement with the Liquidity Provider where the Fund is required to reimburse the Liquidity Provider the amount of any Liquidation Shortfall. As a result, if the Fund invests in a TOB Trust on a recourse basis, the Fund will bear the risk of loss with respect to any Liquidation Shortfall.

To the extent that the Fund, rather than a third-party bank or financial institution, sponsors a TOB Trust, certain responsibilities that previously belonged to the sponsor bank will be performed by, or on behalf of, the Fund. The Fund's additional duties and responsibilities under the new TOB Trust structure may give rise to certain additional risks including compliance, securities law and operational risks.

- ***U.S. Government Obligations Risk (California Fund)*** — Not all U.S. Government securities are backed by the full faith and credit of the United States. Obligations of certain agencies, authorities, instrumentalities and sponsored enterprises of the U.S. Government are backed by the full faith and credit of the United States (e.g., the Government National Mortgage Association); other obligations are backed by the right of the issuer to borrow from the U.S. Treasury (e.g., the Federal Home Loan Banks) and others are supported by the discretionary authority of the U.S. Government to purchase an agency's obligations. Still others are backed only by the credit of the agency, authority, instrumentality or sponsored enterprise issuing the obligation. No assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law.
- ***Variable Rate Demand Obligations Risks (California Fund)*** — Variable rate demand obligations are floating rate securities that combine an interest in a long term municipal bond with a right to demand payment before maturity from a bank or other financial institution. If the bank or financial institution is unable to pay, the Fund may lose money.
- ***When-Issued and Delayed Delivery Securities and Forward Commitments Risk (California Fund)*** — When-issued and delayed delivery securities and forward commitments involve the risk that the security the Fund buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, the Fund may lose both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

**Each Fund may also be subject to certain other risks associated with its investments and investment strategies, including:**

- ***Borrowing Risk*** — Borrowing may exaggerate changes in the net asset value of Fund shares and in the return on the Fund's portfolio. Borrowing will cost the Fund interest expense and other fees. The costs of borrowing may reduce the Fund's return. Borrowing may cause the Fund to liquidate positions when it may not be advantageous to do so to satisfy its obligations.
- ***Derivatives Risk (New Jersey Fund and Pennsylvania Fund)*** — The Fund's use of derivatives may increase its costs, reduce the Fund's returns and/or increase volatility. Derivatives involve significant risks, including:

  *Volatility Risk* — The Fund's use of derivatives may reduce the Fund's returns and/or increase volatility. Volatility is defined as the characteristic of a security, an index or a market to fluctuate significantly in price within a short time period. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate with the overall securities markets.

  *Counterparty Risk* — Derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation.

  *Market and Liquidity Risk* — Some derivatives are more sensitive to interest rate changes and market price fluctuations than other securities. The possible lack of a liquid secondary market for derivatives and the resulting inability of the Fund to sell or otherwise close a derivatives position could expose the Fund to losses and could make derivatives more difficult for the Fund to value accurately. The Fund could also suffer losses related to its derivatives positions as a result of unanticipated market movements, which losses are potentially unlimited. Finally, BlackRock may not be able to predict correctly the direction of securities prices, interest rates and other economic factors, which could cause the Fund's derivatives positions to lose value.

  *Valuation Risk* — Valuation may be more difficult in times of market turmoil since many investors and market makers may be reluctant to purchase complex instruments or quote prices for them. Derivatives may also expose the Fund to greater risk and increase its costs. Certain transactions in derivatives involve substantial leverage risk and may expose the Fund to potential losses that exceed the amount originally invested by the Fund.

  *Hedging Risk* — When a derivative is used as a hedge against a position that the Fund holds, any loss generated by the derivative generally should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. Hedges are sometimes subject to imperfect matching between the derivative and the underlying security, and there can be no assurance that the Fund's hedging transactions will be effective. The use of hedging may result in certain adverse tax consequences noted below.

*Tax Risk* — The federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than as tax-exempt income or as capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code. If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Payments received by the Fund from swap agreements, if any, will generally produce taxable income, while payments made by the Fund on swap agreements will be allocated against both tax-exempt and taxable gross income, decreasing the Fund's distributable net tax-exempt income. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the IRS.

*Regulatory Risk* — Derivative contracts, including, without limitation, swaps, currency forwards and non-deliverable forwards, are subject to regulation under the Dodd-Frank Act in the United States and under comparable regimes in Europe, Asia and other non-U.S. jurisdictions. Under the Dodd-Frank Act, certain derivatives are subject to margin requirements and swap dealers are required to collect margin from the Fund with respect to such derivatives. Specifically, regulations are now in effect that require swap dealers to post and collect variation margin (comprised of specified liquid instruments and subject to a required haircut) in connection with trading of OTC swaps with the Fund. Shares of investment companies (other than certain money market funds) may not be posted as collateral under these regulations. Requirements for posting of initial margin in connection with OTC swaps will be phased-in through 2020. In addition, regulations adopted by prudential regulators that will begin to take effect in 2019 will require certain bank-regulated counterparties and certain of their affiliates to include in certain financial contracts, including many derivatives contracts, terms that delay or restrict the rights of counterparties, such as the Fund, to terminate such contracts, foreclose upon collateral, exercise other default rights or restrict transfers of credit support in the event that the counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. The implementation of these requirements with respect to derivatives, as well as regulations under the Dodd-Frank Act regarding clearing, mandatory trading and margining of other derivatives, may increase the costs and risks to the Fund of trading in these instruments and, as a result, may affect returns to investors in the Fund.

Future regulatory developments may impact the Fund's ability to invest or remain invested in certain derivatives. Legislation or regulation may also change the way in which the Fund itself is regulated. BlackRock cannot predict the effects of any new governmental regulation that may be implemented on the ability of the Fund to use swaps or any other financial derivative product, and there can be no assurance that any new governmental regulation will not adversely affect the Fund's ability to achieve its investment objective.

Risks Specific to Certain Derivatives Used by the Fund

*Swaps* — Swap agreements, including total return swaps that may be referred to as contracts for difference, are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. Swap agreements involve the risk that the party with whom the Fund has entered into the swap will default on its obligation to pay the Fund and the risk that the Fund will not be able to meet its obligations to pay the other party to the agreement. Swap agreements may also involve the risk that there is an imperfect correlation between the return on the Fund's obligation to its counterparty and the return on referenced asset. In addition, swap agreements are subject to market and liquidity risk, leverage risk and hedging risk.

*Credit Default Swaps* — Credit default swaps may have as reference obligations one or more securities that are not currently held by the Fund. The protection "buyer" may be obligated to pay the protection "seller" an up-front payment or a periodic stream of payments over the term of the contract, provided generally that no credit event on a reference obligation has occurred. Credit default swaps involve special risks in addition to those mentioned above because they are difficult to value, are highly susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer of the underlying obligation (as opposed to a credit downgrade or other indication of financial difficulty).

*Indexed and Inverse Securities* — Indexed and inverse securities provide a potential return based on a particular index of value or interest rates. The Fund's return on these securities will be subject to risk with respect to the value of the particular index. These securities are subject to leverage risk and correlation risk. Certain indexed and inverse securities have greater sensitivity to changes in interest rates or index levels than other securities, and the Fund's investment in such instruments may decline significantly in value if interest rates or index levels move in a way Fund management does not anticipate.

*Futures* — Futures are standardized, exchange-traded contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. The primary risks associated with the use of futures contracts and options are: (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the futures contract or option; (b) the possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the investment adviser's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; and (e) the possibility that the counterparty will default in the performance of its obligations.

*Options* — An option is an agreement that, for a premium payment or fee, gives the option holder (the purchaser) the right but not the obligation to buy (a "call option") or sell (a "put option") the underlying asset (or settle for cash in an amount based on an underlying asset, rate, or index) at a specified price (the "exercise price") during a period of time or on a specified date. Investments in options are considered speculative. When the Fund purchases an option, it may lose the total premium paid for it if the price of the underlying security or other assets decreased, remained the same or failed to increase to a level at or beyond the exercise price (in the case of a call option) or increased, remained the same or failed to decrease to a level at or below the exercise price (in the case of a put option). If a put or call option purchased by the Fund were permitted to expire without being sold or exercised, its premium would represent a loss to the Fund. To the extent that the Fund writes or sells an option, if the decline or increase in the underlying asset is significantly below or above the exercise price of the written option, the Fund could experience a substantial loss.

- ***Expense Risk*** — Fund expenses are subject to a variety of factors, including fluctuations in the Fund's net assets. Accordingly, actual expenses may be greater or less than those indicated. For example, to the extent that the Fund's net assets decrease due to market declines or redemptions, the Fund's expenses will increase as a percentage of Fund net assets. During periods of high market volatility, these increases in the Fund's expense ratio could be significant.
- ***Insurance Risk (New Jersey Fund and Pennsylvania Fund)*** — Insurance guarantees that interest payments on a municipal security will be made on time and that the principal will be repaid when the security matures. Either the issuer of the municipal security or the Fund purchases the insurance. Insurance is expected to protect the Fund against losses caused by a municipal security issuer's failure to make interest and principal payments. However, insurance does not protect the Fund or its shareholders against losses caused by declines in a municipal security's value. Also, the Fund cannot be certain that any insurance company will make the payments it guarantees. Certain significant providers of insurance for municipal securities have recently incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such losses have reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance if they are called upon to do so in the future. While an insured municipal security will typically be deemed to have the rating of its insurer, if the insurer of a municipal security suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the rating of the underlying municipal security will be more relevant and the value of the municipal security would more closely, if not entirely, reflect such rating. The Fund may lose money on its investment if the insurance company does not make payments it guarantees. In addition, if the Fund purchases the insurance, it must pay the premiums, which will reduce the Fund's yield. If a municipal security's insurer fails to fulfill its obligations or loses its credit rating, the value of the security could drop.
- ***Investment in Other Investment Companies Risk*** — As with other investments, investments in other investment companies, including ETFs, are subject to market and selection risk. In addition, if the Fund acquires shares of investment companies, including ones affiliated with the Fund, shareholders bear both their proportionate share of expenses in the Fund (including management and advisory fees) and, indirectly, the expenses of the investment companies (to the extent not offset by BlackRock through waivers to the Fund's management fees). To the extent the Fund is held by an affiliated fund, the ability of the Fund itself to hold other investment companies may be limited.
- ***Junk Bonds Risk (New Jersey Fund and Pennsylvania Fund)*** — Although junk bonds generally pay higher rates of interest than investment grade bonds, junk bonds are high risk investments that are considered speculative and may cause income and principal losses for the Fund. The major risks of junk bond investments include:
  - Junk bonds may be issued by less creditworthy issuers. Issuers of junk bonds may have a larger amount of outstanding debt relative to their assets than issuers of investment grade bonds. In the event of an issuer's

bankruptcy, claims of other creditors may have priority over the claims of junk bond holders, leaving few or no assets available to repay junk bond holders.

- Prices of junk bonds are subject to extreme price fluctuations. Adverse changes in an issuer's industry and general economic conditions may have a greater impact on the prices of junk bonds than on other higher rated fixed-income securities.
- Issuers of junk bonds may be unable to meet their interest or principal payment obligations because of an economic downturn, specific issuer developments, or the unavailability of additional financing.
- Junk bonds frequently have redemption features that permit an issuer to repurchase the security from the Fund before it matures. If the issuer redeems junk bonds, the Fund may have to invest the proceeds in bonds with lower yields and may lose income.
- Junk bonds may be less liquid than higher rated fixed-income securities, even under normal economic conditions. There are fewer dealers in the junk bond market, and there may be significant differences in the prices quoted for junk bonds by the dealers. Because they are less liquid, judgment may play a greater role in valuing certain of the Fund's securities than is the case with securities trading in a more liquid market.
- The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting issuer.

The credit rating of a high yield security does not necessarily address its market value risk. Ratings and market value may change from time to time, positively or negatively, to reflect new developments regarding the issuer.

- ***Leverage Risk (New Jersey Fund and Pennsylvania Fund)*** — Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, and may expose the Fund to greater risk and increase its costs. As an open-end investment company registered with the SEC, the Fund is subject to the federal securities laws, including the Investment Company Act, the rules thereunder, and various SEC and SEC staff interpretive positions. In accordance with these laws, rules and positions, the Fund must "set aside" liquid assets (often referred to as "asset segregation"), or engage in other SEC- or staff-approved measures, to "cover" open positions with respect to certain kinds of instruments. The use of leverage may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet any required asset segregation requirements. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.
- ***Liquidity Risk (New Jersey Fund and Pennsylvania Fund)*** — Liquidity risk exists when particular investments are difficult to purchase or sell. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be difficult to sell the illiquid securities at an advantageous time or price. To the extent that the Fund's principal investment strategies involve derivatives or securities with substantial market and/or credit risk, the Fund will tend to have the greatest exposure to liquidity risk. Liquidity risk may be the result of, among other things, the reduced number and capacity of traditional market participants to make a market in fixed-income securities or the lack of an active market. Liquid investments may become illiquid or less liquid after purchase by the Fund, particularly during periods of market turmoil. Illiquid and relatively less liquid investments may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the Fund may suffer a loss. This may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed-income mutual funds may be higher than normal. In addition, when there is illiquidity in the market for certain securities, the Fund, due to limitations on illiquid investments, may be subject to purchase and sale restrictions.
- ***Taxability Risk (New Jersey Fund and Pennsylvania Fund)*** — The Fund intends to minimize the payment of taxable income to shareholders by investing in tax-exempt or municipal securities in reliance at the time of purchase on an opinion of bond counsel to the issuer that the interest paid on those securities will be excludable from gross income for federal income tax purposes. Such securities, however, may be determined to pay, or have paid, taxable income subsequent to the Fund's acquisition of the securities. In that event, the IRS may demand that the Fund pay federal income taxes on the affected interest income, and, if the Fund agrees to do so, the Fund's yield could be adversely affected. In addition, the treatment of dividends previously paid or to be paid by the Fund as "exempt interest dividends" could be adversely affected, subjecting the Fund's shareholders to increased federal income tax liabilities. If the interest paid on any tax-exempt or municipal security held by the Fund is subsequently determined to be taxable, the Fund will dispose of that security as soon as reasonably practicable. In addition, future laws, regulations, rulings or court decisions may cause interest on municipal securities to be subject, directly or indirectly, to federal income taxation or interest on state municipal securities to be subject to state or local income taxation, or the value of state municipal securities to be subject to state or local intangible personal property tax, or may otherwise prevent the Fund from realizing the full current benefit of the tax-exempt status of such securities. Any such change could also affect the market price of such securities, and thus the value of an investment in the Fund.

- ***Valuation Risk*** — The price the Fund could receive upon the sale of any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair valuation methodology or a price provided by an independent pricing service. As a result, the price received upon the sale of an investment may be less than the value ascribed by the Fund, and the Fund could realize a greater than expected loss or lesser than expected gain upon the sale of the investment. Pricing services that value fixed-income securities generally utilize a range of market-based and security-specific inputs and assumptions, as well as considerations about general market conditions, to establish a price. Pricing services generally value fixed-income securities assuming orderly transactions of an institutional round lot size, but may be held or transactions may be conducted in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. The Fund's ability to value its investments may also be impacted by technological issues and/or errors by pricing services or other third-party service providers.
- ***Variable Rate Demand Obligations Risks (New Jersey Fund and Pennsylvania Fund)*** — Variable rate demand obligations are floating rate securities that combine an interest in a long-term municipal bond with a right to demand payment before maturity from a bank or other financial institution. If the bank or financial institution is unable to pay, the Fund may lose money.
- ***When-Issued and Delayed Delivery Securities and Forward Commitments Risk (New Jersey Fund and Pennsylvania Fund)*** — When-issued and delayed delivery securities and forward commitments involve the risk that the security the Fund buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, the Fund may lose both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price.

# Account Information

## *How to Choose the Share Class that Best Suits Your Needs*

Each Fund currently offers multiple share classes (Investor A, Investor C and Institutional Shares in this prospectus), each with its own sales charge and expense structure, allowing you to invest in the way that best suits your needs. Each share class represents an ownership interest in the same investment portfolio. When you choose your class of shares, you should consider the size of your investment and how long you plan to hold your shares. Either your financial professional or your selected securities dealer, broker, investment adviser, service provider or industry professional (including BlackRock, The PNC Financial Services Group, Inc. ("PNC") and their respective affiliates) (each a "Financial Intermediary") can help you determine which share class is best suited to your personal financial goals. Investor A Shares and Investor C Shares are sometimes referred to herein collectively as "Investor Shares."

For example, if you select Institutional Shares, you will not pay any sales charge. However, only certain investors may buy Institutional Shares. If you select Investor A Shares, you generally pay a sales charge at the time of purchase and an ongoing service fee of 0.25% per year. You may be eligible for a sales charge reduction or waiver.

If you select Investor C Shares, you will invest the full amount of your purchase price, but you will be subject to a distribution fee of 0.75% per year and a service fee of 0.25% per year under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act. Because these fees are paid out of a Fund's assets on an ongoing basis, over time these fees increase the cost of your investment and may cost you more than paying other types of sales charges. In addition, you may be subject to a deferred sales charge when you sell Investor C Shares within one year. Classes with lower expenses will have higher net asset values and dividends relative to other share classes.

Each Fund's shares are distributed by BlackRock Investments, LLC (the "Distributor"), an affiliate of BlackRock.

The table on the following pages summarizes key features of each of the share classes of each Fund.

## Share Classes at a Glance[1]

| | Investor A | Investor C[2,3] | Institutional |
|---|---|---|---|
| **Availability** | Generally available through Financial Intermediaries. | Generally available through Financial Intermediaries. | Limited to certain investors, including:<br>• Individuals and "Institutional Investors," which include, but are not limited to, endowments, foundations, family offices, local, city, and state governmental institutions, corporations and insurance company separate accounts, who may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Distributor to purchase such shares.<br>• Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies, each of which may purchase shares of the Fund through a Financial Intermediary that has entered into an agreement with the Distributor to purchase such shares.<br>• Employees, officers and directors/trustees of BlackRock or its affiliates and immediate family members of such persons, if they open an account directly with BlackRock.<br>• Participants in certain programs sponsored by BlackRock or its affiliates or other Financial Intermediaries.<br>• Tax-qualified accounts for insurance agents that are registered representatives of an insurance company's broker-dealer that has entered into an agreement with the Distributor to offer Institutional Shares, and the family members of such persons.<br>• Clients investing through Financial Intermediaries that have entered into an agreement with the Distributor to offer such shares on a platform that charges a transaction based sales commission outside of the Fund. |

| | Investor A | Investor C[2,3] | Institutional |
|---|---|---|---|
| **Minimum Investment** | $1,000 for all accounts except:<br>• $50, if establishing an Automatic Investment Plan (“AIP”).<br>• There is no investment minimum for employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs).<br>• There is no investment minimum for certain fee-based programs. | $1,000 for all accounts except:<br>• $50, if establishing an AIP.<br>• There is no investment minimum for employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs).<br>• There is no investment minimum for certain fee-based programs. | There is no investment minimum for:<br>• Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies.<br>• Employees, officers and directors/trustees of BlackRock or its affiliates and immediate family members of such persons, if they open an account directly with BlackRock.<br>• Clients of Financial Intermediaries that: (i) charge such clients a fee for advisory, investment consulting, or similar services or (ii) have entered into an agreement with the Distributor to offer Institutional Shares through a no-load program or investment platform.<br>$2 million for individuals and Institutional Investors.<br>$1,000 investment minimum for:<br>• Clients investing through Financial Intermediaries that offer such shares on a platform that charges a transaction based sales commission outside of the Fund.<br>• Tax-qualified accounts for insurance agents that are registered representatives of an insurance company’s broker-dealer that has entered into an agreement with the Distributor to offer Institutional Shares, and the family members of such persons. |
| **Initial Sales Charge?** | Yes. Payable at time of purchase. Lower sales charges are available for larger investments. | No. Entire purchase price is invested in shares of the Fund. | No. Entire purchase price is invested in shares of the Fund. |
| **Deferred Sales Charge?** | No. (May be charged for purchases of $250,000 or more that are redeemed within 18 months.) | Yes. Payable if you redeem within one year of purchase. | No. |
| **Distribution and Service (12b-1) Fees?** | No Distribution Fee.<br>0.25% Annual Service Fee. | 0.75% Annual Distribution Fee.<br>0.25% Annual Service Fee. | No. |
| **Redemption Fees?** | No. | No. | No. |

| | Investor A | Investor C[2,3] | Institutional |
|---|---|---|---|
| **Conversion to Investor A Shares?** | N/A | Prior to the Effective Date (as defined below):<br>No.<br>Beginning on the Effective Date: Yes, automatically approximately ten years after the date of purchase. It is the Financial Intermediary's responsibility to ensure that the shareholder is credited with the proper holding period. As of the Effective Date, certain Financial Intermediaries, including group retirement recordkeeping platforms, may not have been tracking such holding periods and therefore may not be able to process such conversions. In such instances, the automatic conversion of Investor C Shares to Investor A Shares will occur ten years after the Effective Date. | No. |
| **Advantage** | Makes sense for investors who are eligible to have the sales charge reduced or eliminated or who have a long-term investment horizon because there are no ongoing distribution fees. | No up-front sales charge so you start off owning more shares. These shares may make sense for investors who have a shorter investment horizon relative to Investor A Shares. | No up-front sales charge so you start off owning more shares. No distribution or service fees. |
| **Disadvantage** | You pay a sales charge up-front, and therefore you start off owning fewer shares. | You pay ongoing distribution fees each year you own Investor C Shares, which means that over the long term you can expect higher total fees per share than Investor A Shares and, as a result, lower total performance. | Limited availability. |

1 Please see "Details About the Share Classes" for more information about each share class.

2 If you establish a new account directly with a Fund and do not have a Financial Intermediary associated with your account, you may only invest in Investor A Shares. Applications without a Financial Intermediary that select Investor C Shares will not be accepted.

3 The Fund will not accept a purchase order of $500,000 or more for Investor C Shares (may be lower on funds that have set a lower breakpoint for purchasing Investor A Shares without a front-end sales charge). Your Financial Intermediary may set a lower maximum for Investor C Shares.

The following pages will cover the additional details of each share class, including the Institutional Shares requirements, the sales charge table for Investor A Shares, reduced sales charge information, Investor C Share CDSC information, and sales charge waivers.

The availability of certain sales charge waivers and reductions will depend on whether you purchase your shares directly from a Fund or through a Financial Intermediary. Financial Intermediaries may have different policies and procedures regarding the availability of front-end sales charge waivers or deferred sales charge waivers, which are discussed below. In all instances, it is your responsibility to notify the Fund or your Financial Intermediary at the time of purchase of any relationship or other facts qualifying you for sales charge waivers or reductions. **For waivers and discounts not available through a particular Financial Intermediary, shareholders will have to purchase Fund shares directly from the Fund or through another Financial Intermediary to receive these waivers or reductions. Please see the "Intermediary-Defined Sales Charge Waiver Policies" section to determine any sales charge waivers and reductions that may be available to you through your Financial Intermediary**.

More information about existing sales charge reductions and waivers is available free of charge in a clear and prominent format via hyperlink at www.blackrock.com and in the SAI, which is available on the website or on request.

## *Details About the Share Classes*

### Investor A Shares — Initial Sales Charge Option

The following table shows the front-end sales charges that you may pay if you buy Investor A Shares. The offering price for Investor A Shares includes any front-end sales charge. The front-end sales charge expressed as a percentage of the offering price may be higher or lower than the charge described below due to rounding. Similarly, any contingent deferred sales charge paid upon certain redemptions of Investor A Shares expressed as a percentage of the applicable redemption amount may be higher or lower than the charge described below due to rounding. You may qualify for a reduced front-end sales charge. Purchases of Investor A Shares at certain fixed dollar levels, known as "breakpoints," cause a reduction in the front-end sales charge. Once you achieve a breakpoint, you pay that sales charge on your entire purchase amount (and not just the portion above the breakpoint). If you select Investor A Shares, you will pay a sales charge at the time of purchase as shown in the following table.

### California Fund, New Jersey Fund and Pennsylvania Fund

| Your Investment | Sales Charge as a % of Offering Price | Sales Charge as a % of Your Investment[1] | Dealer Compensation as a % of Offering Price |
|---|---|---|---|
| Less than $100,000 | 4.25% | 4.44% | 4.00% |
| $100,000 but less than $250,000 | 3.25% | 3.36% | 3.00% |
| $250,000 and over[2] | 0.00% | 0.00% | —[2] |

1 Rounded to the nearest one-hundredth percent.

2 If you invest $250,000 or more in Investor A Shares, you will not pay an initial sales charge. In that case, BlackRock compensates the Financial Intermediary from its own resources. However, if you redeem your shares within 18 months after purchase, you may be charged a deferred sales charge of 1.00% of the lesser of the original cost of the shares being redeemed or your redemption proceeds. Such deferred sales charge may be waived in connection with certain fee-based programs.

No initial sales charge applies to Investor A Shares that you buy through reinvestment of Fund dividends or capital gains.

### Sales Charges Reduced or Eliminated for Investor A Shares

There are several ways in which the sales charge can be reduced or eliminated. Purchases of Investor A Shares at certain fixed dollar levels, known as "breakpoints," cause a reduction in the front-end sales charge (as described above in the "Investor A Shares — Initial Sales Charge Option" section). Additionally, the front-end sales charge can be reduced or eliminated through one or a combination of the following: a Letter of Intent, the right of accumulation, the reinstatement privilege (described under "Account Services and Privileges"), or a waiver of the sales charge (described below).

Reductions or eliminations through a Letter of Intent or right of accumulation will apply to the value of all qualifying holdings in shares of mutual funds sponsored and advised by BlackRock or its affiliates ("BlackRock Funds") owned by (a) the investor, or (b) the investor's spouse and any children and a trust, custodial account or fiduciary account for the benefit of any such individuals. For this purpose, the value of an investor's holdings means the offering price of the newly purchased shares (including any applicable sales charge) plus the current value (including any sales charges paid) of all other shares the investor already holds taken together.

See the "Intermediary-Defined Sales Charge Waiver Policies" section for sales charge reductions and waivers that may be available to customers of certain Financial Intermediaries.

**Qualifying Holdings** — Investor A and A1, Investor B, Investor C, C1, C2 and C3, Investor P, Institutional and Class K Shares (in most BlackRock Funds) and investments in the BlackRock CollegeAdvantage 529 Program.

Qualifying Holdings may include shares held in accounts held at a Financial Intermediary, including personal accounts, certain retirement accounts, UGMA/UTMA accounts, Joint Tenancy accounts, trust accounts and Transfer on Death accounts, as well as shares purchased by a trust of which the investor is a beneficiary. For purposes of the Letter of Intent and right of accumulation, the investor may not combine with the investor's other holdings shares held in pension, profit sharing or other employer-sponsored retirement plans if those shares are held in the name of a nominee or custodian.

In order to receive a reduced sales charge, at the time an investor purchases shares of a Fund, the investor should inform the Financial Intermediary and/or BlackRock Funds of any other shares of a Fund or any other BlackRock Fund that qualify for a reduced sales charge. Failure by the investor to notify the Financial Intermediary or BlackRock Funds may result in the investor not receiving the sales charge reduction to which the investor is otherwise entitled.

The Financial Intermediary or BlackRock Funds may request documentation — including account statements and records of the original cost of the shares owned by the investor, the investor's spouse and/or children showing that the investor qualifies for a reduced sales charge. The investor should retain these records because — depending on where an account is held or the type of account — the Fund and/or the Financial Intermediary or BlackRock Funds may not be able to maintain this information.

For more information, see the SAI or contact your Financial Intermediary.

### Letter of Intent

An investor may qualify for a reduced front-end sales charge immediately by signing a "Letter of Intent" stating the investor's intention to buy a specified amount of Investor A, Investor C, Investor P, Institutional and/or Class K Shares and/or make an investment through the BlackRock CollegeAdvantage 529 Program in one or more BlackRock Funds within the next 13 months that would, if bought all at once, qualify the investor for a reduced sales charge. The initial investment must meet the minimum initial purchase requirement. The 13-month Letter of Intent period commences on the day that the Letter of Intent is received by the Fund.

The market value of current holdings in the BlackRock Funds (including Investor A, Investor B, Investor C, Investor P, Institutional and Class K Shares and the BlackRock CollegeAdvantage 529 Program Class A and Class C Units) as of the date of commencement that are eligible under the Right of Accumulation may be counted towards the sales charge reduction.

The investor must notify the Fund of (i) any current holdings in the BlackRock Funds and/or the BlackRock CollegeAdvantage 529 Program that should be counted towards the sales charge reduction and (ii) any subsequent purchases that should be counted towards the Letter of Intent.

During the term of the Letter of Intent, the Fund will hold Investor A Shares representing up to 5% of the indicated amount in an escrow account for payment of a higher sales load if the full amount indicated in the Letter of Intent is not purchased. If the full amount indicated is not purchased within the 13-month period, and the investor does not pay the higher sales load within 20 days, the Fund will redeem enough of the Investor A Shares held in escrow to pay the difference.

### Right of Accumulation

Investors have a "right of accumulation" under which the current value of an investor's existing Investor A and A1, Investor B, Investor C, C1, C2 and C3, Investor P, Institutional and Class K Shares in most BlackRock Funds and the investment in the BlackRock CollegeAdvantage 529 Program by the investor or by or on behalf of the investor's spouse and children may be combined with the amount of the current purchase in determining whether an investor qualifies for a breakpoint and a reduced front-end sales charge. Financial Intermediaries may value current holdings of their customers differently for purposes of determining whether an investor qualifies for a breakpoint and a reduced front-end sales charge, although customers of the same Financial Intermediary will be treated similarly. In order to use this right, the investor must alert BlackRock to the existence of any previously purchased shares.

### Other Front-End Sales Charge Waivers

The following persons may also buy Investor A Shares without paying a sales charge:

- Certain employer-sponsored retirement plans. For purposes of this waiver, employer-sponsored retirement plans do not include SEP IRAs, SIMPLE IRAs or SARSEPs;
- Rollovers of current investments through certain employer-sponsored retirement plans, provided the shares are transferred to the same BlackRock Fund as either a direct rollover, or subsequent to distribution, the rolled-over proceeds are contributed to a BlackRock IRA through an account directly with the Fund; or purchases by IRA programs that are sponsored by Financial Intermediary firms provided the Financial Intermediary firm has entered into a Class A Net Asset Value agreement with respect to such program with the Distributor;
- Insurance company separate accounts;
- Registered investment advisers, trust companies and bank trust departments exercising discretionary investment authority with respect to amounts to be invested in the Fund;
- Persons participating in a fee-based program (such as a wrap account) under which they pay advisory fees to a broker-dealer or other financial institution;
- Financial Intermediaries who have entered into an agreement with the Distributor and have been approved by the Distributor to offer Fund shares to self-directed investment brokerage accounts that may or may not charge a transaction fee;
- Persons associated with the Fund, the Fund's manager, the Fund's sub-adviser, transfer agent, Distributor, fund accounting agents, Barclays PLC ("Barclays") and their respective affiliates (to the extent permitted by these firms)

including: (a) officers, directors and partners; (b) employees and retirees; (c) employees of firms who have entered into selling agreements to distribute shares of BlackRock Funds; (d) immediate family members of such persons; and (e) any trust, pension, profit-sharing or other benefit plan for any of the persons set forth in (a) through (d); and

- State sponsored 529 college savings plans.

In addition, a sales charge waiver may be available for investors exchanging Investor P Shares of another BlackRock Fund for Investor A Shares of the Fund through an intermediary-processed exchange, provided that the investor had previously paid a sales charge with respect to such shares.

In addition, Financial Intermediaries may, in connection with a change in account type or otherwise in accordance with a Financial Intermediary's policies and procedures, exchange one class of shares for Investor A Shares of the same Fund. In such cases, such exchange would not be subject to an Investor A Shares sales charge. The availability of Investor A Shares sales charge waivers may depend on the policies, procedures and trading platforms of your Financial Intermediary; consult your financial adviser.

See the "Intermediary-Defined Sales Charge Waiver Policies" section for sales charge reductions and waivers that may be available to customers of certain Financial Intermediaries.

### Investor A Shares at Net Asset Value

If you invest $250,000 or more in Investor A Shares, you will not pay any initial sales charge. However, if you redeem your Investor A Shares within 18 months after purchase, you may be charged a deferred sales charge of 1.00% of the lesser of the original cost of the shares being redeemed or your redemption proceeds. For a discussion on waivers, see "Contingent Deferred Sales Charge Waivers."

If you are eligible to buy both Investor A and Institutional Shares, you should buy Institutional Shares since Investor A Shares are subject to a front-end sales charge and an annual 0.25% service fee, while Institutional Shares are not. The Distributor normally pays the annual Investor A Shares service fee to dealers as a shareholder servicing fee on a monthly basis.

### Investor C Shares — Deferred Sales Charge Option

If you select Investor C Shares, you do not pay an initial sales charge at the time of purchase. However, if you redeem your Investor C Shares within one year after purchase, you may be required to pay a deferred sales charge of 1.00%. The charge will apply to the lesser of the original cost of the shares being redeemed or the proceeds of your redemption. When you redeem Investor C Shares, the redemption order is processed so that the lowest deferred sales charge is charged. Investor C Shares that are not subject to the deferred sales charge are redeemed first. In addition, you will not be charged a deferred sales charge when you redeem shares that you acquire through reinvestment of Fund dividends or capital gains. Any CDSC paid on the redemptions of Investor C Shares expressed as a percentage of the applicable redemption amount may be higher or lower than the charge described due to rounding.

Prior to the Effective Date, Investor C Shares do not offer a conversion privilege. Effective November 8, 2018 (the "Effective Date"), Investor C Shares will automatically convert to Investor A Shares approximately ten years after the date of purchase. It is the Financial Intermediary's responsibility to ensure that the shareholder is credited with the proper holding period. As of the Effective Date, certain Financial Intermediaries, including group retirement recordkeeping platforms, may not have been tracking such holding periods and therefore may not be able to process such conversions. In such instances, the automatic conversion of Investor C Shares to Investor A Shares will occur ten years after the Effective Date. The automatic conversion of Investor C Shares to Investor A Shares is not a taxable event for Federal income tax purposes. Please consult your Financial Intermediary for additional information.

See the "Intermediary-Defined Sales Charge Waiver Policies" section for sales charge reductions and waivers that may be available to customers of certain Financial Intermediaries.

You will also pay distribution fees of 0.75% and service fees of 0.25% for Investor C Shares each year. Because these fees are paid out of a Fund's assets on an ongoing basis, over time these fees increase the cost of your investment and may cost you more than paying other types of sales charges. The Distributor uses the money that it receives from the deferred sales charges and the distribution fees to cover the costs of marketing, advertising and compensating the Financial Intermediary who assists you in purchasing Fund shares.

The Distributor currently pays dealers a sales concession of 1.00% of the purchase price of Investor C Shares from its own resources at the time of sale. The Distributor pays the annual Investor C Shares distribution fee and the annual Investor C Shares service fee as an ongoing concession and as a shareholder servicing fee, respectively, to dealers for Investor C Shares held for over a year and normally retains the Investor C Shares distribution fee and service fee during the first year after purchase. For certain employer-sponsored retirement plans, the Distributor will pay the full Investor C Shares distribution fee and service fee to dealers beginning in the first year after purchase in lieu of paying the sales concession. This may depend on the policies, procedures and trading platforms of your Financial Intermediary; consult your financial adviser.

### Contingent Deferred Sales Charge Waivers

The deferred sales charge relating to Investor A and Investor C Shares may be reduced or waived in certain circumstances, such as:

- Redemptions of shares purchased through certain employer-sponsored retirement plans and rollovers of current investments in a Fund through such plans;
- Exchanges pursuant to the exchange privilege, as described in "How to Buy, Sell, Exchange and Transfer Shares — How to Exchange Shares or Transfer Your Account";
- Redemptions made in connection with minimum required distributions from IRA or 403(b)(7) accounts due to the shareholder reaching the age of 70½;
- Certain post-retirement withdrawals from an IRA or other retirement plan if you are over 59½ years old and you purchased your shares prior to October 2, 2006;
- Redemptions made with respect to certain retirement plans sponsored by a Fund, BlackRock or an affiliate;
- Redemptions resulting from shareholder death as long as the waiver request is made within one year of death or, if later, reasonably promptly following completion of probate (including in connection with the distribution of account assets to a beneficiary of the decedent);
- Withdrawals resulting from shareholder disability (as defined in the Internal Revenue Code) as long as the disability arose subsequent to the purchase of the shares;
- Involuntary redemptions made of shares in accounts with low balances;
- Certain redemptions made through the Systematic Withdrawal Plan offered by a Fund, BlackRock or an affiliate;
- Redemptions related to the payment of BNY Mellon Investment Servicing Trust Company custodial IRA fees; and
- Redemptions when a shareholder can demonstrate hardship, in the absolute discretion of a Fund.

See the "Intermediary-Defined Sales Charge Waiver Policies" section for sales charge reductions and waivers that may be available to customers of certain Financial Intermediaries.

More information about existing sales charge reductions and waivers is available free of charge in a clear and prominent format via hyperlink at www.blackrock.com and in the SAI, which is available on the website or on request.

### Institutional Shares

Institutional Shares are not subject to any sales charge. Only certain investors are eligible to buy Institutional Shares. Your Financial Intermediary can help you determine whether you are eligible to buy Institutional Shares. A Fund may permit a lower initial investment for certain investors if their purchase, combined with purchases by other investors received together by the Fund, meets the minimum investment requirement.

Institutional Shares may also be available on certain brokerage platforms. An investor transacting in Institutional Shares on such brokerage platforms through a broker acting as an agent for the investor may be required to pay a commission and/or other forms of compensation to the broker. Shares of the Fund are available in other share classes that have different fees and expenses.

Eligible Institutional Share investors include the following:

- Individuals and "Institutional Investors" with a minimum initial investment of $2 million who may purchase shares of a Fund through a Financial Intermediary that has entered into an agreement with the Distributor to purchase such shares;
- Clients of Financial Intermediaries that: (i) charge such clients a fee for advisory, investment consulting, or similar services or (ii) have entered into an agreement with the Distributor to offer Institutional Shares through a no-load program or investment platform, in each case, with no minimum initial investment;
- Clients investing through Financial Intermediaries that have entered into an agreement with the Distributor to offer such shares on a platform that charges a transaction based sales commission outside of the Fund, with a minimum initial investment of $1,000;
- Employer-sponsored retirement plans (not including SEP IRAs, SIMPLE IRAs or SARSEPs), state sponsored 529 college savings plans, collective trust funds, investment companies or other pooled investment vehicles, unaffiliated thrifts and unaffiliated banks and trust companies, each of which is not subject to any minimum initial investment and may purchase shares of a Fund through a Financial Intermediary that has entered into an agreement with the Distributor to purchase such shares;

- Trust department clients of PNC Bank and Bank of America, N.A. and their affiliates for whom they (i) act in a fiduciary capacity (excluding participant directed employee benefit plans); (ii) otherwise have investment discretion; or (iii) act as custodian for at least $2 million in assets, who are not subject to any minimum initial investment;
- Holders of certain Bank of America Corporation (“BofA Corp.”) sponsored unit investment trusts (“UITs”) who reinvest dividends received from such UITs in shares of the Fund, who are not subject to any minimum initial investment;
- Employees, officers and directors/trustees of BlackRock, Inc., BlackRock Funds, BofA Corp., PNC, Barclays or their respective affiliates and immediate family members of such persons, if they open an account directly with BlackRock, who are not subject to any minimum initial investment; and
- Tax-qualified accounts for insurance agents that are registered representatives of an insurance company’s broker-dealer that has entered into an agreement with the Distributor to offer Institutional Shares, and the family members of such persons.

The Fund reserves the right to modify or waive the above-stated policies at any time.

## *Distribution and Shareholder Servicing Payments*

Each of the BlackRock California Municipal Series Trust and the BlackRock Multi-State Municipal Series Trust (each a “Trust” and together, the “Trusts”), on behalf of the Funds, has adopted a plan (the “Plan”) pursuant to Rule 12b-1 under the Investment Company Act with respect to the Investor Shares that allows a Fund to pay distribution fees for the sale of its shares and shareholder servicing fees for certain services provided to its shareholders.

Under the Plan, Investor C Shares pay a distribution fee to the Distributor and/or its affiliates, including PNC and its affiliates, for distribution and sales support services. The distribution fees may be used to pay the Distributor for distribution and sales support services and to pay the Distributor and BlackRock, PNC and their respective affiliates for sales support services provided and related expenses incurred in connection with the sale of Investor C Shares. The distribution fees may also be used to pay Financial Intermediaries for sales support services and related expenses. All Investor C Shares pay a maximum distribution fee per year that is a percentage of the average daily net asset value of the Investor C Shares of a Fund. Institutional and Investor A Shares do not pay distribution fees.

Under the Plan, the Funds also pay shareholder servicing fees (also referred to as general shareholder liaison services fees) to Financial Intermediaries for providing support services to their customers who own Investor Shares of a Fund. The shareholder servicing fee payment is calculated as a percentage of the average daily net asset value of Investor Shares of a Fund. All Investor Shares pay this shareholder servicing fee. Institutional Shares do not pay a shareholder servicing fee.

In return for the shareholder servicing fee, Financial Intermediaries (including BlackRock) may provide one or more of the following services to their customers who own Investor Shares:

- Answering customer inquiries regarding account status and history, the manner in which purchases, exchanges and redemptions or repurchases of shares may be effected and certain other matters pertaining to the customers’ investments;
- Assisting customers in designating and changing dividend options, account designations and addresses; and
- Providing other similar shareholder liaison services.

The shareholder servicing fees payable pursuant to the Plan are paid to compensate Financial Intermediaries for the administration and servicing of shareholder accounts and are not costs which are primarily intended to result in the sale of a Fund’s shares.

Because the fees paid by a Fund under the Plan are paid out of Fund assets on an ongoing basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. In addition, the distribution fees paid by Investor C Shares may over time cost investors more than the front-end sales charge on Investor A Shares.

For more information on the Plan, including a complete list of services provided thereunder, see the SAI.

### Other Payments by the Funds

In addition to fees that a Fund may pay to a Financial Intermediary pursuant to the Plan and fees a Fund pays to its transfer agent, BNY Mellon Investment Servicing (US) Inc. (the “Transfer Agent”), BlackRock, on behalf of a Fund, may enter into non-Plan agreements with affiliated and unaffiliated Financial Intermediaries pursuant to which the Fund will pay a Financial Intermediary for administrative, networking, recordkeeping, sub-transfer agency, sub-accounting and/or shareholder services. These non-Plan payments are generally based on either (1) a percentage of the average daily net assets of Fund shareholders serviced by a Financial Intermediary or (2) a fixed dollar amount for each account serviced by a Financial Intermediary. The aggregate amount of these payments may be substantial.

### Other Payments by BlackRock

From time to time, BlackRock, the Distributor or their affiliates also may pay a portion of the fees for administrative, networking, recordkeeping, sub-transfer agency, sub-accounting and shareholder services described above at its or their own expense and out of its or their profits. BlackRock, the Distributor and their affiliates may also compensate affiliated and unaffiliated Financial Intermediaries for the sale and distribution of shares of the Funds. These payments would be in addition to the Fund payments described in this prospectus and may be a fixed dollar amount, may be based on the number of customer accounts maintained by the Financial Intermediary, may be based on a percentage of the value of shares sold to, or held by, customers of the Financial Intermediary or may be calculated on another basis. The aggregate amount of these payments by BlackRock, the Distributor and their affiliates may be substantial and, in some circumstances, may create an incentive for a Financial Intermediary, its employees or associated persons to recommend or sell shares of a Fund to you.

Please contact your Financial Intermediary for details about payments it may receive from a Fund or from BlackRock, the Distributor or their affiliates. For more information, see the SAI.

## *How to Buy, Sell, Exchange and Transfer Shares*

The chart on the following pages summarizes how to buy, sell, exchange and transfer shares through your Financial Intermediary. You may also buy, sell, exchange and transfer shares through BlackRock if your account is held directly with BlackRock. To learn more about buying, selling, exchanging or transferring shares through BlackRock, call (800) 441-7762. Because the selection of a mutual fund involves many considerations, your Financial Intermediary may help you with this decision.

With certain limited exceptions, the Funds are generally available only to investors residing in the United States and may not be distributed by a foreign Financial Intermediary. Under this policy, in order to accept new accounts or additional investments (including by way of exchange from another BlackRock Fund) into existing accounts, the Fund generally requires that (i) a shareholder that is a natural person be a U.S. citizen or resident alien, in each case residing within the United States or a U.S. territory (including APO/FPO/DPO addresses), and have a valid U.S. taxpayer identification number, and (ii) a Financial Intermediary or a shareholder that is an entity be domiciled in the United States and have a valid U.S. taxpayer identification number or be domiciled in a U.S. territory and have a valid U.S. taxpayer identification number or IRS Form W-8. Any existing account that is updated to reflect a non-U.S. address will also be restricted from making additional investments.

Each Fund may reject any purchase order, modify or waive the minimum initial or subsequent investment requirements for any shareholders and suspend and resume the sale of any share class of the Fund at any time for any reason. In addition, a Fund may waive certain requirements regarding the purchase, sale, exchange or transfer of shares described below.

Under certain circumstances, if no activity occurs in an account within a time period specified by state law, a shareholder's shares in a Fund may be transferred to that state.

### How to Buy Shares

| | Your Choices | Important Information for You to Know |
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| **Initial Purchase** | First, select the share class appropriate for you | Refer to the "Share Classes at a Glance" table in this prospectus (be sure to read this prospectus carefully). When you place your initial order, you must indicate which share class you select (if you do not specify a share class and do not qualify to purchase Institutional Shares, you will receive Investor A Shares).<br>Certain factors, such as the amount of your investment, your time frame for investing and your financial goals, may affect which share class you choose. Your Financial Intermediary can help you determine which share class is appropriate for you. |
| | Next, determine the amount of your investment | Refer to the minimum initial investment in the "Share Classes at a Glance" table of this prospectus. Be sure to note the maximum investment amounts in Investor C Shares.<br>See "Account Information — Details About the Share Classes" for information on a lower initial investment requirement for certain Fund |

| | Your Choices | Important Information for You to Know |
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| **Initial Purchase (continued)** | Next, determine the amount of your investment (continued) | investors if their purchase, combined with purchases by other investors received together by the Fund, meets the minimum investment requirement. |
| | Have your Financial Intermediary submit your purchase order | The price of your shares is based on the next calculation of the Fund's net asset value after your order is placed. Any purchase orders placed prior to the close of business on the New York Stock Exchange (the "NYSE") (generally 4:00 p.m. Eastern time) will be priced at the net asset value determined that day. Certain Financial Intermediaries, however, may require submission of orders prior to that time. Purchase orders placed after that time will be priced at the net asset value determined on the next business day.<br>A broker-dealer or financial institution maintaining the account in which you hold shares may charge a separate account, service or transaction fee on the purchase or sale of Fund shares that would be in addition to the fees and expenses shown in the Fund's "Fees and Expenses" table.<br>The Fund may reject any order to buy shares and may suspend the sale of shares at any time. Financial Intermediaries may charge a processing fee to confirm a purchase. |
| | Or contact BlackRock (for accounts held directly with BlackRock) | To purchase shares directly from BlackRock, call (800) 441-7762 and request a new account application. Mail the completed application along with a check payable to "BlackRock Funds" to the Transfer Agent at the address on the application. |
| **Add to Your Investment** | Purchase additional shares | For Investor A and Investor C Shares, the minimum investment for additional purchases is generally $50 for all accounts (with the exception of certain employer-sponsored retirement plans which may have a lower minimum for additional purchases). The minimums for additional purchases may be waived under certain circumstances. Institutional Shares have no minimum for additional purchases. |
| | Have your Financial Intermediary submit your purchase order for additional shares | To purchase additional shares, you may contact your Financial Intermediary.<br>For more details on purchasing by Internet see below. |
| | Or contact BlackRock (for accounts held directly with BlackRock) | **Purchase by Telephone:** Call (800) 441-7762 and speak with one of our representatives. The Fund has the right to reject any telephone request for any reason.<br>**Purchase in Writing:** You may send a written request to BlackRock at the address on the back cover of this prospectus.<br>**Purchase by VRU:** Investor Shares may also be purchased by use of the Fund's automated voice response unit ("VRU") service at (800) 441-7762.<br>**Purchase by Internet:** You may purchase your shares and view activity in your account by logging onto the BlackRock website at www.blackrock.com. Purchases made on the Internet using the Automated Clearing House ("ACH") will have a trade date that is the day after the purchase is made.<br>Certain institutional clients' purchase orders of Institutional Shares placed by wire prior to the close of business on the NYSE will be priced at the net asset value determined that day. Contact your Financial Intermediary or BlackRock for further information. The Fund limits Internet purchases in shares of the Fund to $25,000 per trade. Different maximums may apply to certain institutional investors.<br>Please read the On-Line Services Disclosure Statement and User Agreement, the Terms and Conditions page and the Consent to Electronic Delivery Agreement (if you consent to electronic delivery), before attempting to transact online.<br>The Fund employs reasonable procedures to confirm that transactions entered over the Internet are genuine. By entering into the User |

| | Your Choices | Important Information for You to Know |
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| **Add to Your Investment (continued)** | Or contact BlackRock (for accounts held directly with BlackRock) (continued) | Agreement with the Fund in order to open an account through the website, the shareholder waives any right to reclaim any losses from the Fund or any of its affiliates incurred through fraudulent activity. |
| | Acquire additional shares by reinvesting dividends and capital gains | All dividends and capital gains distributions are automatically reinvested without a sales charge. To make any changes to your dividend and/or capital gains distributions options, please call (800) 441-7762 or contact your Financial Intermediary (if your account is not held directly with BlackRock). |
| | Participate in the Automatic Investment Plan ("AIP") | BlackRock's AIP allows you to invest a specific amount on a periodic basis from your checking or savings account into your investment account.<br>Refer to the "Account Services and Privileges" section of this prospectus for additional information. |
| **How to Pay for Shares** | Making payment for purchases | Payment for an order must be made in Federal funds or other immediately available funds by the time specified by your Financial Intermediary, but in no event later than 4:00 p.m. (Eastern time) on the second business day (in the case of Investor Shares) or the first business day (in the case of Institutional Shares) following BlackRock's receipt of the order. If payment is not received by this time, the order will be canceled and you and your Financial Intermediary will be responsible for any loss to the Fund.<br>For shares purchased directly from the Fund, a check payable to BlackRock Funds which bears the name of the Fund you are purchasing must accompany a completed purchase application. There is a $20 fee for each purchase check that is returned due to insufficient funds. The Fund does not accept third-party checks. You may also wire Federal funds to the Fund to purchase shares, but you must call (800) 441-7762 before doing so to confirm the wiring instructions. |

## How to Sell Shares

| | Your Choices | Important Information for You to Know |
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| **Full or Partial Redemption of Shares** | Have your Financial Intermediary submit your sales order | You can make redemption requests through your Financial Intermediary. Shareholders should indicate whether they are redeeming Investor A Shares, Investor C Shares or Institutional Shares. The price of your shares is based on the next calculation of the Fund's net asset value after your order is placed. For your redemption request to be priced at the net asset value on the day of your request, you must submit your request to your Financial Intermediary prior to that day's close of business on the NYSE (generally 4:00 p.m. Eastern time). Certain Financial Intermediaries, however, may require submission of orders prior to that time. Any redemption request placed after that time will be priced at the net asset value at the close of business on the next business day.<br>Regardless of the method the Fund uses to make payment of your redemption proceeds (check, wire or ACH), your redemption proceeds typically will be sent one to two business days after your request is submitted, but in any event, within seven days.<br>Certain Financial Intermediaries may charge a fee to process a redemption of shares.<br>The Fund may reject an order to sell shares under certain circumstances. |
| | Selling shares held directly with BlackRock | **Methods of Redeeming**<br>**Redeem by Telephone:** You may redeem Investor Shares held directly with BlackRock by telephone request if certain conditions are met and if the amount being sold is less than (i) $100,000 for payments by check or (ii) $250,000 for payments through ACH or wire transfer. Certain redemption requests, such as those in excess of these amounts, must be in writing with a medallion signature guarantee. For Institutional Shares, certain redemption requests may require written instructions with a medallion signature guarantee. Call (800) 441-7762 |

| | Your Choices | Important Information for You to Know |
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| **Full or Partial Redemption of Shares (continued)** | Selling shares held directly with BlackRock (continued) | for details.<br>You can obtain a medallion signature guarantee stamp from a bank, securities dealer, securities broker, credit union, savings and loan association, national securities exchange or registered securities association. A notary public seal will not be acceptable.<br>The Fund, its administrators and the Distributor will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. The Fund and its service providers will not be liable for any loss, liability, cost or expense for acting upon telephone instructions that are reasonably believed to be genuine in accordance with such procedures. The Fund may refuse a telephone redemption request if it believes it is advisable to do so.<br>During periods of substantial economic or market change, telephone redemptions may be difficult to complete. Please find alternative redemption methods below.<br>**Redeem by VRU:** Investor Shares may also be redeemed by use of the Fund's automated VRU service. Payment for Investor Shares redeemed by the VRU service may be made for non-retirement accounts in amounts up to $25,000, either through check, ACH or wire.<br>**Redeem by Internet:** You may redeem in your account by logging onto the BlackRock website at www.blackrock.com. Proceeds from Internet redemptions may be sent via check, ACH or wire to the bank account of record. Payment for Investor Shares redeemed by Internet may be made for non-retirement accounts in amounts up to $25,000, either through check, ACH or wire. Different maximums may apply to investors in Institutional Shares.<br>**Redeem in Writing:** You may sell shares held at BlackRock by writing to BlackRock, P.O. Box 9819, Providence, Rhode Island 02940-8019 or for overnight delivery, 4400 Computer Drive, Westborough, Massachusetts 01588. All shareholders on the account must sign the letter. A medallion signature guarantee will generally be required but may be waived in certain limited circumstances. You can obtain a medallion signature guarantee stamp from a bank, securities dealer, securities broker, credit union, savings and loan association, national securities exchange or registered securities association. A notary public seal will not be acceptable. If you hold stock certificates, return the certificates with the letter. Proceeds from redemptions may be sent via check, ACH or wire to the bank account of record.<br>**Payment of Redemption Proceeds**<br>Redemption proceeds may be paid by check or, if the Fund has verified banking information on file, through ACH or by wire transfer.<br>**Payment by Check:** BlackRock will normally mail redemption proceeds within three business days following receipt of a properly completed request, but in any event within seven days. Shares can be redeemed by telephone and the proceeds sent by check to the shareholder at the address on record. Shareholders will pay $15 for redemption proceeds sent by check via overnight mail. You are responsible for any additional charges imposed by your bank for this service.<br>Each Fund reserves the right to reinvest any dividend or distribution amounts (e.g., income dividends or capital gains) which you have elected to receive by check should your check be returned as undeliverable or remain uncashed for more than 6 months. No interest will accrue on amounts represented by uncashed checks. Your check will be reinvested in your account at the net asset value next calculated, on the day of the investment. When reinvested, those amounts are subject to the risk of loss like any Fund investment. If you elect to receive distributions in cash and a check remains undeliverable or uncashed for more than 6 months, your cash election may also be changed automatically to reinvest and your future dividend and capital gains distributions will be reinvested in the Fund at the net asset value as of the date of payment of the distribution. |

| | Your Choices | Important Information for You to Know |
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| **Full or Partial Redemption of Shares (continued)** | Selling shares held directly with BlackRock (continued) | **Payment by Wire Transfer:** Payment for redeemed shares for which a redemption order is received before 4:00 p.m. (Eastern time) on a business day is normally made in Federal funds wired to the redeeming shareholder on the next business day, provided that the Fund's custodian is also open for business. Payment for redemption orders received after 4:00 p.m. (Eastern time) or on a day when the Fund's custodian is closed is normally wired in Federal funds on the next business day following redemption on which the Fund's custodian is open for business. The Fund reserves the right to wire redemption proceeds within seven days after receiving a redemption order if, in the judgment of the Fund, an earlier payment could adversely affect the Fund.<br>If a shareholder has given authorization for expedited redemption, shares can be redeemed by Federal wire transfer to a single previously designated bank account. Shareholders will pay $7.50 for redemption proceeds sent by Federal wire transfer. You are responsible for any additional charges imposed by your bank for this service. No charge for wiring redemption payments with respect to Institutional Shares is imposed by the Fund.<br>The Fund is not responsible for the efficiency of the Federal wire system or the shareholder's firm or bank. To change the name of the single, designated bank account to receive wire redemption proceeds, it is necessary to send a written request to the Fund at the address on the back cover of this prospectus.<br>**Payment by ACH:** Redemption proceeds may be sent to the shareholder's bank account (checking or savings) via ACH. Payment for redeemed shares for which a redemption order is received before 4:00 p.m. (Eastern time) on a business day is normally sent to the redeeming shareholder the next business day, with receipt at the receiving bank within the next two business days (48-72 hours); provided that the Fund's custodian is also open for business. Payment for redemption orders received after 4:00 p.m. (Eastern time) or on a day when the Fund's custodian is closed is normally sent on the next business day following redemption on which the Fund's custodian is open for business.<br>The Fund reserves the right to send redemption proceeds within seven days after receiving a redemption order if, in the judgment of the Fund, an earlier payment could adversely affect the Fund. No charge for sending redemption payments via ACH is imposed by the Fund.<br>* * *<br>If you make a redemption request before the Fund has collected payment for the purchase of shares, the Fund may delay mailing your proceeds. This delay will usually not exceed ten days. |
| **Redemption Proceeds** | | Under normal circumstances, each Fund expects to meet redemption requests by using cash or cash equivalents in its portfolio or by selling portfolio assets to generate cash. During periods of stressed market conditions, when a significant portion of the Fund's portfolio may be comprised of less-liquid investments, the Fund may be more likely to limit cash redemptions and may determine to pay redemption proceeds by (i) borrowing under a line of credit it has entered into with a group of lenders, (ii) borrowing from another BlackRock Fund pursuant to an interfund lending program, to the extent permitted by the Fund's investment policies and restrictions as set forth in the SAI, and/or (iii) transferring portfolio securities in-kind to you. The SAI includes more information about the Fund's line of credit and interfund lending program, to the extent applicable.<br>If the Fund pays redemption proceeds by transferring portfolio securities in-kind to you, you may pay transaction costs to dispose of the securities, and you may receive less for them than the price at which they were valued for purposes of redemption. |

## How to Exchange Shares or Transfer Your Account

| | Your Choices | Important Information for You to Know |
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| **Exchange Privilege** | Selling shares of one BlackRock Fund to purchase shares of another BlackRock Fund ("exchanging") | Investor or Institutional Shares of the Fund are generally exchangeable for shares of the same class of another BlackRock Fund, to the extent such shares are offered by your Financial Intermediary.<br>You can exchange $1,000 or more of Investor Shares from one fund into the same class of another fund which offers that class of shares (you can exchange less than $1,000 of Investor Shares if you already have an account in the fund into which you are exchanging). Investors who currently own Institutional Shares of the Fund may make exchanges into Institutional Shares of other BlackRock Funds except for investors holding shares through certain client accounts at Financial Intermediaries that are omnibus with the Fund and do not meet applicable minimums. There is no required minimum amount with respect to exchanges of Institutional Shares.<br>You may only exchange into a share class and fund that are open to new investors or in which you have a current account if the fund is closed to new investors.<br>Some of the BlackRock Funds impose a different initial or deferred sales charge schedule. The CDSC will continue to be measured from the date of the original purchase. The CDSC schedule applicable to your original purchase will apply to the shares you receive in the exchange and any subsequent exchange.<br>To exercise the exchange privilege, you may contact your Financial Intermediary. Alternatively, if your account is held directly with BlackRock, you may: (i) call (800) 441-7762 and speak with one of our representatives, (ii) make the exchange via the Internet by accessing your account online at www.blackrock.com, or (iii) send a written request to the Fund at the address on the back cover of this prospectus. Please note, if you indicated on your New Account application that you did not want the Telephone Exchange Privilege, you will not be able to place exchanges via the telephone until you update this option either in writing or by calling (800) 441-7762. The Fund has the right to reject any telephone request for any reason.<br>Although there is currently no limit on the number of exchanges that you can make, the exchange privilege may be modified or terminated at any time in the future. The Fund may suspend or terminate your exchange privilege at any time for any reason, including if the Fund believes, in its sole discretion, that you are engaging in market timing activities. See "Short-Term Trading Policy" below. For U.S. federal income tax purposes, a share exchange is a taxable event and a capital gain or loss may be realized. Please consult your tax adviser or other Financial Intermediary before making an exchange request. |
| **Transfer Shares to Another Financial Intermediary** | Transfer to a participating Financial Intermediary | You may transfer your shares of the Fund only to another Financial Intermediary that has entered into an agreement with the Distributor. Certain shareholder services may not be available for the transferred shares. All future trading of these assets must be coordinated by the receiving firm.<br>If your account is held directly with BlackRock, you may call (800) 441-7762 with any questions; otherwise please contact your Financial Intermediary to accomplish the transfer of shares. |
| | Transfer to a non-participating Financial Intermediary | You must either:<br>• Transfer your shares to an account with the Fund; or<br>• Sell your shares, paying any applicable deferred sales charge.<br>If your account is held directly with BlackRock, you may call (800) 441-7762 with any questions; otherwise please contact your Financial Intermediary to accomplish the transfer of shares. |

## *Account Services and Privileges*

The following table provides examples of account services and privileges available in your BlackRock account. Certain of these account services and privileges are only available to shareholders of Investor Shares whose accounts are held directly with BlackRock. If your account is held directly with BlackRock, please call (800) 441-7762 or visit www.blackrock.com for additional information as well as forms and applications. Otherwise, please contact your Financial Intermediary for assistance in requesting one or more of the following services and privileges.

| | | |
|---|---|---|
| **Automatic Investment Plan** | Allows systematic investments on a periodic basis from your checking or savings account. | BlackRock's AIP allows you to invest a specific amount on a periodic basis from your checking or savings account into your investment account. You may apply for this option upon account opening or by completing the Automatic Investment Plan application. The minimum investment amount for an automatic investment is $50 per portfolio. |
| **Dividend Allocation Plan** | Automatically invests your distributions into another BlackRock Fund of your choice pursuant to your instructions, without any fees or sales charges. | Dividend and capital gains distributions may be reinvested in your account to purchase additional shares or paid in cash. Using the Dividend Allocation Plan, you can direct your distributions to your bank account (checking or savings), to purchase shares of another fund at BlackRock without any fees or sales charges, or by check to a special payee. Please call (800) 441-7762 for details. If investing in another fund at BlackRock, the receiving fund must be open to new purchases. |
| **EZ Trader** | Allows an investor to purchase or sell Investor Shares by telephone or over the Internet through ACH. | (NOTE: This option is offered to shareholders whose accounts are held directly with BlackRock. Please speak with your Financial Intermediary if your account is held elsewhere.)<br>Prior to establishing an EZ Trader account, please contact your bank to confirm that it is a member of the ACH system. Once confirmed, complete an application, making sure to include the appropriate bank information, and return the application to the address listed on the form.<br>Prior to placing a telephone or Internet purchase or sale order, please call (800) 441-7762 to confirm that your bank information has been updated on your account. Once this is established, you may place your request to sell shares with a Fund by telephone or Internet. Proceeds will be sent to your pre-designated bank account. |
| **Systematic Exchange Plan** | This feature can be used by investors to systematically exchange money from one fund to up to four other funds. | A minimum of $10,000 in the initial BlackRock Fund is required, and investments in any additional funds must meet minimum initial investment requirements. |
| **Systematic Withdrawal Plan ("SWP")** | This feature can be used by investors who want to receive regular distributions from their accounts. | To start an SWP, a shareholder must have a current investment of $10,000 or more in a BlackRock Fund.<br>Shareholders can elect to receive cash payments of $50 or more at any interval they choose. Shareholders may sign up by completing the SWP Application Form, which may be obtained from BlackRock. Shareholders should realize that if withdrawals exceed income the invested principal in their account will be depleted.<br>To participate in the SWP, shareholders must have their dividends reinvested. Shareholders may change or cancel the SWP at any time, with a minimum of 24 hours' notice. If a shareholder purchases additional Investor A Shares of a fund at the same time he or she redeems shares through the SWP, that investor may lose money because of the sales charge involved. No CDSC will be assessed on redemptions of Investor Shares made through the SWP that do not exceed 12% of the account's net asset value on an annualized basis. For example, monthly, quarterly, and semi-annual SWP redemptions of Investor A or Investor C Shares will not be subject to the CDSC if they do not exceed 1%, 3% and 6%, respectively, of an account's net asset value on the redemption date. SWP redemptions of Investor Shares in excess of this limit will still pay any applicable CDSC.<br>Ask your Financial Intermediary for details. |

| | | |
|---|---|---|
| **Reinstatement Privilege** | | If you redeem Investor A or Institutional Shares and buy new Investor A Shares of the same or another BlackRock Fund (equal to all or a portion of the redemption amount) within 90 days of such redemption, you will not pay a sales charge on the new purchase amount. This right may be exercised within 90 days of the redemption, provided that the Investor A Share class of that fund is currently open to new investors or the shareholder has a current account in that closed fund. Shares will be purchased at the net asset value calculated at the close of trading on the day the request is received. To exercise this privilege, the Fund must receive written notification from the shareholder of record or the Financial Intermediary of record, at the time of purchase. Investors should consult a tax adviser concerning the tax consequences of exercising this reinstatement privilege. |

## *Funds' Rights*

Each Fund may:

- Suspend the right of redemption if trading is halted or restricted on the NYSE or under other emergency conditions described in the Investment Company Act;
- Postpone the date of payment upon redemption if trading is halted or restricted on the NYSE or under other emergency conditions described in the Investment Company Act or if a redemption request is made before the Fund has collected payment for the purchase of shares;
- Redeem shares for property other than cash as may be permitted under the Investment Company Act; and
- Redeem shares involuntarily in certain cases, such as when the value of a shareholder account falls below a specified level.

**Note on Low Balance Accounts.** Because of the high cost of maintaining smaller shareholder accounts, BlackRock has set a minimum balance of $500 in each Fund position you hold within your account ("Fund Minimum"), and may redeem the shares in your account if the net asset value of those shares in your account falls below $500 for any reason, including market fluctuation.

You will be notified that the value of your account is less than the Fund Minimum before the Fund makes any involuntary redemption. This notification will provide you with a 90 calendar day period to make an additional investment in order to bring the value of your account to at least $500 before the Fund makes an involuntary redemption. This involuntary redemption will not charge any deferred sales charge, and may not apply to accounts of certain employer-sponsored retirement plans (not including IRAs), qualified state tuition plan (529 Plan) accounts, and select fee-based programs at your Financial Intermediary.

## *Participation in Fee-Based Programs*

If you participate in certain fee-based programs offered by BlackRock or an affiliate of BlackRock or by Financial Intermediaries that have agreements with the Distributor, you may be able to buy Institutional Shares, including by exchange from other share classes. Sales charges on the shares being exchanged may be reduced or waived under certain circumstances. You generally cannot transfer shares held through a fee-based program into another account. Instead, you will have to redeem your shares held through the program and purchase shares of another class, which may be subject to distribution and service fees. This may be a taxable event and you will pay any applicable sales charges or redemption fees.

Shareholders that participate in a fee-based program generally have two options at termination. The program can be terminated and the shares liquidated, or the program can be terminated and the shares held in an account. In general, when a shareholder chooses to continue to hold the shares, whatever share class was held in the program can be held after termination. Shares that have been held for less than specified periods within the program may be subject to a fee upon redemption. Shareholders that held Investor A or Institutional Shares in the program are eligible to purchase additional shares of the respective share class of the Fund, but may be subject to upfront sales charges with respect to Investor A Shares. Additional purchases of Institutional Shares are permitted only if you have an existing position at the time of purchase or are otherwise eligible to purchase Institutional Shares.

Details about these features and the relevant charges are included in the client agreement for each fee-based program and are available from your Financial Intermediary.

## *Short-Term Trading Policy*

The Board of Trustees of each Fund (the "Board") has determined that the interests of long-term shareholders and the Fund's ability to manage its investments may be adversely affected when shares are repeatedly bought, sold or exchanged in response to short-term market fluctuations — also known as "market timing." The Fund is not designed for market timing organizations or other entities using programmed or frequent purchases and sales or exchanges. The exchange privilege for Investor Shares and Institutional Shares is not intended as a vehicle for short-term trading. Excessive purchase and sale or exchange activity may interfere with portfolio management, increase expenses and taxes and may have an adverse effect on the performance of a Fund and its returns to shareholders. For example, large flows of cash into and out of a Fund may require the management team to allocate a significant amount of assets to cash or other short-term investments or sell securities, rather than maintaining such assets in securities selected to achieve the Fund's investment objective. Frequent trading may cause a Fund to sell securities at less favorable prices, and transaction costs, such as brokerage commissions, can reduce a Fund's performance.

A fund's investment in non-U.S. securities is subject to the risk that an investor may seek to take advantage of a delay between the change in value of a fund's portfolio securities and the determination of the fund's net asset value as a result of different closing times of U.S. and non-U.S. markets by buying or selling fund shares at a price that does not reflect their true value. A similar risk exists for funds that invest in securities of small capitalization companies, securities of issuers located in emerging markets or high yield securities (junk bonds) that are thinly traded and therefore may have actual values that differ from their market prices. This short-term arbitrage activity can reduce the return received by long-term shareholders. The Fund will seek to eliminate these opportunities by using fair value pricing, as described in "Management of the Funds — Valuation of Fund Investments" below.

The Fund discourages market timing and seeks to prevent frequent purchases and sales or exchanges of Fund shares that it determines may be detrimental to a Fund or long-term shareholders. The Board has approved the policies discussed below to seek to deter market timing activity. The Board has not adopted any specific numerical restrictions on purchases, sales and exchanges of Fund shares because certain legitimate strategies will not result in harm to a Fund or its shareholders.

If as a result of its own investigation, information provided by a Financial Intermediary or other third-party, or otherwise, a Fund believes, in its sole discretion, that your short-term trading is excessive or that you are engaging in market timing activity, it reserves the right to reject any specific purchase or exchange order. If a Fund rejects your purchase or exchange order, you will not be able to execute that transaction, and the Fund will not be responsible for any losses you therefore may suffer. For transactions placed directly with a Fund, the Fund may consider the trading history of accounts under common ownership or control for the purpose of enforcing these policies. Transactions placed through the same Financial Intermediary on an omnibus basis may be deemed part of a group for the purpose of this policy and may be rejected in whole or in part by a Fund. Certain accounts, such as omnibus accounts and accounts at Financial Intermediaries, however, include multiple investors and such accounts typically provide a Fund with net purchase or redemption and exchange requests on any given day where purchases, redemptions and exchanges of shares are netted against one another and the identity of individual purchasers, redeemers and exchangers whose orders are aggregated may not be known by a Fund. While the Fund monitors for market timing activity, the Fund may be unable to identify such activities because the netting effect in omnibus accounts often makes it more difficult to locate and eliminate market timers from the Fund. The Distributor has entered into agreements with respect to Financial Intermediaries that maintain omnibus accounts with the Transfer Agent pursuant to which such Financial Intermediaries undertake to cooperate with the Distributor in monitoring purchase, exchange and redemption orders by their customers in order to detect and prevent short-term or excessive trading in the Fund's shares through such accounts. Identification of market timers may also be limited by operational systems and technical limitations. In the event that a Financial Intermediary is determined by a Fund to be engaged in market timing or other improper trading activity, the Fund's Distributor may terminate such Financial Intermediary's agreement with the Distributor, suspend such Financial Intermediary's trading privileges or take other appropriate actions.

There is no assurance that the methods described above will prevent market timing or other trading that may be deemed abusive.

The Fund may from time to time use other methods that it believes are appropriate to deter market timing or other trading activity that may be detrimental to a Fund or long-term shareholders.

# Management of the Funds

## *BlackRock*

BlackRock, each Fund's investment adviser, manages the Fund's investments and its business operations subject to the oversight of the Board. While BlackRock is ultimately responsible for the management of the Funds, it is able to draw upon the trading, research and expertise of its asset management affiliates for portfolio decisions and management with respect to certain portfolio securities. BlackRock is an indirect, wholly-owned subsidiary of BlackRock, Inc.

BlackRock, a registered investment adviser, was organized in 1994 to perform advisory services for investment companies. BlackRock and its affiliates had approximately $6.299 trillion in investment company and other portfolio assets under management as of June 30, 2018.

Each Fund has entered into a management agreement (the "Management Agreement") with BlackRock. Under the Management Agreement, BlackRock receives for its services to each Fund a fee based on each Fund's average daily net assets.

With respect to the California Fund, the maximum annual management fees that can be paid to BlackRock (as a percentage of average daily net assets) are calculated as follows:

| Average Daily Net Assets | Rate of Management Fee |
|---|---|
| First $1 billion | 0.38% |
| $1 billion - $3 billion | 0.36% |
| $3 billion - $5 billion | 0.34% |
| $5 billion - $10 billion | 0.33% |
| Greater than $10 billion | 0.32% |

Effective June 12, 2017, with respect to each of the New Jersey Fund and the Pennsylvania Fund, the maximum annual management fees that can be paid to BlackRock (as a percentage of average daily net assets) are calculated as follows:

| Average Daily Net Assets | Rate of Management Fee |
|---|---|
| First $1 billion | 0.52% |
| $1 billion - $3 billion | 0.49% |
| $3 billion - $5 billion | 0.47% |
| $5 billion - $10 billion | 0.45% |
| Greater than $10 billion | 0.44% |

Prior to June 12, 2017, the New Jersey Fund and the Pennsylvania Fund paid BlackRock a fee at the rates described below:

| Average Daily Net Assets | Rate of Management Fee |
|---|---|
| First $500 million | 0.55% |
| $500 million - $1 billion | 0.525% |
| Greater than $1 billion | 0.50% |

BlackRock has contractually agreed to waive the management fee with respect to any portion of each Fund's assets estimated to be attributable to investments in other equity and fixed-income mutual funds and exchange-traded funds managed by BlackRock or its affiliates. The contractual waiver is in effect through September 30, 2019 with respect to each Fund. The contractual agreement may be terminated upon 90 days' notice by a majority of the non-interested trustees of each Trust or by a vote of a majority of the outstanding voting securities of each Fund.

For the fiscal year ended May 31, 2018, the aggregate management fees, net of any applicable waivers, paid by the Funds to BlackRock as a percentage of each Fund's average daily net assets were:

| | |
|---|---|
| California Fund | 0.36% |
| New Jersey Fund | 0.42% |
| Pennsylvania Fund | 0.46% |

BlackRock has agreed to cap net expenses of each Fund (excluding (i) interest, taxes, dividends tied to short sales, brokerage commissions, and other expenditures which are capitalized in accordance with generally accepted accounting principles; (ii) expenses incurred directly or indirectly by the Fund as a result of investments in other investment companies and pooled investment vehicles; (iii) other expenses attributable to, and incurred as a result of, the Fund's investments; and (iv) extraordinary expenses (including litigation expenses) not incurred in the ordinary course of the Fund's business, if any) of each share class of the Funds at the levels shown below and in each Fund's fees and expenses table in the Fund Overview section of this prospectus. Items (i), (ii), (iii) and (iv) in the preceding sentence are referred to in this prospectus as "Interest Expense, Dividend Expense, Acquired Fund Fees and Expenses and certain other Fund expenses." To achieve these expense caps, BlackRock has agreed to waive and/or reimburse fees or expenses if these operating expenses exceed a certain limit.

With respect to each Fund, BlackRock has contractually agreed to waive and/or reimburse fees or expenses in order to limit Total Annual Fund Operating Expenses to the amounts noted in the table below.

| | **Contractual Caps on Total Annual Fund Operating Expenses* (excluding Interest Expense, Dividend Expense, Acquired Fund Fees and Expenses and certain other Fund expenses)[1]** |
|---|---|
| **California Fund** | |
| Investor A Shares | 0.69% |
| Investor C Shares | 1.44% |
| Institutional Shares | 0.44% |
| **New Jersey Fund** | |
| Investor A Shares | 0.77% |
| Investor C Shares | 1.52% |
| Institutional Shares | 0.52% |
| **Pennsylvania Fund** | |
| Investor A Shares | 0.79% |
| Investor C Shares | 1.54% |
| Institutional Shares | 0.54% |

* As a percentage of average daily net assets.

[1] The contractual caps are in effect through September 30, 2019. The contractual agreement may be terminated with respect to a Fund upon 90 days' notice by a majority of the non-interested trustees of the Fund or by a vote of a majority of the outstanding voting securities of the Fund.

The amount of the contractual waivers and/or reimbursements of fees and expenses made pursuant to the contractual cap on net expenses will be reduced by the amount of the affiliated money market fund waiver (as defined below).

With respect to the contractual agreement to cap net expenses for the California Fund described above, if during the Fund's fiscal year the operating expenses of a share class, that at any time during the prior two fiscal years received a waiver and/or reimbursement from BlackRock, are less than the current expense limit for that share class, the share class is required to repay BlackRock up to the lesser of (a) the amount of fees waived or expenses reimbursed during those prior two fiscal years under the agreement and (b) an amount not to exceed either (x) the current expense limit of that share class or (y) the expense limit of the share class in effect at the time that the share class received the applicable waiver and/or reimbursement, provided that: (i) the Fund of which the share class is a part has more than $50 million in assets and (ii) BlackRock or an affiliate serves as the Fund's manager or administrator. This repayment applies only to the contractual cap on net expenses and does not apply to the contractual management fee waiver described above or any voluntary waivers that may be in effect from time to time.

As stated above, the waivers and reimbursements described in the table above do not include Interest Expense. A Fund's Interest Expense is required to be reported as part of operating expenses in such Fund's expense table for accounting purposes. The Fund incurs Interest Expense when making certain investments (e.g., tender option bonds) to seek to enhance the yield and total return of the portfolio. The amount of Interest Expense (if any) will fluctuate with the Fund's use of those investments.

BlackRock has voluntarily agreed to waive its management fees by the amount of advisory fees each Fund pays to BlackRock indirectly through its investment in affiliated money market funds (the "affiliated money market fund waiver").

A discussion of the basis for each Board's approval of the Management Agreements with BlackRock is included in each Fund's annual shareholder report for the fiscal year ended May 31, 2018.

From time to time, a manager, analyst, or other employee of BlackRock or its affiliates may express views regarding a particular asset class, company, security, industry, or market sector. The views expressed by any such person are the views of only that individual as of the time expressed and do not necessarily represent the views of BlackRock or any other person within the BlackRock organization. Any such views are subject to change at any time based upon market or other conditions and BlackRock disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Funds are based on numerous factors, may not be relied on as an indication of trading intent on behalf of the Funds.

**Legal Proceedings.** On May 27, 2014, certain purported investors in the BlackRock Global Allocation Fund, Inc. ("Global Allocation") and the BlackRock Equity Dividend Fund ("Equity Dividend") filed a consolidated complaint (the "Consolidated Complaint") in the United States District Court for the District of New Jersey against BlackRock, BlackRock Investment Management, LLC and BlackRock International Limited (collectively, the "Defendants") under the caption *In re BlackRock Mutual Funds Advisory Fee Litigation*. The Consolidated Complaint, which purports to be brought derivatively on behalf of Global Allocation and Equity Dividend, alleges that the Defendants violated Section 36(b) of the Investment Company Act by receiving allegedly excessive investment advisory fees from Global Allocation and Equity Dividend. The Consolidated Complaint seeks, among other things, to recover on behalf of Global Allocation and Equity Dividend all allegedly excessive advisory fees received by the Defendants in the period beginning one year prior to the filing of the lawsuit and ending on the date of judgment, along with purported lost investment returns on those amounts, plus interest. The Defendants believe the claims in the Consolidated Complaint are without merit and intend to vigorously defend the action.

## *Portfolio Manager Information*

Information regarding the portfolio managers of each Fund is set forth below. Further information regarding the portfolio managers, including other accounts managed, compensation, ownership of Fund shares, and possible conflicts of interest, is available in the Funds' SAI.

### California Fund

The Fund is managed by a team of financial professionals. Walter O'Connor, CFA, Theodore R. Jaeckel, Jr., CFA, Peter Hayes, James Pruskowski and Michael Kalinoski, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund.

| Portfolio Manager | Primary Role | Since | Title and Recent Biography |
|---|---|---|---|
| Walter O'Connor, CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 1993 | Managing Director of BlackRock, Inc. since 2006. |
| Theodore R. Jaeckel, Jr., CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2006 | Managing Director of BlackRock, Inc. since 2006. |

| Portfolio Manager | Primary Role | Since | Title and Recent Biography |
|---|---|---|---|
| Peter Hayes, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2015 | Managing Director of BlackRock, Inc. since 2006; Head of Municipal Bonds within BlackRock Fixed Income Portfolio Management Group since 2006. |
| James Pruskowski, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2015 | Managing Director of BlackRock, Inc. since 2006. |
| Michael Kalinoski, CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2015 | Director of BlackRock, Inc. since 2006. |

## New Jersey Fund

The Fund is managed by a team of financial professionals. Theodore R. Jaeckel, Jr., CFA and Phillip Soccio, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund.

| Portfolio Manager | Primary Role | Since | Title and Recent Biography |
|---|---|---|---|
| Theodore R. Jaeckel, Jr., CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2006 | Managing Director of BlackRock, Inc. since 2006. |
| Phillip Soccio, CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2017 | Director of BlackRock, Inc. since 2009; Vice President of BlackRock, Inc. from 2005 to 2009. |

## Pennsylvania Fund

The Fund is managed by a team of financial professionals. Walter O'Connor, CFA, Theodore R. Jaeckel, Jr., CFA and Phillip Soccio, CFA are the co-portfolio managers and are jointly and primarily responsible for the day-to-day management of the Fund.

| Portfolio Manager | Primary Role | Since | Title and Recent Biography |
|---|---|---|---|
| Walter O'Connor, CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2006 | Managing Director of BlackRock, Inc. since 2006. |
| Theodore R. Jaeckel, Jr., CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2006 | Managing Director of BlackRock, Inc. since 2006. |

| Portfolio Manager | Primary Role | Since | Title and Recent Biography |
|---|---|---|---|
| Phillip Soccio, CFA, Co-portfolio manager | Jointly and primarily responsible for the day-to-day management of the Fund's portfolio, including setting the Fund's overall investment strategy and overseeing the management of the Fund. | 2009 | Director of BlackRock, Inc. since 2009; Vice President of BlackRock, Inc. from 2005 to 2009. |

## *Conflicts of Interest*

The investment activities of BlackRock and its affiliates (including BlackRock, Inc. and PNC and their affiliates, directors, partners, trustees, managing members, officers and employees (collectively, the "Affiliates")) in the management of, or their interest in, their own accounts and other accounts they manage, may present conflicts of interest that could disadvantage the Funds and their shareholders.

BlackRock and its Affiliates provide investment management services to other funds and discretionary managed accounts that follow investment programs similar to those of the Funds. BlackRock and its Affiliates are involved worldwide with a broad spectrum of financial services and asset management activities and may engage in the ordinary course of business in activities in which their interests or the interests of their clients may conflict with those of the Funds. One or more Affiliates act or may act as an investor, investment banker, research provider, investment manager, commodity pool operator, commodity trading advisor, financier, underwriter, adviser, market maker, trader, prime broker, lender, index provider, agent and principal, and have other direct and indirect interests in securities, currencies, commodities, derivatives and other instruments in which the Funds may directly or indirectly invest. Thus, it is likely that the Funds will have multiple business relationships with and will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from, entities for which an Affiliate performs or seeks to perform investment banking or other services. Specifically, the Funds may invest in securities of, or engage in other transactions with, companies with which an Affiliate has developed or is trying to develop investment banking relationships or in which an Affiliate has significant debt or equity investments or other interests. The Funds may also invest in issuances (such as structured notes) by entities for which an Affiliate provides and is compensated for cash management services relating to the proceeds from the sale of such issuances. The Funds also may invest in securities of, or engage in other transactions with, companies for which an Affiliate provides or may in the future provide research coverage. An Affiliate may have business relationships with, and purchase, or distribute or sell services or products from or to, distributors, consultants or others who recommend the Funds or who engage in transactions with or for the Funds, and may receive compensation for such services. The Funds may also make brokerage and other payments to Affiliates in connection with the Funds' portfolio investment transactions. An Affiliate may engage in proprietary trading and advise accounts and funds that have investment objectives similar to those of the Funds and/or that engage in and compete for transactions in the same types of securities, currencies and other instruments as the Funds. This may include transactions in securities issued by other open-end and closed-end investment companies (which may include investment companies that are affiliated with the Funds and BlackRock, to the extent permitted under the Investment Company Act). The trading activities of these Affiliates are carried out without reference to positions held directly or indirectly by the Funds and may result in an Affiliate having positions in certain securities that are senior or junior to, or have interests different from or adverse to, the securities that are owned by the Funds.

No Affiliate is under any obligation to share any investment opportunity, idea or strategy with the Funds. As a result, an Affiliate may compete with the Funds for appropriate investment opportunities. The results of the Funds' investment activities, therefore, may differ from those of an Affiliate and of other accounts managed by an Affiliate, and it is possible that the Funds could sustain losses during periods in which one or more Affiliates and other accounts achieve profits on their trading for proprietary or other accounts. The opposite result is also possible.

In addition, the Funds may, from time to time, enter into transactions in which an Affiliate or its other clients have an adverse interest. Furthermore, transactions undertaken by Affiliate-advised clients may adversely impact the Funds. Transactions by one or more Affiliate-advised clients or BlackRock may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of the Funds. The Funds' activities may be limited because of regulatory restrictions applicable to one or more Affiliates and/or their internal policies designed to comply with such restrictions.

Under a securities lending program approved by the Board, the Trusts, on behalf of the Funds, have retained BlackRock Investment Management, LLC, an Affiliate of BlackRock, to serve as the securities lending agent for the Funds to the extent that the Funds participate in the securities lending program. For these services, the lending agent will receive a fee from the Funds, including a fee based on the returns earned on a Fund's investment of the cash received as collateral for the loaned securities. In addition, one or more Affiliates may be among the entities to which the Funds may lend their portfolio securities under the securities lending program.

The activities of Affiliates may give rise to other conflicts of interest that could disadvantage the Funds and their shareholders. BlackRock has adopted policies and procedures designed to address these potential conflicts of interest. See the SAI for further information.

## *Valuation of Fund Investments*

When you buy shares, you pay the net asset value, plus any applicable sales charge. This is the offering price. Shares are also redeemed at their net asset value, minus any applicable deferred sales charge or redemption fee. Each Fund calculates the net asset value of each class of its shares each day the NYSE is open, generally as of the close of regular trading hours on the NYSE, based on prices at the time of closing. The NYSE generally closes at 4:00 p.m. (Eastern time). The net asset value used in determining your share price is the next one calculated after your purchase or redemption order is received.

Generally, Institutional Shares will have the highest net asset value because that class has the lowest expenses. Investor A Shares will have a higher net asset value than Investor C Shares. Also, dividends paid on Investor A and Institutional Shares will generally be higher than dividends paid on Investor C Shares because Investor A and Institutional Shares have lower expenses.

Equity securities and other instruments for which market quotations are readily available are valued at market value, which is generally determined using the last reported closing price or, if a reported closing price is not available, the last traded price on the exchange or market on which the security or instrument is primarily traded at the time of valuation. Each Fund values fixed-income portfolio securities and non-exchange traded derivatives using last available bid prices or current market quotations provided by dealers or prices (including evaluated prices) supplied by the Fund's approved independent third-party pricing services, each in accordance with valuation procedures approved by the Fund's Board. Pricing services may use matrix pricing or valuation models that utilize certain inputs and assumptions to derive values. Pricing services generally value fixed-income securities assuming orderly transactions of institutional round lot size, but the Funds may hold or transact in such securities in smaller, odd lot sizes. Odd lots may trade at lower prices than institutional round lots. Short-term debt securities with remaining maturities of 60 days or less may be valued on the basis of amortized cost.

Foreign currency exchange rates are generally determined as of the close of business on the NYSE. Foreign securities owned by the Fund may trade on weekends or other days when the Fund does not price its shares. As a result, a Fund's net asset value may change on days when you will not be able to purchase or redeem the Fund's shares.

Generally, trading in foreign securities, U.S. Government securities, money market instruments and certain fixed-income securities is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the net asset value of a Fund's shares are determined as of such times.

When market quotations are not readily available or are not believed by BlackRock to be reliable, a Fund's investments are valued at fair value. Fair value determinations are made by BlackRock in accordance with procedures approved by a Board. BlackRock may conclude that a market quotation is not readily available or is unreliable if a security or other asset or liability does not have a price source due to its lack of liquidity, if BlackRock believes a market quotation from a broker-dealer or other source is unreliable, where the security or other asset or other liability is thinly traded (e.g., municipal securities, certain small cap and emerging growth companies and certain non-U.S. securities) or where there is a significant event subsequent to the most recent market quotation. For this purpose, a "significant event" is deemed to occur if BlackRock determines, in its business judgment prior to or at the time of pricing a Fund's assets or liabilities, that it is likely that the event will cause a material change to the last closing market price of one or more assets or liabilities held by the Fund. For instance, significant events may occur between the foreign market close and the close of business on the NYSE that may not be reflected in the computation of a Fund's net assets. If such event occurs, those instruments may be fair valued. Similarly, foreign securities whose values are affected by volatility that occurs in U.S. markets on a trading day after the close of foreign securities markets may be fair valued.

For certain foreign securities, a third-party vendor supplies evaluated, systematic fair value pricing based upon the movement of a proprietary multi-factor model after the relevant foreign markets have closed. This systematic fair value pricing methodology is designed to correlate the prices of foreign securities following the close of the local markets to the price that might have prevailed as of a Fund's pricing time.

Fair value represents a good faith approximation of the value of a security. The fair value of one or more securities may not, in retrospect, be the price at which those assets could have been sold during the period in which the particular fair values were used in determining a Fund's net asset value.

Each Fund may accept orders from certain authorized Financial Intermediaries or their designees. Each Fund will be deemed to receive an order when accepted by the Financial Intermediary or designee and the order will receive the net asset value next computed by the Fund after such acceptance. If the payment for a purchase order is not made by a designated later time, the order will be canceled and the Financial Intermediary could be held liable for any losses.

## *Dividends, Distributions and Taxes*

| BUYING A DIVIDEND |
| --- |
| Unless your investment is in a tax-deferred account, you may want to avoid buying shares shortly before the Fund pays a dividend. The reason? If you buy shares when the Fund has declared but not yet distributed taxable ordinary income or capital gains, you will pay the full price for the shares and then receive a portion of the price back in the form of a taxable dividend. Before investing you may want to consult your tax adviser. |

Each Fund will distribute net investment income, if any, monthly and net realized capital gain, if any, at least annually. Each Fund may also pay a special distribution at the end of the calendar year to comply with federal tax requirements. Dividends may be reinvested automatically in shares of the Fund at net asset value without a sales charge or may be taken in cash. If you would like to receive dividends in cash, contact your Financial Intermediary or the respective Fund.

You will pay tax on dividends from a Fund (other than tax-exempt dividends) whether you receive them in cash or additional shares. If you redeem Fund shares or exchange them for shares of another fund, you generally will be treated as having sold your shares and any gain on the transaction may be subject to tax. Certain dividend income received by a Fund, including dividends received from U.S. corporations and qualifying foreign corporations, and long-term capital gains, are eligible for taxation at a maximum rate of 15% for individuals with incomes below certain threshold amounts, and 20% for individuals with any income in excess of those amounts that is net long-term capital gain or qualified dividend income. To the extent a Fund makes any distributions derived from long-term capital gains and qualifying dividend income, such distributions will be eligible for taxation at the reduced rates.

A 3.8% Medicare tax is imposed on the net investment income (which includes, but is not limited to, interest, dividends and net gain from investments) of U.S. individuals with income exceeding $200,000, or $250,000 if married filing jointly, and of trusts and estates.

Your dividends and redemption proceeds will be subject to backup withholding tax if you have not provided a taxpayer identification number or social security number or the number you have provided is incorrect.

If you are neither a tax resident nor a citizen of the United States or if you are a foreign entity (other than a pass-through entity to the extent owned by U.S. persons), the Fund's ordinary income dividends (which include distributions of net short-term capital gain) will generally be subject to a 30% U.S. withholding tax, unless a lower treaty rate applies. However, certain distributions reported by the Fund as tax-exempt dividends, capital gain dividends, interest-related dividends or short-term capital gain dividends and paid to a foreign shareholder may be eligible for an exemption from U.S. withholding tax.

Separately, a 30% withholding tax is currently imposed on U.S.-source dividends, interest and other income items and will be imposed on proceeds from the sale, redemption or disposition of property-producing U.S.-source dividends and interest paid after December 31, 2018, to (i) certain foreign financial institutions and investment funds, and (ii) certain other foreign entities. To avoid withholding, foreign financial institutions and investment funds will generally either need to (a) collect and report to the IRS detailed information identifying their U.S. accounts and U.S. account holders, comply with due diligence procedures for identifying U.S. accounts and withhold tax on certain payments made to noncomplying foreign entities and account holders or (b) if an intergovernmental agreement is entered into and implementing legislation is adopted, comply with the agreement and legislation. Other foreign entities will generally either need to provide detailed information identifying each substantial U.S. owner or certify there are no such owners.

Each Fund intends to make income distributions most of which will be excludable from gross income for Federal income tax purposes and exempt from California, New Jersey or Pennsylvania personal income taxes, respectively, with respect to the California Fund, the New Jersey Fund and the Pennsylvania Fund. Some distributions may be taxable.

Each Fund will purchase a municipal security only if it is accompanied by an opinion of bond counsel, delivered on the date of issuance of the security, that the interest paid on such security is excludable from gross income for Federal income tax purposes and exempt from personal income taxes in California, New Jersey or Pennsylvania, as applicable (i.e., "tax-exempt"). For purposes of each Fund's investment strategies, municipal securities and municipal bonds do not include certain tax credit bonds or tax subsidy bonds issued by municipalities and/or states, the interest on which is taxable for Federal income tax purposes. Holders of tax credit bonds may be entitled to be allocated income tax credits of certain amounts. To the extent dividends distributed by a Fund are derived from bond interest income that is excludable from gross income for Federal income tax purposes, they are exempt from Federal income tax. Interest income from other investments and income from derivatives may produce taxable dividend distributions.

Each Fund intends to minimize the payment of taxable income to shareholders by investing in tax-exempt or municipal securities in reliance at the time of purchase on an opinion of bond counsel that the interest paid on those securities will be excludable from gross income for Federal income tax purposes. Such securities, however, may be determined to pay, or have paid, taxable income subsequent to the Fund's acquisition of the securities. In that event, the IRS may demand that the Fund pay Federal income taxes on the affected interest income, and, if the Fund agrees to do so, the Fund's yield could be adversely affected. In addition, the treatment of dividends previously paid or to be paid by the Fund as "exempt interest dividends" could be adversely affected, subjecting the Fund's shareholders to increased Federal income tax liabilities. If the interest paid on any tax-exempt or municipal security held by a Fund is subsequently determined to be taxable, the Fund will dispose of that security as soon as reasonably practicable. In addition, future laws, regulations, rulings or court decisions may cause interest on municipal securities to be subject, directly or indirectly, to Federal income taxation or interest on state municipal securities to be subject to state or local income taxation, or the value of state municipal securities to be subject to state or local intangible personal property tax, or may otherwise prevent the Fund from realizing the full current benefit of the tax-exempt status of such securities. Any such change could also affect the market price of such securities, and thus the value of an investment in the Fund.

Dividend distributions derived from taxable interest income or capital gains realized by a Fund on portfolio securities or derivative instruments, if any, will be subject to Federal income tax and applicable state and local taxes.

The federal income tax treatment of a derivative may not be as favorable as a direct investment in an underlying asset and may adversely affect the timing, character and amount of income the Fund realizes from its investments. As a result, a larger portion of the Fund's distributions may be treated as ordinary income rather than capital gains. In addition, certain derivatives are subject to mark-to-market or straddle provisions of the Internal Revenue Code. If such provisions are applicable, there could be an increase (or decrease) in the amount of taxable dividends paid by the Fund. Payments received by a Fund from swap agreements will generally produce taxable income, while payments made by a Fund on swap agreements will be allocated against both tax-exempt and taxable gross income, decreasing the Fund's distributable net tax-exempt income. In addition, the tax treatment of certain derivatives, such as swaps, is unsettled and may be subject to future legislation, regulation or administrative pronouncements issued by the IRS.

If you redeem or exchange Fund shares, you generally will be treated as having sold your shares and any gain on the transaction may be subject to tax. Certain investors may be subject to a Federal alternative minimum tax on dividends attributable to a Fund's investments in private activity bonds.

Generally, within 60 days after the end of the calendar year, the Fund or your Financial Intermediary will tell you the amount of exempt-interest dividends, taxable dividends and capital gain dividends you received that year. Capital gain dividends are taxable as long term capital gains to you, regardless of how long you have held your shares in the Fund. The tax treatment of dividends from a Fund is the same whether you choose to receive dividends in cash or to have them reinvested in shares of the Fund.

### California Fund

So long as, at the close of each quarter of the California Fund's taxable year, at least 50% of the value of the California Fund's total assets consists of California municipal securities or certain United States, Puerto Rico, Virgin Islands or Guam government obligations the income from which is exempt from California personal income taxation (collectively "CA-Exempt Obligations"), exempt-interest dividends (i) paid by the California Fund in an amount not exceeding the interest received on such CA-Exempt Obligations during the California Fund's taxable year, and (ii) designated by the California Fund as exempt-interest dividends (in a written notice mailed to the California Fund's shareholders not later than 60 days after the close of the California Fund's taxable year) will be treated as an item of interest excludable from the income of California resident individuals for purposes of the California personal income tax. Dividends designated as attributable to CA-Exempt Obligations that are paid to a corporate shareholder subject to the California corporate franchise tax will be taxable as ordinary income for purposes of such tax. On the other hand, dividends designated as attributable to CA-Exempt Obligations that are paid to a corporate shareholder subject to the California corporate income tax should not be taxable as ordinary income but should be treated in the same manner as such dividends are treated for purposes of the California personal income tax, described above. Distributions to shareholders attributable to interest on obligations issued by states and municipalities other than California and its political subdivisions, as well as distributions attributable to market discount or short-term or long-term capital gains, are generally subject to California personal income tax, corporate income tax, and corporate franchise tax, even though all or a portion of such dividends may be exempt from Federal income tax. Interest on indebtedness incurred or continued by a shareholder of the California Fund to purchase or carry shares of the California Fund generally will not be deductible for California personal or corporate income tax purposes. It should be noted that California law deviates from the provisions of Subchapter M of Chapter 1 of Subtitle A of the Code, relating to regulated investment companies, in certain potentially material respects.

### New Jersey Fund

To the extent that the distributions by the New Jersey Fund are derived from interest or gains from New Jersey municipal bonds and the Fund meets certain state tax requirements, the distributions are also exempt from New Jersey Gross Income Tax. Interest income from other investments may produce taxable dividend distributions. Dividends derived from capital gains realized by the New Jersey Fund may be subject to New Jersey Gross Income Tax to the extent not attributable to gains from New Jersey municipal bonds. If you are subject to income tax in a state other than New Jersey, distributions by the New Jersey Fund derived from interest or gains from New Jersey municipal bonds generally will not be exempt from income tax in that state.

However, the New Jersey Gross Income Tax is not applicable to corporations. For all corporations subject to the New Jersey Corporation Business Tax, dividends and distributions from the Fund are included in the tax base for purposes of computing the net income tax portion of the Corporation Business Tax. Furthermore, any gain upon the redemption or sale of shares by a corporate shareholder is also included in the net income tax base for purposes of computing the Corporation Business Tax.

Shares of the New Jersey Fund are not subject to property taxation by New Jersey.

### Pennsylvania Fund

To the extent that the distributions by the Pennsylvania Fund are derived from interest on Pennsylvania municipal bonds or from direct obligations of the United States, such distributions also are exempt from Pennsylvania state personal income taxes. However, distributions attributable to capital gains derived by the Pennsylvania Fund as well as distributions derived from investments other than Pennsylvania municipal bonds (or direct obligations of the United States) will be taxable for Pennsylvania personal income tax purposes. Distributions derived from interest on obligations that are merely backed or guaranteed by the U.S. Government (e.g., GNMAs, FNMAs), or on repurchase agreements collateralized by U.S. Government securities, are not exempt from the Pennsylvania personal income tax.

In the case of residents of the City of Philadelphia, distributions by the Pennsylvania Fund that are derived from interest on Pennsylvania municipal bonds or from direct obligations of the United States and distributions that are designated as capital gain dividends for federal income tax purposes also will be exempt from the Philadelphia School District investment net income tax.

Other Pennsylvania counties, cities and townships generally do not tax individuals on unearned income.

To the extent exempt-interest dividends attributable to Pennsylvania municipal bonds are excluded from taxable income for Federal corporate income tax purposes (determined before net operating loss carryovers and special deductions), they will not be subject to the Pennsylvania corporate net income tax. In addition, distributions from the Pennsylvania Fund derived from interest on direct obligations of the United States also are exempt from the Pennsylvania corporate net income tax.

If you are subject to income tax in a state other than Pennsylvania, the dividends derived from Pennsylvania municipal bonds generally will not be exempt from income tax in that state.

This discussion does not address the extent, if any, to which shares of the Pennsylvania Fund, or interest and gain thereon, is subject to, or included in the measure of, the special taxes imposed by the Commonwealth of Pennsylvania on banks and other financial institutions or with respect to any privilege, excise, franchise or other tax imposed on business entities not discussed above.

This section summarizes some of the consequences under current tax law of an investment in the Funds. It is not a substitute for personal tax advice. Consult your personal tax adviser about the potential tax consequences of an investment in the Funds under all applicable tax laws.

## *Financial Highlights*

The Financial Highlights table is intended to help you understand each Fund's financial performance for the periods shown. Certain information reflects the financial results for a single Fund share. The total returns in the tables represent the rate that an investor would have earned or lost on an investment in a Fund (assuming reinvestment of all dividends and/or distributions). The information has been audited by Deloitte & Touche LLP, whose reports, along with each Fund's financial statements, are included in each Fund's Annual Report, which is available upon request.

### BlackRock California Municipal Opportunities Fund

| | Institutional | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 12.60 | $ 12.73 | $ 12.33 | $ 12.22 | $ 12.54 |
| Net investment income[(a)] | 0.34 | 0.36 | 0.39 | 0.43 | 0.47 |
| Net realized and unrealized gain (loss) | 0.20 | (0.13) | 0.40 | 0.11 | (0.22) |
| Net increase from investment operations | 0.54 | 0.23 | 0.79 | 0.54 | 0.25 |
| Distributions[(b)] | | | | | |
| From net investment income | (0.34) | (0.36) | (0.39) | (0.43) | (0.47) |
| From net realized gain | (0.04) | — | — | — | (0.10) |
| Total distributions | (0.38) | (0.36) | (0.39) | (0.43) | (0.57) |
| Net asset value, end of year | $ 12.76 | $ 12.60 | $ 12.73 | $ 12.33 | $ 12.22 |
| **Total Return[(c)]** | | | | | |
| Based on net asset value | 4.37% | 1.88% | 6.54% | 4.46% | 2.31% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 0.57%[(d)] | 0.61%[(d)] | 0.68%[(e)] | 0.73% | 0.81% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 0.54%[(d)] | 0.54%[(d)] | 0.66% | 0.68% | 0.81% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense and fees, and amortization of offering costs[(f)] | 0.44%[(d)] | 0.46%[(d)] | 0.62% | 0.64% | 0.73% |
| Net investment income | 2.68%[(d)] | 2.88%[(d)] | 3.10% | 3.49% | 3.96% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $1,190,045 | $611,571 | $494,888 | $315,431 | $206,904 |
| Borrowings outstanding, end of year (000) | $ 141,267 | $ 60,642 | $ 40,310 | $ 69,453 | $ 23,653 |
| Portfolio turnover rate | 129% | 142% | 119% | 70% | 33% |

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Where applicable, assumes the reinvestment of distributions.
(d) Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
(e) Includes recoupment of past waived and/or reimbursed fees with no financial impact to the expense ratio.
(f) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

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## BlackRock California Municipal Opportunities Fund (continued)

| | Investor A | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 12.58 | $ 12.71 | $ 12.32 | $ 12.21 | $ 12.53 |
| Net investment income[(a)] | 0.31 | 0.33 | 0.36 | 0.40 | 0.45 |
| Net realized and unrealized gain (loss) | 0.21 | (0.13) | 0.40 | 0.11 | (0.23) |
| Net increase from investment operations | 0.52 | 0.20 | 0.76 | 0.51 | 0.22 |
| Distributions[(b)] | | | | | |
| From net investment income | (0.31) | (0.33) | (0.37) | (0.40) | (0.44) |
| From net realized gain | (0.04) | — | — | — | (0.10) |
| Total distributions | (0.35) | (0.33) | (0.37) | (0.40) | (0.54) |
| Net asset value, end of year | $ 12.75 | $ 12.58 | $ 12.71 | $ 12.32 | $ 12.21 |
| **Total Return[(c)]** | | | | | |
| Based on net asset value | 4.19% | 1.63% | 6.23% | 4.25% | 2.13% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 0.81%[(d)] | 0.85%[(d)(e)] | 0.93% | 0.95% | 0.99% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 0.79%[(d)] | 0.79%[(d)] | 0.88% | 0.88% | 0.99% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense and fees, and amortization of offering costs[(f)] | 0.69%[(d)] | 0.71%[(d)] | 0.84% | 0.84% | 0.91% |
| Net investment income | 2.45%[(d)] | 2.64%[(d)] | 2.87% | 3.28% | 3.79% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $631,410 | $438,543 | $364,093 | $178,774 | $111,545 |
| Borrowings outstanding, end of year (000) | $141,267 | $ 60,642 | $ 40,310 | $ 69,453 | $ 23,653 |
| Portfolio turnover rate | 129% | 142% | 119% | 70% | 33% |

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
(d) Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
(e) Includes recoupment of past waived and/or reimbursed fees with no financial impact to the expense ratio.
(f) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

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## BlackRock California Municipal Opportunities Fund (concluded)

| | Investor C | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 12.60 | $ 12.73 | $ 12.33 | $ 12.23 | $ 12.54 |
| Net investment income[(a)] | 0.22 | 0.24 | 0.27 | 0.31 | 0.36 |
| Net realized and unrealized gain (loss) | 0.20 | (0.13) | 0.40 | 0.10 | (0.21) |
| Net increase from investment operations | 0.42 | 0.11 | 0.67 | 0.41 | 0.15 |
| Distributions[(b)] | | | | | |
| From net investment income | (0.22) | (0.24) | (0.27) | (0.31) | (0.36) |
| From net realized gain | (0.04) | — | — | — | (0.10) |
| Total distributions | (0.26) | (0.24) | (0.27) | (0.31) | (0.46) |
| Net asset value, end of year | $ 12.76 | $ 12.60 | $ 12.73 | $ 12.33 | $ 12.23 |
| **Total Return[(c)]** | | | | | |
| Based on net asset value | 3.33% | 0.87% | 5.51% | 3.38% | 1.44% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 1.57%[(d)] | 1.61%[(d)(e)] | 1.70% | 1.72% | 1.75% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 1.54%[(d)] | 1.54%[(d)] | 1.64% | 1.64% | 1.75% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense and fees, and amortization of offering costs[(f)] | 1.44%[(d)] | 1.46%[(d)] | 1.60% | 1.60% | 1.67% |
| Net investment income | 1.70%[(d)] | 1.89%[(d)] | 2.14% | 2.52% | 3.03% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $124,032 | $112,978 | $103,993 | $67,789 | $65,203 |
| Borrowings outstanding, end of year (000) | $141,267 | $ 60,642 | $ 40,310 | $69,453 | $23,653 |
| Portfolio turnover rate | 129% | 142% | 119% | 70% | 33% |

[(a)] Based on average shares outstanding.
[(b)] Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
[(c)] Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
[(d)] Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
[(e)] Includes recoupment of past waived and/or reimbursed fees with no financial impact to the expense ratio.
[(f)] Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

## BlackRock New Jersey Municipal Bond Fund

| | Institutional | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 11.05 | $ 11.38 | $ 11.01 | $ 11.09 | $ 11.22 |
| Net investment income[(a)] | 0.40 | 0.39 | 0.40 | 0.41 | 0.43 |
| Net realized and unrealized gain (loss) | 0.00[(b)] | (0.33) | 0.37 | (0.08) | (0.13) |
| Net increase from investment operations | 0.40 | 0.06 | 0.77 | 0.33 | 0.30 |
| Distributions from net investment income[(c)] | (0.40) | (0.39) | (0.40) | (0.41) | (0.43) |
| Net asset value, end of year | $ 11.05 | $ 11.05 | $ 11.38 | $ 11.01 | $ 11.09 |
| **Total Return[(d)]** | | | | | |
| Based on net asset value | 3.69% | 0.56% | 7.13% | 2.93% | 2.89% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 0.84% | 0.80%[(e)] | 0.81% | 0.84% | 0.83% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 0.64% | 0.66%[(e)] | 0.75% | 0.77% | 0.79% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[(f)] | 0.54% | 0.61%[(e)] | 0.72% | 0.74% | 0.76% |
| Net investment income | 3.60% | 3.51%[(e)] | 3.58% | 3.62% | 4.04% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $152,759 | $141,585 | $135,174 | $115,135 | $109,182 |
| Borrowings outstanding, end of year (000) | $ 16,419 | $ 9,281 | $ 9,281 | $ 7,231 | $ 7,231 |
| Portfolio turnover rate | 16% | 21% | 7% | 14% | 12% |

(a) Based on average shares outstanding.
(b) Amount is less than $0.005 per share.
(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(d) Where applicable, assumes the reinvestment of distributions.
(e) Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
(f) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

## BlackRock New Jersey Municipal Bond Fund (continued)

| | Investor A | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 11.06 | $ 11.39 | $ 11.02 | $ 11.10 | $ 11.23 |
| Net investment income[(a)] | 0.37 | 0.37 | 0.38 | 0.39 | 0.42 |
| Net realized and unrealized gain (loss) | (0.00)[(b)] | (0.33) | 0.38 | (0.08) | (0.14) |
| Net increase from investment operations | 0.37 | 0.04 | 0.76 | 0.31 | 0.28 |
| Distributions from net investment income[(c)] | (0.37) | (0.37) | (0.39) | (0.39) | (0.41) |
| Net asset value, end of year | $ 11.06 | $ 11.06 | $ 11.39 | $ 11.02 | $ 11.10 |
| **Total Return[(d)]** | | | | | |
| Based on net asset value | 3.43% | 0.36% | 6.99% | 2.83% | 2.78% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 1.02% | 0.99%[(e)] | 0.99% | 0.98% | 0.99% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 0.89% | 0.86%[(e)] | 0.87% | 0.86% | 0.90% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[(f)] | 0.79% | 0.82%[(e)] | 0.84% | 0.84% | 0.87% |
| Net investment income | 3.35% | 3.29%[(e)] | 3.44% | 3.52% | 3.93% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $72,565 | $77,920 | $81,164 | $66,469 | $45,073 |
| Borrowings outstanding, end of year (000) | $16,419 | $ 9,281 | $ 9,281 | $ 7,231 | $ 7,231 |
| Portfolio turnover rate | 16% | 21% | 7% | 14% | 12% |

(a) Based on average shares outstanding.
(b) Amount is greater than $(0.005) per share.
(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(d) Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
(e) Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
(f) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

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## BlackRock New Jersey Municipal Bond Fund (concluded)

| | Investor C | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| (For a share outstanding throughout each period) | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net asset value, beginning of year | $ 11.05 | $ 11.38 | $ 11.00 | $ 11.08 | $ 11.21 |
| Net investment income[(a)] | 0.29 | 0.28 | 0.30 | 0.31 | 0.34 |
| Net realized and unrealized gain (loss) | 0.00[(b)] | (0.33) | 0.38 | (0.08) | (0.14) |
| Net increase (decrease) from investment operations | 0.29 | (0.05) | 0.68 | 0.23 | 0.20 |
| Distributions from net investment income[(c)] | (0.29) | (0.28) | (0.30) | (0.31) | (0.33) |
| Net asset value, end of year | $ 11.05 | $ 11.05 | $ 11.38 | $ 11.00 | $ 11.08 |
| **Total Return[(d)]** | | | | | |
| Based on net asset value | 2.65% | (0.41)% | 6.28% | 2.04% | 1.99% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 1.78% | 1.73%[(e)] | 1.73% | 1.73% | 1.73% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 1.64% | 1.62%[(e)] | 1.64% | 1.63% | 1.67% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[(f)] | 1.54% | 1.57%[(e)] | 1.61% | 1.61% | 1.64% |
| Net investment income | 2.60% | 2.53%[(e)] | 2.67% | 2.75% | 3.16% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $29,509 | $29,276 | $30,810 | $28,614 | $26,429 |
| Borrowings outstanding, end of year (000) | $16,419 | $ 9,281 | $ 9,281 | $ 7,231 | $ 7,231 |
| Portfolio turnover rate | 16% | 21% | 7% | 14% | 12% |

(a) Based on average shares outstanding.
(b) Amount is less than $0.005 per share.
(c) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(d) Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
(e) Excludes 0.01% of expenses incurred indirectly as a result of investments in underlying funds.
(f) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

## BlackRock Pennsylvania Municipal Bond Fund

| | Institutional | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| (For a share outstanding throughout each period) | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net asset value, beginning of year | $ 11.21 | $ 11.58 | $ 11.31 | $ 11.21 | $ 11.54 |
| Net investment income[a] | 0.45 | 0.46 | 0.46 | 0.46 | 0.47 |
| Net realized and unrealized gain (loss) | (0.23) | (0.37) | 0.27 | 0.10 | (0.33) |
| Net increase from investment operations | 0.22 | 0.09 | 0.73 | 0.56 | 0.14 |
| Distributions from net investment income[b] | (0.45) | (0.46) | (0.46) | (0.46) | (0.47) |
| Net asset value, end of year | $ 10.98 | $ 11.21 | $ 11.58 | $ 11.31 | $ 11.21 |
| **Total Return[c]** | | | | | |
| Based on net asset value | 2.02% | 0.81% | 6.59% | 5.02% | 1.50% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 0.97% | 0.95% | 0.87% | 0.87% | 0.87% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 0.78% | 0.78% | 0.79% | 0.78% | 0.78% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[d] | 0.55% | 0.61% | 0.71% | 0.71% | 0.71% |
| Net investment income | 4.06% | 4.05% | 4.04% | 4.01% | 4.39% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $356,315 | $298,557 | $327,314 | $321,896 | $311,954 |
| Borrowings outstanding, end of year (000) | $ 70,199 | $ 59,064 | $ 49,627 | $ 46,127 | $ 46,127 |
| Portfolio turnover rate | 17% | 18% | 19% | 18% | 11% |

[a] Based on average shares outstanding.
[b] Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
[c] Where applicable, assumes the reinvestment of distributions.
[d] Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

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## BlackRock Pennsylvania Municipal Bond Fund (continued)

| | Investor A | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 11.22 | $ 11.59 | $ 11.32 | $ 11.23 | $ 11.55 |
| Net investment income[(a)] | 0.42 | 0.43 | 0.44 | 0.44 | 0.46 |
| Net realized and unrealized gain (loss) | (0.23) | (0.37) | 0.27 | 0.09 | (0.33) |
| Net increase from investment operations | 0.19 | 0.06 | 0.71 | 0.53 | 0.13 |
| Distributions from net investment income[(b)] | (0.42) | (0.43) | (0.44) | (0.44) | (0.45) |
| Net asset value, end of year | $ 10.99 | $ 11.22 | $ 11.59 | $ 11.32 | $ 11.23 |
| **Total Return[(c)]** | | | | | |
| Based on net asset value | 1.76% | 0.59% | 6.40% | 4.73% | 1.41% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 1.16% | 1.11% | 1.04% | 1.02% | 1.02% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 1.03% | 1.00% | 0.97% | 0.96% | 0.96% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[(d)] | 0.80% | 0.83% | 0.89% | 0.89% | 0.89% |
| Net investment income | 3.82% | 3.83% | 3.85% | 3.83% | 4.20% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $98,414 | $130,405 | $88,994 | $64,720 | $55,500 |
| Borrowings outstanding, end of year (000) | $70,199 | $ 59,064 | $49,627 | $46,127 | $46,127 |
| Portfolio turnover rate | 17% | 18% | 19% | 18% | 11% |

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
(d) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

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## BlackRock Pennsylvania Municipal Bond Fund (concluded)

| | Investor C | | | | |
|---|---|---|---|---|---|
| | Year Ended May 31, | | | | |
| **(For a share outstanding throughout each period)** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Net asset value, beginning of year | $ 11.22 | $ 11.59 | $ 11.32 | $ 11.22 | $ 11.55 |
| Net investment income[(a)] | 0.34 | 0.35 | 0.35 | 0.35 | 0.37 |
| Net realized and unrealized gain (loss) | (0.23) | (0.37) | 0.27 | 0.10 | (0.33) |
| Net increase (decrease) from investment operations | 0.11 | (0.02) | 0.62 | 0.45 | 0.04 |
| Distributions from net investment income[(b)] | (0.34) | (0.35) | (0.35) | (0.35) | (0.37) |
| Net asset value, end of year | $ 10.99 | $ 11.22 | $ 11.59 | $ 11.32 | $ 11.22 |
| **Total Return[(c)]** | | | | | |
| Based on net asset value | 1.01% | (0.17)% | 5.57% | 4.01% | 0.53% |
| **Ratios to Average Net Assets** | | | | | |
| Total expenses | 1.87% | 1.84% | 1.76% | 1.75% | 1.76% |
| Total expenses after fees waived and/or reimbursed and paid indirectly | 1.78% | 1.76% | 1.76% | 1.74% | 1.75% |
| Total expenses after fees waived and/or reimbursed and paid indirectly and excluding interest expense, fees and amortization of offering costs[(d)] | 1.54% | 1.59% | 1.68% | 1.68% | 1.67% |
| Net investment income | 3.06% | 3.08% | 3.07% | 3.04% | 3.42% |
| **Supplemental Data** | | | | | |
| Net assets, end of year (000) | $32,105 | $33,427 | $34,195 | $28,972 | $24,647 |
| Borrowings outstanding, end of year (000) | $70,199 | $59,064 | $49,627 | $46,127 | $46,127 |
| Portfolio turnover rate | 17% | 18% | 19% | 18% | 11% |

(a) Based on average shares outstanding.
(b) Distributions for annual periods determined in accordance with U.S. federal income tax regulations.
(c) Where applicable, excludes the effects of any sales charges and assumes the reinvestment of distributions.
(d) Interest expense and fees relate to TOB Trusts. See Note 4 of the Notes to Financial Statements for details.

# General Information

## *Shareholder Documents*

### Electronic Access to Annual Reports, Semi-Annual Reports and Prospectuses

Electronic copies of most financial reports and prospectuses are available on BlackRock's website. Shareholders can sign up for e-mail notifications of annual and semi-annual reports and prospectuses by enrolling in the Fund's electronic delivery program. To enroll:

**Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:** Please contact your Financial Intermediary. Please note that not all investment advisers, banks or brokerages may offer this service.

**Shareholders Who Hold Accounts Directly With BlackRock:**

- Access the BlackRock website at http://www.blackrock.com/edelivery; and
- Log into your account.

### Delivery of Shareholder Documents

The Funds deliver only one copy of shareholder documents, including prospectuses, shareholder reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is known as "householding" and is intended to eliminate duplicate mailings and reduce expenses. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Fund at (800) 441-7762.

## *Certain Fund Policies*

### Anti-Money Laundering Requirements

Each Fund is subject to the USA PATRIOT Act (the "Patriot Act"). The Patriot Act is intended to prevent the use of the U.S. financial system in furtherance of money laundering, terrorism or other illicit activities. Pursuant to requirements under the Patriot Act, each Fund is required to obtain sufficient information from shareholders to enable it to form a reasonable belief that it knows the true identity of its shareholders. This information will be used to verify the identity of investors or, in some cases, the status of Financial Intermediaries. Such information may be verified using third-party sources. This information will be used only for compliance with the Patriot Act or other applicable laws, regulations and rules in connection with money laundering, terrorism, or economic sanctions.

The Fund reserves the right to reject purchase orders from persons who have not submitted information sufficient to allow the Fund to verify their identity. The Fund also reserves the right to redeem any amounts in the Fund from persons whose identity it is unable to verify on a timely basis. It is each Fund's policy to cooperate fully with appropriate regulators in any investigations conducted with respect to potential money laundering, terrorism, or other illicit activities.

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your Financial Intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our website.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law, or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

## *Statement of Additional Information*

If you would like further information about each Fund, including how each Fund invests, please see the SAI.

For a discussion of each Fund's policies and procedures regarding the selective disclosure of its portfolio holdings, please see the SAI. The Funds make their top ten holdings available on a monthly basis at www.blackrock.com generally within 5 business days after the end of the month to which the information applies.

# Glossary

This glossary contains an explanation of some of the common terms used in this prospectus. For additional information about the Funds, please see the SAI.

***Acquired Fund Fees and Expenses*** — fees and expenses charged by other investment companies in which a Fund invests a portion of its assets.

***Annual Fund Operating Expenses*** — expenses that cover the costs of operating a Fund.

***Custom New Jersey Index*** — a customized benchmark that reflects the returns of the S&P® New Jersey Municipal Bond Index for periods prior to January 1, 2013, and the returns of only those New Jersey bonds in the S&P® New Jersey Municipal Bond Index that have maturities greater than 5 years for periods subsequent to January 1, 2013.

***Custom Pennsylvania Index*** — a customized benchmark that reflects the returns of the S&P® Pennsylvania Municipal Bond Index for periods prior to January 1, 2013, and the returns of only those Pennsylvania bonds in the S&P® Pennsylvania Municipal Bond Index that have maturities greater than 5 years for periods subsequent to January 1, 2013.

***Distribution Fees*** — fees used to support the Fund's marketing and distribution efforts, such as compensating Financial Intermediaries, advertising and promotion.

***Management Fee*** — a fee paid to BlackRock for managing each Fund.

***Other Expenses*** — include accounting, transfer agency, custody, professional fees and registration fees.

***Service Fees*** — fees used to compensate Financial Intermediaries for certain shareholder servicing activities.

***Shareholder Fees*** — these fees include sales charges that you may pay when you buy or sell shares of a Fund.

***S&P® California Municipal Bond Index*** — includes all California bonds in the S&P® Municipal Bond Index.

***S&P® Municipal Bond Index*** — composed of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily. Bonds in the S&P® Municipal Bond Index must have an outstanding par value of at least $2 million and a remaining maturity of not less than one month.

***S&P® New Jersey Municipal Bond Index*** — includes all New Jersey bonds in the S&P® Municipal Bond Index.

***S&P® Pennsylvania Municipal Bond Index*** — includes all Pennsylvania bonds in the S&P® Municipal Bond Index.

# Intermediary-Defined Sales Charge Waiver Policies

## *Intermediary-Defined Sales Charge Waiver Policies*

**Merrill Lynch:**
Effective April 10, 2017, shareholders purchasing Fund shares through a Merrill Lynch platform or account (excluding shares purchased from or through the Fund, the Fund's distributor or any non-Merrill Lynch platform or account, even if Merrill Lynch serves as broker-dealer of record for such shares) will be eligible only for the following sales charge waivers (front-end sales charge waivers and CDSC waivers) and reductions, which may differ from those disclosed elsewhere in the prospectus or SAI.

**Front-End Sales Charge Waivers for Investor A Shares available at Merrill Lynch**

- Shares purchased by employer-sponsored retirement, deferred compensation and employee benefit plans (including health savings accounts) and trusts used to fund those plans, provided that the shares are not held in a commission-based brokerage account and shares are held for the benefit of the plan/plan participants
- Shares purchased by or through a 529 Plan
- Shares purchased through a Merrill Lynch affiliated investment advisory program
- Shares purchased by third party investment advisors on behalf of their advisory clients through Merrill Lynch's platform
- Shares of funds purchased through the Merrill Edge Self-Directed platform
- Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same fund (but not any other BlackRock Fund)
- Shares exchanged from Investor C (i.e. level-load) Shares of the same Fund in the month of or following the 10-year anniversary of the purchase date
- Shares purchased by employees and registered representatives of Merrill Lynch or its affiliates and their family members
- Shares purchased by directors of the Fund, and employees of BlackRock or any of its affiliates, as described in the prospectus
- Shares purchased from the proceeds of redemptions from another BlackRock Fund, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales charge (known as Rights of Reinstatement)

**CDSC Waivers on Investor A and C Shares available at Merrill Lynch**

- Shares sold due to death or disability of the shareholder
- Shares sold as part of a systematic withdrawal plan as described in the prospectus
- Shares bought due to return of excess contributions from an IRA Account
- Shares sold as part of a required minimum distribution for IRA and retirement accounts due to the shareholder reaching age 70½
- Shares sold to pay Merrill Lynch fees but only if the transaction is initiated by Merrill Lynch
- Shares acquired through a Right of Reinstatement
- Investor A and C Shares of the Fund held in the following IRA or other retirement brokerage accounts: Traditional IRAs, Roth IRAs, Rollover IRAs, Inherited IRAs, SEP IRAs, SIMPLE IRAs, BASIC Plans, Educational Savings Accounts and Medical Savings Accounts, that are exchanged for Institutional Shares of the Fund due to transfer to certain fee based accounts or platforms

**Front-End Sales Charge Discounts Available at Merrill Lynch: Breakpoints, Rights of Accumulation & Letters of Intent**

- Breakpoints as described in the prospectus
- Rights of Accumulation (ROA) entitle shareholders to breakpoint discounts that will be automatically calculated based on the aggregated holding of BlackRock Fund assets held by accounts within the purchaser's household at Merrill Lynch. Eligible BlackRock Fund assets not held at Merrill Lynch may be included in the ROA calculation only if the shareholder notifies his or her financial advisor about such assets
- Letters of Intent (LOI) allow for breakpoint discounts based on anticipated purchases of BlackRock Funds, through Merrill Lynch, over a 13-month period of time

**Ameriprise Financial:**

**Investor A Shares Front-End Sales Charge Waivers Available at Ameriprise Financial**

*The following information applies to Investor A Shares purchases if you have an account with or otherwise purchase Fund shares through Ameriprise Financial.*

Effective June 1, 2018, shareholders purchasing Investor A shares through an Ameriprise Financial platform or account will be eligible for the following front-end sales charge waivers and discounts, which may differ from those disclosed elsewhere in this Fund's prospectus or SAI:

- Employer-sponsored retirement plans (e.g., 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans and defined benefit plans). For purposes of this provision, employer-sponsored retirement plans do not include SEP IRAs, Simple IRAs or SAR-SEPs
- Shares purchased through an Ameriprise Financial investment advisory program (if an advisory or similar share class for such investment advisory program is not available)
- Shares purchased by third party investment advisors on behalf of their advisory clients through Ameriprise Financial's platform (if an advisory or similar share class for such investment advisory program is not available)
- Shares purchased through reinvestment of capital gains distributions and dividend reinvestment when purchasing shares of the same fund (but not any other fund within BlackRock Funds)
- Shares exchanged from Investor C Shares of the same fund in the month of or following the 10-year anniversary of the purchase date. To the extent that this prospectus elsewhere provides for a waiver with respect to such shares following a shorter holding period, that waiver will apply to exchanges following such shorter period. To the extent that this prospectus elsewhere provides for a waiver with respect to exchanges of Investor C Shares for load waived shares, that waiver will also apply to such exchanges
- Shares purchased by employees and registered representatives of Ameriprise Financial or its affiliates and their immediate family members
- Shares purchased by or through qualified accounts (including IRAs, Coverdell Education Savings Accounts, 401(k)s, 403(b) TSCAs subject to ERISA and defined benefit plans) that are held by a covered family member, defined as an Ameriprise financial advisor ("FA") and/or the FA's spouse, FA's lineal ascendant (mother, father, grandmother, grandfather, great grandmother, great grandfather), FA's lineal descendant (son, step-son, daughter, step-daughter, grandson, granddaughter, great grandson, great granddaughter) or any spouse of a covered family member who is a lineal descendant
- Shares purchased from the proceeds of redemptions within BlackRock Funds, provided (1) the repurchase occurs within 90 days following the redemption, (2) the redemption and purchase occur in the same account, and (3) redeemed shares were subject to a front-end or deferred sales charge (i.e. Rights of Reinstatement)

**Morgan Stanley Wealth Management:**

**Morgan Stanley Wealth Management Investor A Share Front-End Sales Charge Waiver**

Effective July 1, 2018, Morgan Stanley Wealth Management clients purchasing Investor A Shares of the Fund through Morgan Stanley's transactional brokerage accounts are entitled to a waiver of the front-end sales charge in the following circumstances:

- Employer-sponsored retirement plans (e.g., 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans and defined benefit plans). For purposes of this provision, employer-sponsored retirement plans does not include SEP IRAs, Simple IRAs, SAR-SEPs or Keogh plans
- Morgan Stanley employee and employee-related accounts according to Morgan Stanley's account linking rules
- Shares purchased through reinvestment of dividends and capital gains distributions when purchasing shares of the same fund
- Shares purchased through a Morgan Stanley self-directed brokerage account
- Investor C Shares that are no longer subject to a contingent deferred sales charge and are exchanged for Investor A Shares of the same fund pursuant to Morgan Stanley Wealth Management's share class conversion program
- Shares purchased from the proceeds of redemptions within BlackRock Funds under a Rights of Reinstatement provision, provided the repurchase occurs within 90 days following the redemption, the redemption and purchase occur in the same account, and redeemed shares were subject to a front-end or deferred sales charge

Unless specifically described above, no other front-end sales charge waivers are available to mutual fund purchases by Morgan Stanley Wealth Management clients through Morgan Stanley's transactional brokerage accounts.

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# For More Information

## *Funds and Service Providers*

**FUNDS**

**BlackRock California Municipal Series Trust**
BlackRock California Municipal Opportunities Fund
**BlackRock Multi-State Municipal Series Trust**
BlackRock New Jersey Municipal Bond Fund
BlackRock Pennsylvania Municipal Bond Fund

100 Bellevue Parkway
Wilmington, Delaware 19809

*Written Correspondence:*
P.O. Box 9819
Providence, Rhode Island 02940-8019

*Overnight Mail:*
4400 Computer Drive
Westborough, Massachusetts 01588

(800) 441-7762

**MANAGER**
BlackRock Advisors, LLC
100 Bellevue Parkway
Wilmington, Delaware 19809

**TRANSFER AGENT**
BNY Mellon Investment Servicing (US) Inc.
301 Bellevue Parkway
Wilmington, Delaware 19809

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**
Deloitte & Touche LLP
200 Berkeley Street
Boston, Massachusetts 02116

**ACCOUNTING SERVICES PROVIDER**
State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

**DISTRIBUTOR**
BlackRock Investments, LLC
40 East 52nd Street
New York, New York 10022

**CUSTODIAN**
State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

**COUNSEL**
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019-6099

## *Additional Information*

**For more information:**
This prospectus contains important information you should know before investing, including information about risks. Please read it before you invest and keep it for future reference. More information about the Funds is available at no charge upon request. This information includes:

**Annual/Semi-Annual Reports**
These reports contain additional information about each of the Fund's investments. The annual report describes the Fund's performance, lists portfolio holdings, and discusses recent market conditions, economic trends and Fund investment strategies that significantly affected a Fund's performance for the last fiscal year.

**Statement of Additional Information**
A Statement of Additional Information ("SAI"), dated September 28, 2018, has been filed with the Securities and Exchange Commission ("SEC"). The SAI, which includes additional information about each Fund, may be obtained free of charge, along with each Fund's annual and semi-annual reports, by calling (800) 441-7762. The SAI, as supplemented from time to time, is incorporated by reference into this prospectus.

**BlackRock Investor Services**
Representatives are available to discuss account balance information, mutual fund prospectuses, literature, programs and services available. Hours: 8:00 a.m. to 6:00 p.m. (Eastern time), on any business day. Call: (800) 441-7762.

**Purchases and Redemptions**
Call your Financial Intermediary or BlackRock Investor Services at (800) 441-7762.

**World Wide Web**
General Fund information and specific Fund performance, including the SAI and annual/semi-annual reports, can be accessed free of charge at www.blackrock.com/prospectus. Mutual fund prospectuses and literature can also be requested via this website.

**Written Correspondence**
BlackRock California Municipal Series Trust or
BlackRock Multi-State Municipal Series Trust
P.O. Box 9819
Providence, Rhode Island 02940-8019

**Overnight Mail**
BlackRock California Municipal Series Trust or
BlackRock Multi-State Municipal Series Trust
4400 Computer Drive
Westborough, Massachusetts 01588

**Internal Wholesalers/Broker Dealer Support**
Available on any business day to support investment professionals. Call: (800) 882-0052.

**Portfolio Characteristics and Holdings**
A description of the Fund's policies and procedures related to disclosure of portfolio characteristics and holdings is available in the SAI.

For information about portfolio holdings and characteristics, BlackRock fund shareholders and prospective investors may call (800) 882-0052.

**Securities and Exchange Commission**
You may also view and copy public information about the Funds, including the SAI, by visiting the EDGAR database on the SEC's website (http://www.sec.gov) or the SEC's Public Reference Room in Washington, D.C. Copies of this information can be obtained, for a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing to the Public Reference Room of the SEC, Washington, D.C. 20549. Information about obtaining documents on the SEC's website without charge may be obtained by calling (800) SEC-0330.

**You should rely only on the information contained in this prospectus. No one is authorized to provide you with information that is different from information contained in this prospectus.**

The SEC has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

BLACKROCK CALIFORNIA MUNICIPAL SERIES TRUST
INVESTMENT COMPANY ACT FILE # 811-04264

BLACKROCK MULTI-STATE MUNICIPAL SERIES TRUST
INVESTMENT COMPANY ACT FILE # 811-04375





BLACKROCK®